Reflecting on higher education policy across Europe
A CHEPS resource book

Jon File and Anneke Luijten-Lub (Eds.)

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1. Preface

Jon File

In 1999 the Center for Higher Education Policy Studies (CHEPS) was asked by the Dutch Ministry of Education, Culture and Science to offer a series of workshops on higher education policy questions for a selected group of higher education decision-makers from the Czech Republic, Hungary, Poland and Slovenia. Thus began what turned out to be an intense multi-level and multi-year dialogue between the four countries themselves and with Western European researchers on the higher education challenges they face. In a second phase (2001/2) national workshops were held in each of the four countries designed to take the discussions deeper into each system. In addition, a candidate from each country started work on a PhD at CHEPS. In parallel CHEPS had the opportunity to arrange three workshops for a wider group of 10 (then) pre-accession countries. In 2004 and 2005 a further workshop series was organised for participants from the Czech Republic, Estonia, Hungary, Lithuania, Malta, Romania and Slovenia.

The intended impact of these programmes over the past seven years has been the creation of a strong multi-country network with a deepened exposure to comparative higher education perspectives. Yet we have been asked frequently to consider ways to make the workshop materials and insights more widely available. Our first reactions were cautious - we have developed very interactive methods of working: building higher education systems with Lego; simulating the development of a strategic plan and budget for Fictioncity Metropolitan University; and intense multi-country discussions of topical policy issues are all difficult to replicate outside a workshop context. On reflection we thought self and group reflection on key policy issues across European higher education might be stimulated by a careful combination of selected presentations, readings, case studies and exercises into a “resource book”.

This book is the result. It is clearly experimental but we hope it will prove useful to those interested in and working with ongoing policy development and reform processes across Europe. The book is also available via the CHEPS web-site and we would welcome your feedback. Clearly, a book of this nature would not be possible without contributions from many people. Our particular thanks go to Linda Beijlsmit, Director of Bureau CROSS, for her ongoing belief in the value of the workshop series; to all of the workshop participants - especially those in the most recent seven country series who helped knock our materials into this shape; and to the CHEPS team members who are the authors of the presentations and readings included in this resource book.

Jon File is Executive Director: CHEPS and was the workshop leader for the various workshop series noted above. The authors of the other chapters, presentations, readings and exercises are all CHEPS staff members.

2. Trends and issues in higher education

Hans Vossensteyn

Introduction

Over the past decade, the demand for international comparative information on higher education has grown tremendously, especially in Europe. The Bologna process as well as the Lisbon process have revived the interest in quantitative information on the development of national higher education systems. Quantitative information, and especially indicators, are a cornerstone of the new EU Open Method of Co-ordination. Comparison of one's own national scores on indicators with the scores of others is seen as an important driving force for the development or adjustment of national policies to move towards the Lisbon objectives. The demand for quantitative information is furthermore fuelled by 'broader' globalisation processes, like WTO GATS.

The growing demand has evoked a growing supply. OECD has been working on education indicators for over 15 years and the annual publication of *Education at a Glance* has become in many countries an event that triggers national debate on (higher) education policy. In the EU, education statistics did not receive much attention, as education was a national policy area on which the EU had little to say. Since the Lisbon declaration, this has changed, and Eurostat has improved its collection and publication of education indicators.

Another source of comparative statistical information is the CHEPS International Higher Education Monitor (IHEM). The annual monitor (IHEM) provides insights into the latest quantitative and qualitative developments in higher education in Australia, Austria, Finland, Flanders (the Dutch speaking part of Belgium), France, Germany, the Netherlands, Portugal, Sweden and the United Kingdom. This monitor in the first instance provides information that is regarded as relevant by the Dutch government and adjusts key statistics towards Dutch categories. But in general it also provides very useful comparative statistics for many other countries. The qualitative analyses address major policy issues in the various countries like higher education infrastructure, higher education finance, governance and quality assurance. These two sets of information, basic quantitative and qualitative data on what is going on in a number of countries form the basis for more in depth studies on particular issues in interesting countries. These for example resulted in thematic reports on access, selection, participation rates, costs per student and student information systems.

This chapter

This chapter provides a general overview of the trends and issues in higher education in Western European countries and Australia. The first presentation and reading provide a kaleidoscopic picture of some country specific trends but the key focus is on a comparative overview of ongoing trends covering issues like participation, graduates, staffing policies and public expenditure. The second reading concentrates on the overarching themes in the various national higher education policy debates, particularly looking at higher education infrastructure, the position of research, financial issues and higher education governance. The chapter ends with some questions for you to consider in the context of your own system.

Important note:
All presentations in this book follow the format of the text and should be read (down) the left column first and then (down) the right.
We have done our best to make all of the presentation slides legible. In some cases the format makes this difficult. Our apologies for this.

Trends and issues in HE in Europe & Australia

Challenges in Higher Education

Frans Kaiser and Hans Vossensteyn

System-wide operations

Comprehensive policy documents (white papers):

- the future of higher education (UK)
- backing Australia's future (Au)

New higher education legislation:

- teaching and research (A, DK, Fi, BE_{nl})

CHEPS Higher Education Monitor

Monitoring HE systems and HE policies

Australia (Au), Austria (A), Denmark (DK), Finland (Fi), Flanders (BE), France (F), Germany (D), Netherlands (NL), Portugal (P), Sweden (S), United Kingdom (UK)

Quantitative / qualitative data

Database, country reports, thematic reports, trend reports, update reports

Developments, trends issues and challenges

http://www.utwente.nl/cheps/higher_education_monitor

Educational infrastructure

Bologna: Bachelor – Master

- overarching theme (except for Au, P, UK)
- status of the new programs: additional (D, F, A)
  replacing (A, NL, BE_{nl})
- orientation of masters: professional / research
- masters offered at colleges ? (Fi, BE_{nl}, NL, S)

Internationalisation:

- stimulate / facilitate mobility (A, DK, Fi, D, S)
- competitiveness: attract fee-paying students: Au, UK
  explore in: NL, F, S, Fi, D

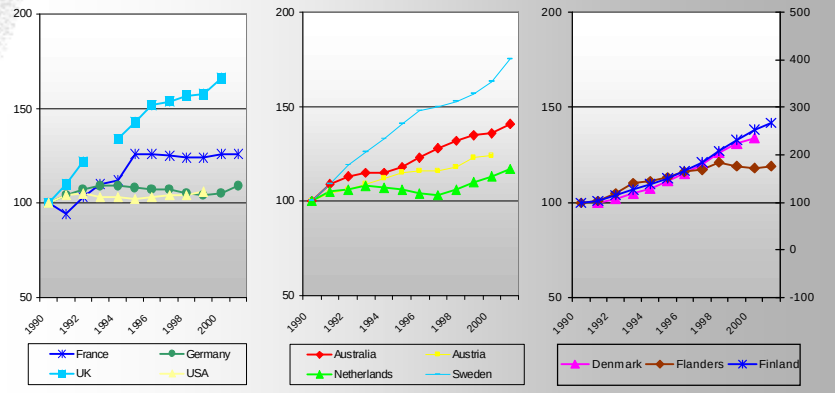
Educational infrastructure

Expand / widen participation

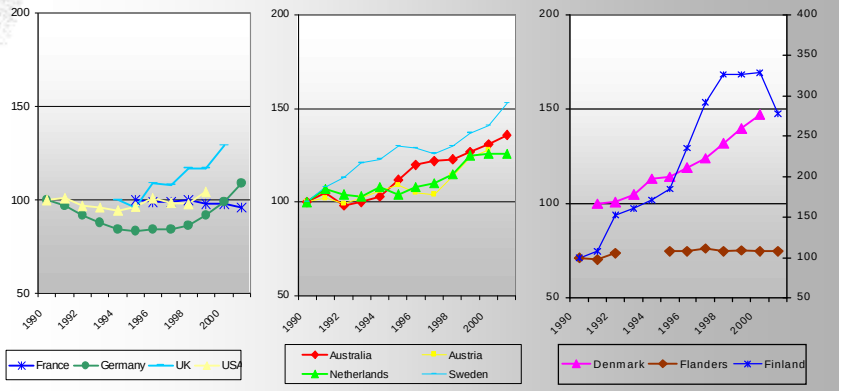
- strengthen knowledge based society (A, Au, D, NL)
- access (A, UK)
- new groups without regular entrance qualifications (F)
- transparency (DK, BE_{nl})
- flexibility

But also: selection

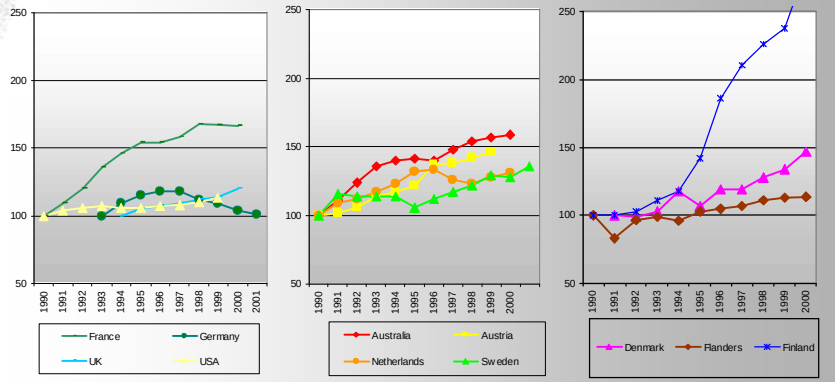
Students (1990 = 100)



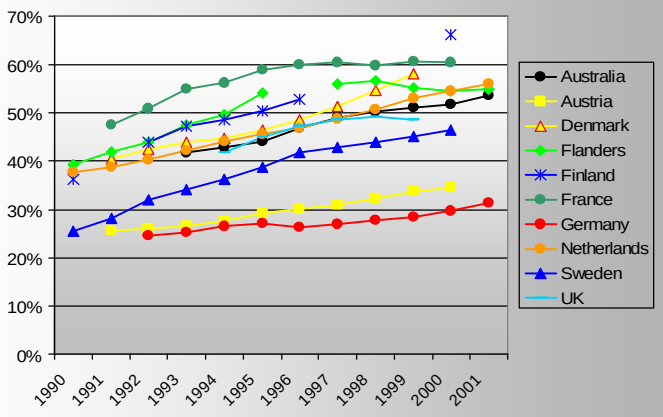
New entrants (1990 = 100)



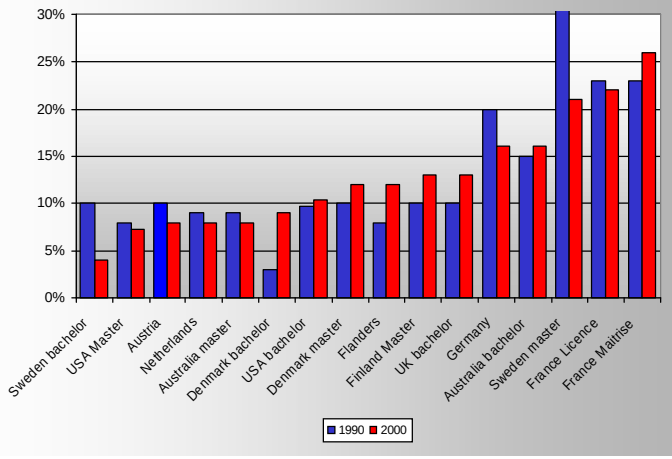
Graduates (1990 = 100)



Net rate of participation by age group (2000, corrected for duration)



Graduates in science and engineering as % (universities)



Educational infrastructure

Lisbon process: open method of co-ordination **à** Benchmark

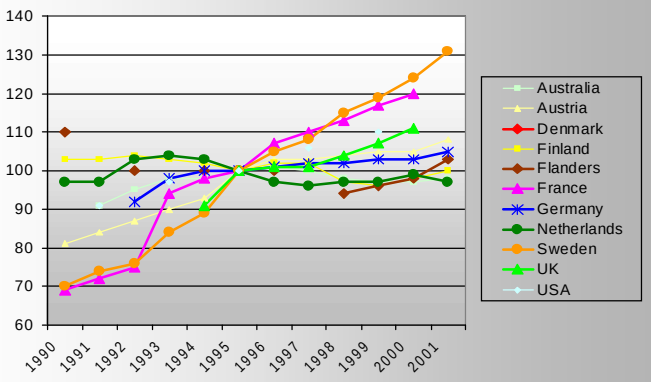
- improve quality and effectiveness of education system
- facilitate access and expansion
- open up education to the wider world

Educational infrastructure

Staffing policies:

- fear for shortages (mass HE, ageing, labour market shortage)
- attractiveness of profession / career development (DK, F, UK)
- career development of professors (D)
- HEIs responsible (AU)
- who lectures at polytechnics ? (Fi)

Academic staff in fte (1995 = 100)



Finance

Tuition fees:

- effects (Au, A)
- increase (Au, P, NL, UK)
- differential fees (Au, UK, NL)
- ongoing debate (D)

Public funding mechanism:

- block grant (AU)
- performance orientation: DK bachel. bonus, Fi employer needs
- fit bama structure (NL)

Research infrastructure

Social relevance of research:

- national research priorities (Au, UK)
- make research more dynamic (DK, NL)

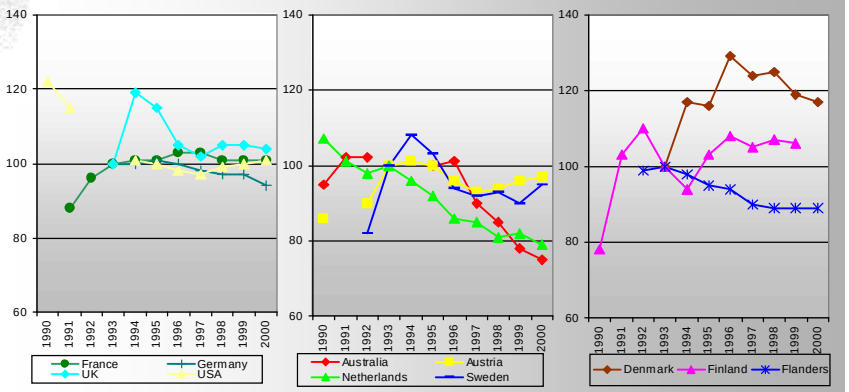
Strengthen university – industry relationships:

- France and UK

Expand public research funding:

- DK, F, S, UK

Direct expenditure on HEI's as % of GDP (1993 = 100)



Finance

Student support:

- extra scholarships (F, BE_{nl}, UK)
- institutions responsible to address low-SES students (UK)
- consider income contingent loans / grad tax (NL)

Ownership of buildings:

- some problems with ownership (NL)
- experiments (D)
- plans postponed (DK, F)

Quality

Quality assurance:

- strengthen current QA system (DK)
- dissatisfaction with current system (P)

Accreditation:

- accreditation system implemented (NL, BE_{nl}, A-Fachhochschulen)
- being discussed (S)

Institutional audits:

institutional audits added to existing QA programs (UK)

replacing traditional disciplinary reviews (Au)

Governance

Performance contracts / accountability:

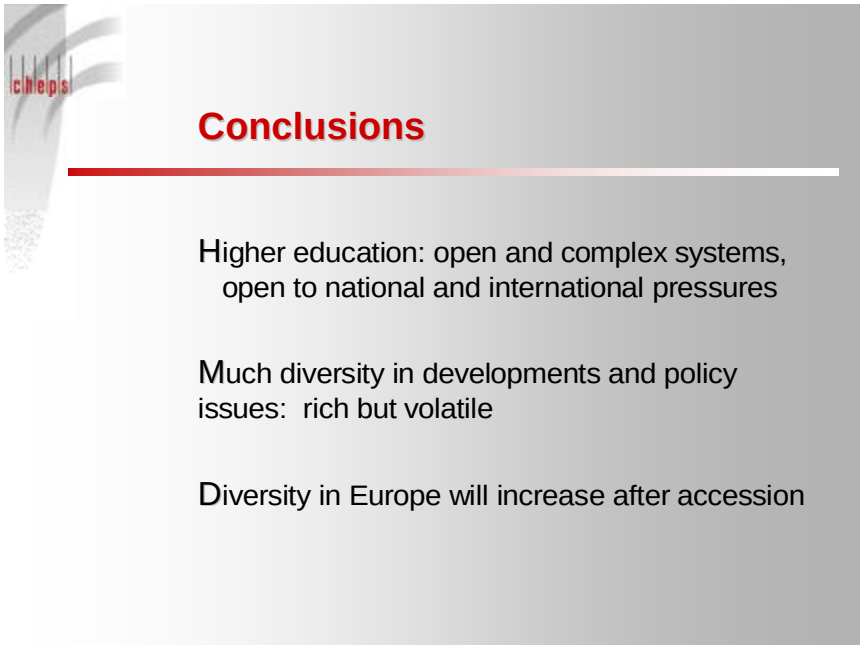
- performance contracts related to funding (A, Fi, D-Länder)
- wide range of issues (DK)

Institutional autonomy / self-governance:

- self-governance (DK)
- internal governance (A, DK, P)
- board of directors and appointed rectors (DK, P)
- external funds (Fi)

Overview

Main issues	A	Au	Dk	Fi	Fla	Fr	Ge	NI	P	Sw	UK	Total
Educational infrastructure												
Bachelor/master		X	X	X	X	X	X		X	X		8
Selection/ admission			X	X	X	X	X		X	X		7
New legislation	X	X	X	X							X	5
Expand / widen participation	X			X		X		X			X	5
Staff policies		X				X	X	X	X			5
Program flexibility learning entitlements	X		X	X	X		X					5
Shortages (engineering/medicine)			X		X	X		X				4
Recognition of other competences						X	X			X		3
ICT/ virtual university		X	X	X								3
Relation with region/industry		X	X	X								3
Time to degree/ drop-out			X	X			X					3
Private HEIs							X		X			2
Research infrastructure												
Extra research investments	X	X	X	X	X							5
innovationplans		X		X	X			X				4
Relevance for society (priorities)	X					X						2
Finance												
Funding mechanism	X		X	X				X	X	X	X	7
Student support system	X			X	X		X	X		X	X	7
Tuition fees (differential)	X						X	X	X		X	5
Level of funding	X	X					X					3
Governance												
Autonomy HEIs / self governance	X	X	X	X		X	X				X	7
Performance contract / agreement		X	X			X	X	X				5
Quality												
Quality assurance	X		X	X							X	3
Accreditation					X			X				2



Reading 1

Excerpts from:
Kaiser, F., et al (2005). *Lining up higher education. Trends in selected higher education statistics in ten Western countries.* Enschede: CHEPS-International Higher Education Monitor.

Rate of participation

Introduction

One of the key conditions for the development towards a knowledge-based society is to have a population (or labor force) that has a high level of educational attainment. An indicator often mentioned in this respect is the participation rate in higher education. If a large part of the population has participated in higher education, the supply of knowledge workers will be larger, which is considered to be one of the key growth factors for national economies. In addition, it is assumed that more higher educated people will lead to more active citizenship and more social cohesion.

Definitions

The rate of participation is therefore an important indicator for (higher education) policy makers. Unfortunately, there is not a common authorative definition of rate of participation in higher education. In an earlier version of this trend report (Boezerooij 1999) several definitions were discussed. The conclusion was that gross rates of participation should be avoided and that net rates of participation should be used only. The net rate of participation consists of the ratios of the number of students aged X and the size of the population aged X, with X the age-groups that are relevant for enrolment in higher education. These ratios can be depicted in graphs like the ones presented below. The shaded areas represent the rate of participation for one year. Comparing areas of two years may give a general idea of whether the rate of participation has changed (area has grown or decreased) and if there has been a shift in the age composition of higher education participation.

Results

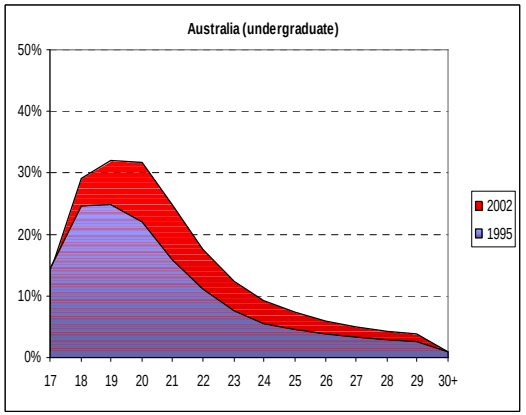
In the following graphs the net rates of participation are presented for each age group within the 17-years olds to the 30+ olds age range, for the years 1995 and 2002.

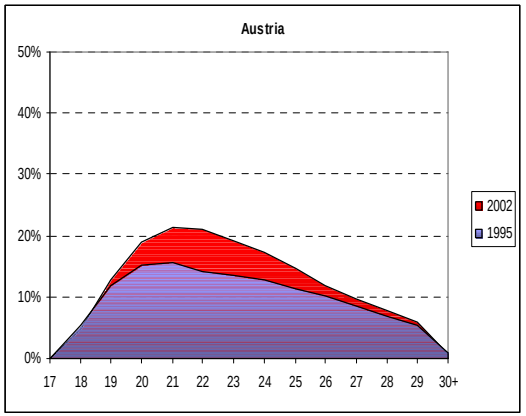
The graphical displays of the net rates of participation show some remarkable differences in the overall rate of participation (the surface of the area), the structure of the rate of participation (the shape of the area) and the changes over the period 1995-2002. Based on visual inspection of the graphs we conclude that Finland and France have a relatively high overall rate of participation, whereas Germany and Austria have a relatively low rate of participation. Because of the differences in the shapes of the graphs, it is difficult to assess by visual inspection how the other countries rank regarding their overall rate of participation.

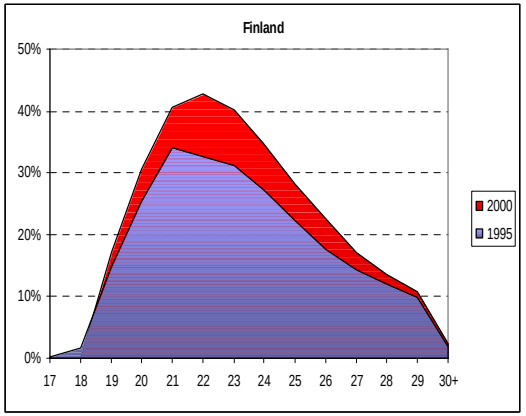
There are three general patterns regarding the age-composition of participation in higher education. The first pattern is the early peak, followed by a flat tail. This pattern can be seen in Flanders and France, as well as in the Anglo-Saxon higher education systems (Australia and the UK). In these countries a substantial part of undergraduate education consists of ‘short’ programs (>three years). Enrolment in Flemish one-cycle programs at hogescholen, the French STS, IUT and the Licence program, and the British and Australian sub-degree and first degree programs skew the graphs heavily to the left.

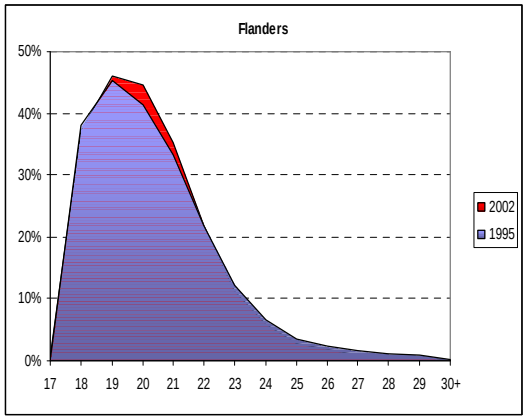
The second pattern is also skewed to the left (the younger age groups) but the peak is less high and participation in the older groups is more significant. This pattern can be found in Finland, the Netherlands and Sweden. Short programs are absent or not very popular in these countries.

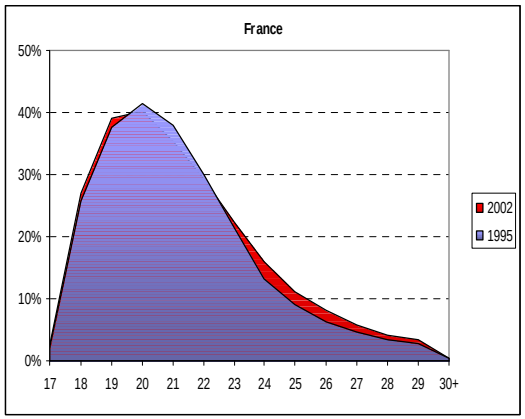
The third pattern is the evenly distributed pattern that can be found in Austria and Germany. Short programs are absent and the duration of stay in these two systems is relatively long.

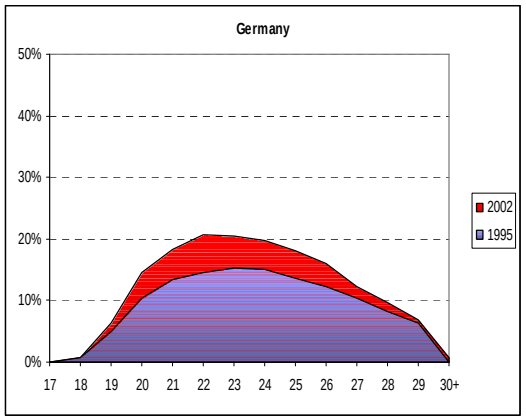


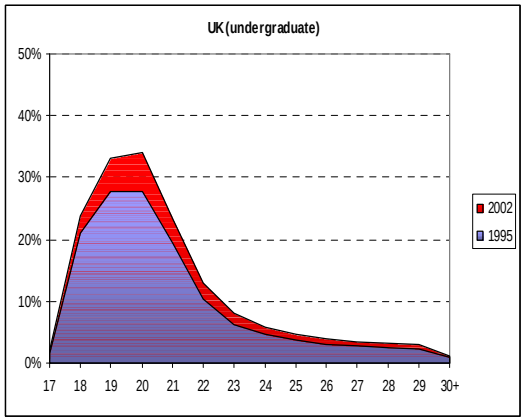


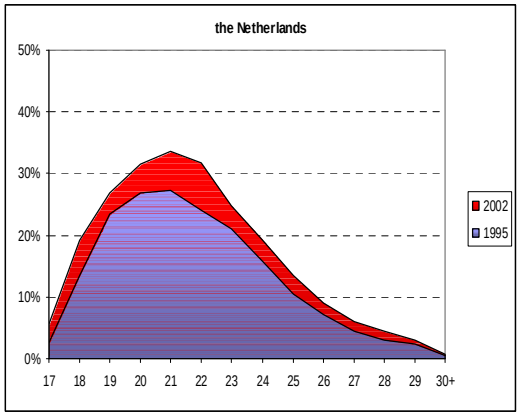


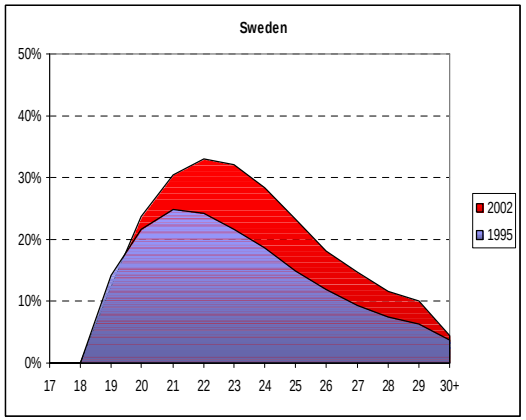

Flanders
50%
40%
30%
20%
10%
0%
17 18 19 20 21 22 23 24 25 26 27 28 29 30+
2002
1995


France
50%
40%
30%
20%
10%
0%
17 18 19 20 21 22 23 24 25 26 27 28 29 30+
2002
1995


Germany
50%
40%
30%
20%
10%
0%
17 18 19 20 21 22 23 24 25 26 27 28 29 30+
2002
1995


UK (undergraduate)
50%
40%
30%
20%
10%
0%
17 18 19 20 21 22 23 24 25 26 27 28 29 30+
2002
1995


the Netherlands
50%
40%
30%
20%
10%
0%
17 18 19 20 21 22 23 24 25 26 27 28 29 30+
2002
1995

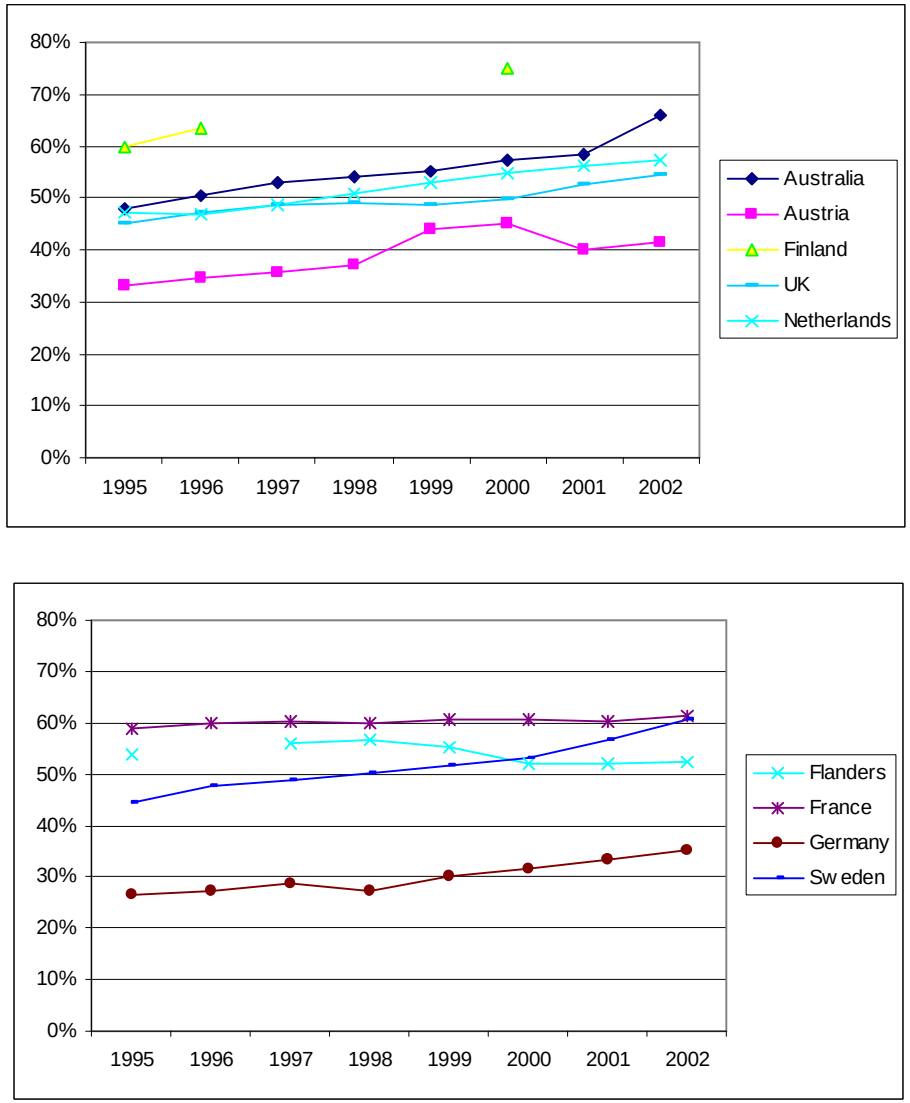

Sweden
50%
40%
30%
20%
10%
0%
17 18 19 20 21 22 23 24 25 26 27 28 29 30+
2002
1995

The graphs show also that in seven out of nine systems, the rate of participation has grown in the period 1995-2002. Only in France and Flanders the rate of participation has been stable (or even decreased). Six of the seven countries where the rate of participation has grown show a shift to the right: participation in older age groups has grown stronger than in the younger age groups. Germany is the only country in which the 'peak' has shifted to the left.

Although visual inspection of these graphs gives valuable insights in rates of participation, these graphs do not provide a numerical result that can be compared easily through time and across countries. For that purpose a single rate per year should be calculated. In this report we do this in two steps. First we sum the ratios (enrolment age X by population age X) for all individual age groups for each year. The resulting figures have two flaws. The first problem is the low face validity. The 'common' interpretation of a rate of participation is the part of a cohort that participates in higher education. Since the scores may exceed 100% this is difficult to interpret. The second flaw originates from institutional differences between national higher education systems. The length of programs differs substantially between countries (as well as between types of programs within countries). Summing the ratios will overestimate the rate of participation in countries with relatively long programs and underestimate it in countries with relatively short programs. To 'correct' for this, we divide the sum of ratios by the nominal length of programs. The choice of the nominal length is a compromise between the (in general) longer time to completion and the shorter duration of stay of students leaving higher education without a degree.

Figure 1 shows that the overall rate of participation is highest in Finland and lowest in Germany. Furthermore it confirms the observation that France and Flanders are the only two countries in which growth has been insignificant (or even negative in the Flemish case). The growth rate is relatively strong in Sweden and Australia. The latter is due to a strong increase in participation in 2002. A peculiar line is the Austrian one. In 1999 and 2000, the rate of participation was much higher than in the previous and later years. This may be related to the introduction of tuition fees in the late 1990s.

Figure 1: Net rate of participation, sum scores divided by length of program, 1995-2002



Enrolment by gender

Introduction

Since (higher) education is considered to be the main pathway to higher social status, promoting participation of women in higher education has been an important tool for enhancing equal opportunities in society. In this section a brief sketch is presented on the participation of women in total higher education. The information given below includes the percentage of female students at the different types of higher education institutions and an indication of the changes that have occurred over the 1995-2002 time-period.

Australia

Female participation in Australian universities is in general around 50%. Especially in the bachelor program, where a small majority (56% in 2002) of the total number of students are female. While the pedagogic and medicine disciplines have the highest female participation rate, an increasing participation of women can be seen in the technical science discipline (18% in 1995 versus 21% in 2000). In the agriculture discipline the female participation increased with 11% over the 1995-2000 time-period and another 11% in the 2000-2002 time-period to a total of 48% in 2002.

Austria

In 2002 total female participation in universities in Austria is 51%. In *Fachhochschulen* however the female participation was only 35% in 2002. Growth in female participation can be seen in both universities and *Fachhochschulen* as their share increased with 12% in universities and 42% in *Fachhochschulen* over the time-period 1995-2000. In universities, female participation in the agriculture discipline increased 10% over the 1995-2000 time period and another 5% over the 2000-2002 time-period to a total of 40% in 2002. Also in the technical science discipline the share of women increased 11% over the 1995-2002.
In *Fachhochschulen* female participation increased a remarkable 89% in the technical science discipline over the 1995-2002 time-period followed by another 82% over the 2000-2002 time-period to a total of 22% in 2002.

Finland

In Finland female participation in higher education is in general over 50%. The share of women enrolled in “AMKs” increased 13% over the 1995-2000 time-period to a total of 55% in 2000. Also in the bachelor program of universities more women participate than men (77% in 2003). In the master program of universities women had a share of 53% in 2003. The female participation in Finland have not seen considerable changes over the 1995-2003 time-period.

Flanders

In 2002 the female participation at “Hogeschool (Licentiaat)” in Flanders was 41%. A slight growth pattern can be seen as the share of women in this program was 39% in 1995. At “Hogeschool (Gegradueerde)” this number is 61% in 2002 and has also increased slightly from 59% in 1995. However remarkable changes can be seen in the different disciplines at “Hogeschool (Gegradueerde)”. Female participation in agriculture increased 25% and decreased in economics and technical science respectively 9% and 11% over the 1995-2000 time-period.

In 2002 the female participation at “Universiteit” was 55% and increased 10% over the 1995-2000 time-period. The main cause of this growth pattern is a remarkable increase of female participation in the disciplines economics and technical science of respectively 19% and 14% over the 1995-2000 time-period.

France

Female participation in French universities has been around 55% during the 1995-2003 time-period with respectively 61% and 58% female participation for “1er cycle” and “2eme cycle” universities in 2003.The short programs IUT and CPGE have female participation of around 40%, whereas in STS, the third type of short programs, men and women are equally represented. In Engineering schools around 25% of the students are women, whereas in other Grandes Écoles, female participation is over 50%. In teacher training institutes (IUFM) around 70% of the students are women and in the health and social colleges, this percentage is even higher: 84.

Germany

In German *Fachhochschulen* female participation is 38% in 2003. In the same year female participation in universities is 50%. A steady growth pattern can be seen over the time-period 1995-2000 as both Fachhochschulen and universities show growth rates of respectively 16% and 10%. In Fachhochschulen women have the biggest share in the humanities and social sciences disciplines, but a shift can be seen in the economics, natural science and technical science disciplines which increased respectively 14%, 17% and 27% over the 1995-2000 time-period.

The Netherlands

Female participation in both Dutch "HBO" and universities has been close to 50% throughout the time-period 1995-2003. In 1996 women have, for the first time, a bigger share of participation in "HBO" and continue to do so in the subsequent years. In Dutch universities a considerable increase in female participation can be seen over the 1995-2000 time-period of 5%, followed by 2% over the 2000-2002 time-period, to a total of 49% in 2002. A remarkable growth of participation can be seen at "HBO" in both the economics discipline (30% increase over the 1995-2000 time-period, to a total of 39% in 2000) and the natural science discipline (10% over the 1995-2000 time-period, to a total of 73% in 2000). In Dutch universities it are the disciplines agriculture, economics and technical science with the largest increase in female participation. The humanities, medicine, natural science and technical science disciplines have the highest female participation in both Universities and "HBO".

Sweden

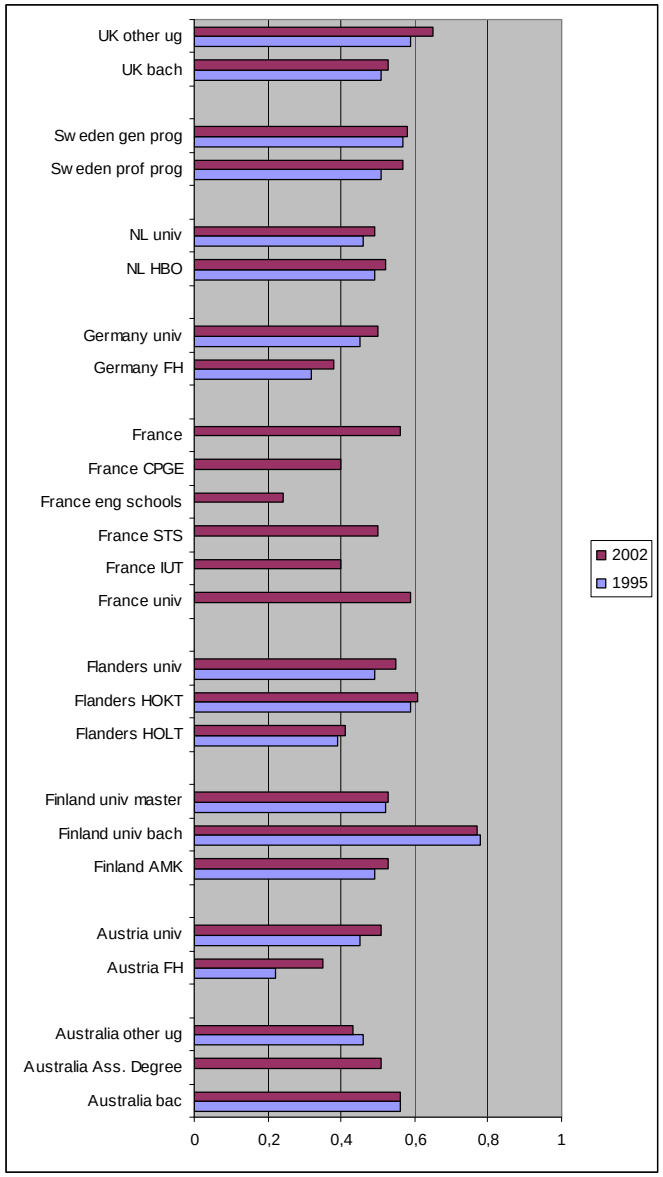
Higher education in Sweden is female 'dominated': female participation in "Hogskola" in 2002 was 57% for the "professional program" and 58% for the "general program". Over the 1995-2000 time-period female participation grew 5% in both the general and professional program. Although women in general program have the highest participation in medicine (85% in 2002) and social science (69% in 2002) disciplines, a big increase can be seen in law, natural science and technical science disciplines of respectively 15%, 16% and 35 % over the 1995-2000 time-period. The same trends can be seen in the professional program as well as an increase in female participation in the economics discipline of 23% over the 1995-2000 time-period.

United Kingdom

Just like in most other countries, the number of female students in universities in the United Kingdom have exceeded the number male students. With participation rates of 53% and 65% in "First degree" and "other undergraduate" studies in 2002, the share of women has increased considerably. An increase in female participation can be seen of respectively 6% and 8% for "First degree" and "Other undergraduate" studies over the 1995-2000 time-period. Looking at the trends in the various disciplines, considerable increases of female participation can be seen in agriculture, law and technical science in both "First degree" and "Other undergraduate" studies.

Overview

Figure 2: Proportion of female enrolment (ug) in total enrolment (ug)



Number of graduates by type of program

Introduction

Undergraduate programs are programs that lead to a first degree that has a 'civil effect': with this degree, a graduate can enter the labour market as a higher education degree holder. Programs that do not lead to such a degree (like programs leading to an intermediate degree) are not taken into account here. Postgraduate programs are programs that build on completion of undergraduate programs. Holding an undergraduate degree is a prerequisite for entering those programs.

This classification is based on the Anglo-Saxon systems in which the sub degree programs and bachelor programs are the undergraduate programs and the master, Doctorate and other (specialist postgraduate programs are the postgraduate programs. This model is also underlying the national reforms that in most European higher education systems are undertaken, within the framework of the Bologna process. However, the traditional degree structures of continental European higher education systems do not readily fit into this new structure. In many countries long (university) programs, equivalent to master programs, are considered to be the first degrees and therefore have to be classified as undergraduate programs. The comparability of the data of Anglo-Saxon systems and continental system may therefore be compromised. This problem will be solved by the time the Bologna process will be completed. Till that time we need to be careful in comparing the results between the two types of systems.

Undergraduate programs

Australia

There are three types of undergraduate programs at Australian universities: the bachelor program, the associate degree program and other undergraduate programs. The bachelor program is the main undergraduate program, which can serve as a first entry degree for labor market and as an entry degree into postgraduate degree programs. The associate degree is a short sub-degree program, which was created in the mid 1990s. The third category comprises a number of short sub-degree programs.

The number of students graduating with a bachelor's degree increased with 14% over the period 1995-2000. This trend continued in the early

2000s with an average rate of increase of about 6% per year, amounting to 126.825 students in 2002. The associate degree is relative new. Since 1999, the number of associate degrees awarded has grown steadily at a yearly growth rate of around 8%. The number of other undergraduate degrees awarded shows an erratic pattern, with a decrease in the late 1990s and a sharp increase in 2001.

Austria

University undergraduate studies comprise a number of long (four to five years) programs that are captured here as *Diplomstudien*. *Fachhochschulen* offer the degrees of *Magister FH* and *Diplom-Ingenieur FH*, which are more vocational oriented than university programs.

The number of graduates receiving a *Diplom* degree at Austrian universities increased with 34% over the period 1995-2000. Since the *Fachhochschule* is a newly established type of education (started in 1992), the number of students graduating each year is still growing fast. The first 114 students graduated in 1996. In 2001 this number was 2.376.

Figure 3: Australia

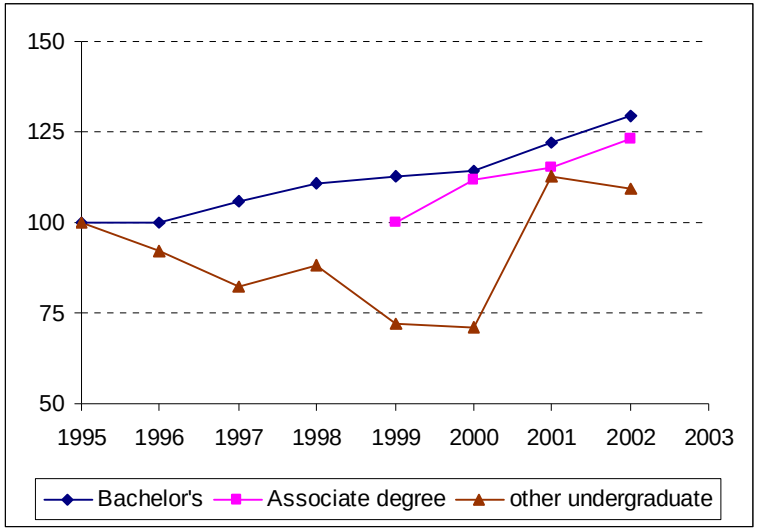
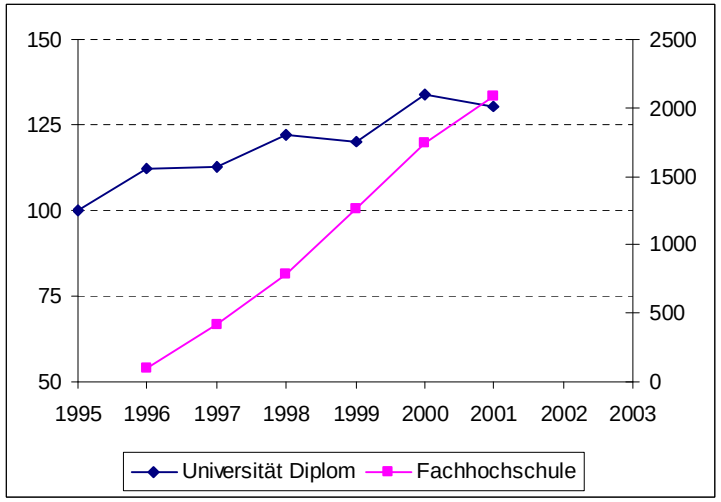


Figure 4: Austria



Finland

From 1997 on, new degree regulations apply to all fields of study. At universities there is a "lower academic degree", usually called the Bachelor's degree (*kandidaatin tutkinto*) and a "higher academic degree", called the Master's degree (*maisterin tutkinto*). The AMKs offer a Bachelor degree.

The majority of graduates at Finnish Universities receive a Master's degree. The number of students receiving a Master's degree increased by 17% over the 1995-2000 period and is still steadily rising. Although the number of students graduating with a Bachelor's degree is a lot smaller than the number of Master's (2.883 versus 12.411 in 2003), this number is growing rapidly. The period 1995-2000 showed a 73% increase of students graduating with a Bachelor's degree, and this number is still growing twice as fast as the Master's.

At the Finnish AMK, ten years after its creation, the number of graduates is still growing at a very strong pace and amounts to 20.502 in 2003, which already exceeds the number of university graduates.

Flanders

University education leads to the degree of *Licentie*. Since the reform of 1994, non-university (HOBU) higher education programs are divided into two types. In the first type, the programs which prior to the reform were referred to as HOKT (short-term higher education) are included. These short programs lead to the degree of *Gegradueerde*. The second type in non-university higher education are the programs of two cycles (before the reform of 1994 known as the HOLT (higher education of the long type)). The final degree of the long program, rewarded after the second cycle, is the Licentiaat (*Licentie*). The total number of graduates at university programs leading to a *Licentie* has grown by 14% over the 1995-2000 time-period to 9.690 graduates in 2001. The number of graduates with a *Gegradueerde* degree (17.861 in 2001) has increased at a similar pace over the last decade. The number of students graduating from the HOLT program which leads to a *Licentie* degree decreased till 1997, after which year the output has grown along lines similar to the other programs.

Figure 5: Finland

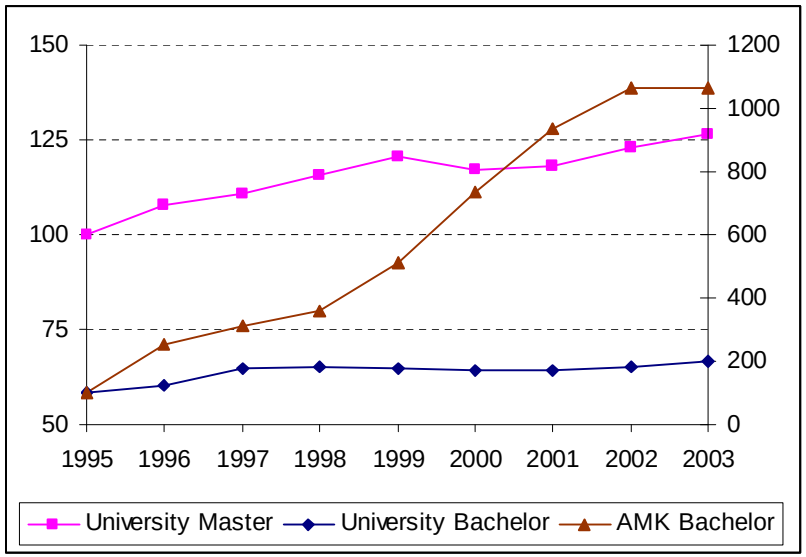
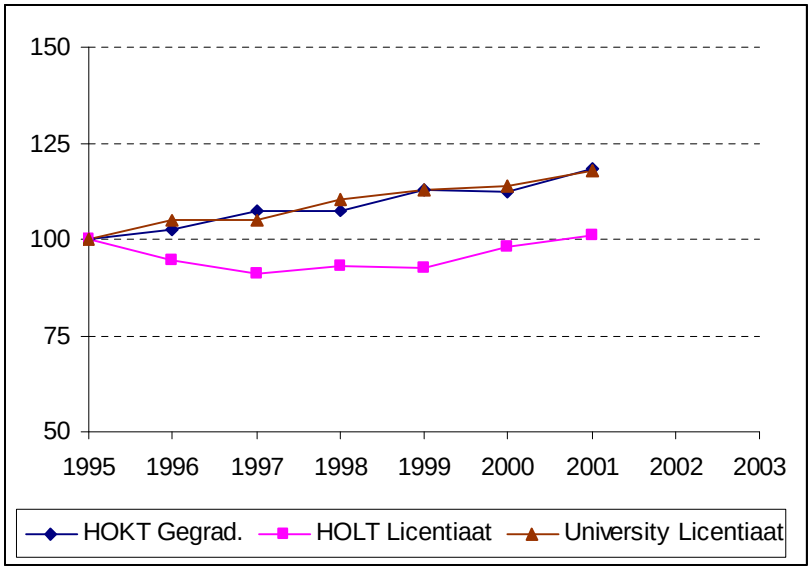


Figure 6: Flanders



France

The French higher education system comprises a wide variety of education institutions, each providing a number of undergraduate programs. French university program (UG) are located in the first and second (the third cycle comprises the postgraduate programs). In the **first cycle** of two years, the following degrees can be obtained*: diplôme d'etudes universitaires générales* (DEUG) and the *diplôme d'études universitaires scientifiques et techniques* (DEUST, meant to be a final qualification). In the **second cycle**, there are the following degrees: *licence* (one year after the DEUG), *maîtrise* (two years after the DEUG), and a number of specialised *maitrise* degrees. In the IUT, short DUT programs are offered, and in the STS, two-year vocational degrees (BTS) are provided. In the other major part of the higher education system, the *Grandes écoles*, a variety of long programs is offered, which is captured here under the name *diplôme*. A distinction has been made between engineering schools and other *Grandes Écoles*.

The number of students completing the DEUG program has decreased with 5% over the 1995-2000 period and the years 2000-2002 showed no change in this downward trend. The number of graduates in the DEUG

program was 118.423 in 2002. The smallest program of the first cycle, with only 2.512 graduates in 2002, is DEUST. The number of students completing the DEUST program increased with 35% over the 1995-2000 period and is still growing. The number of university graduates with a *Licence* degree increased with 8% over the 1995-2000 period and grew to 138.201 in 2002. The number of students graduating from French universities with a *Maîtrise* degree is slowly increasing and amounted to 96.034 graduates in 2002.

In the non-university sector, the STS program remains by far the largest program, with 103.629 BTS graduates in 2002. This represents a large increase of 25% in the last 7 years. Such an increase can also be seen in the number of graduates in the IUT program. This number increased 27% from 1995 to 2000. In 2002 the number of IUT graduates with a DUT degree was 48.877.

The output of the engineering schools has been stable in the 1990s and started to grow after 1999. The number of degrees awarded at the other GEs decreased during the late 1990s but it picked up by the turn of the century.

Figure 7: France IUT, STS, Grandes Écoles

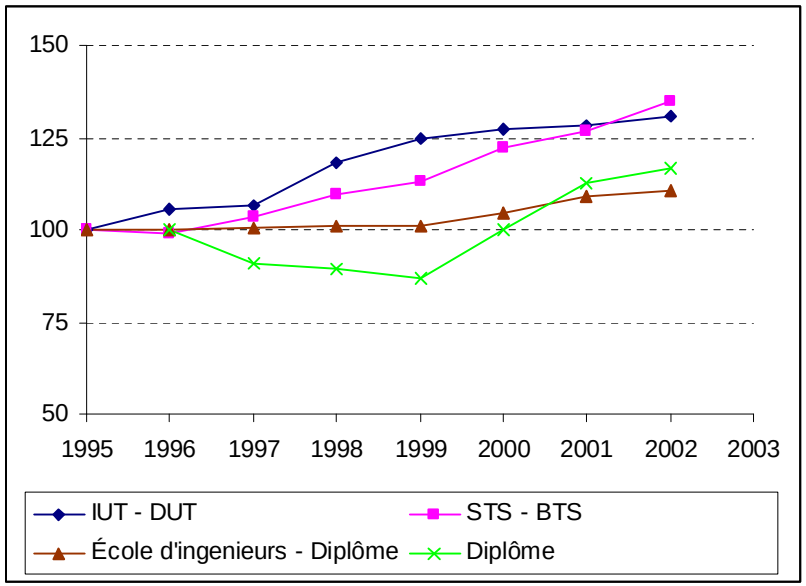
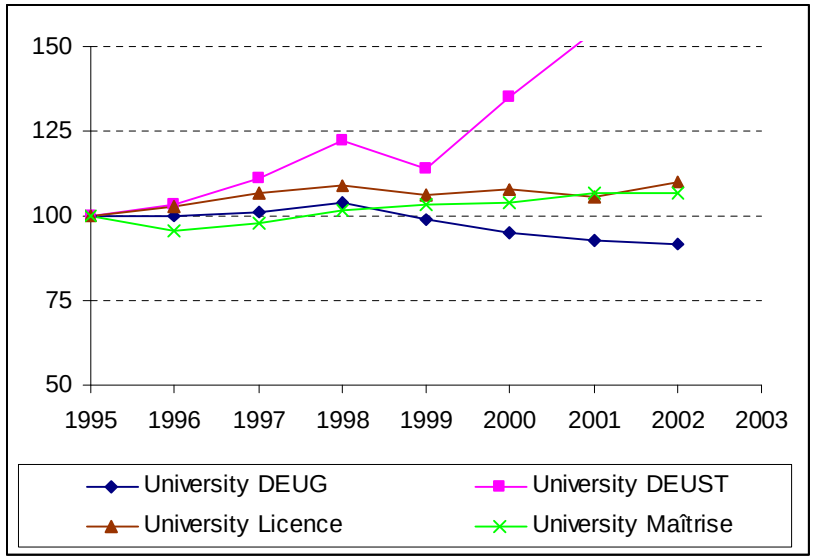


Figure 8: France Université



Germany

The main undergraduate degree offered at German universities is the *Diplom.*The *Fachhochschulen* offer programs leading to the degree of *Diplom FH*. The extension (FH) is made to distinguish them from the university degree *Diplom*. The total number of graduates at universities (*Diplom*) decreased by 10% over the 1995-2000 time-period. For the time-period 2000-2002 the number of graduates keeps decreasing with 3% to 92.201 in 2002. The number of *Fachhochschulen* graduates is also decreasing. Over the time-period 1995-2000 the decrease was 12%, however, this number seems to have stabilized over the last year. The number of *Fachhochschulen* graduates was 65.929 in 2002.

Figure 9: Germany

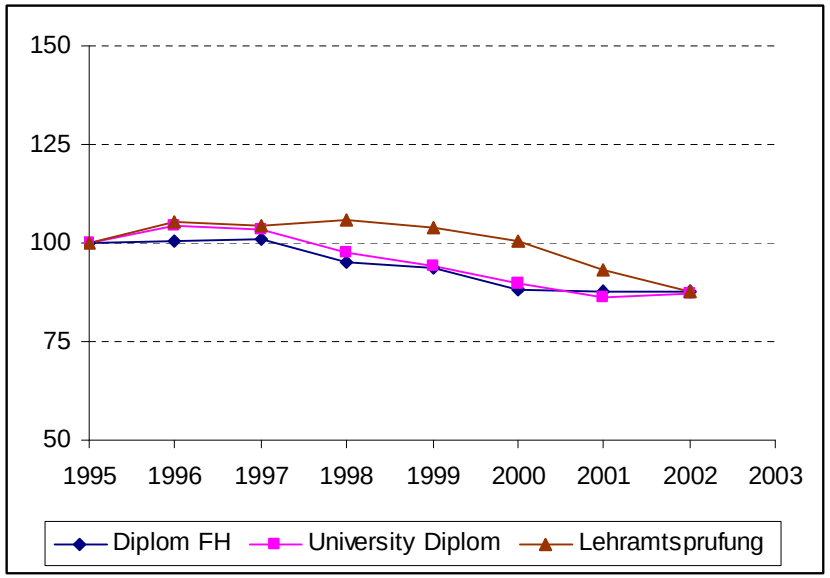
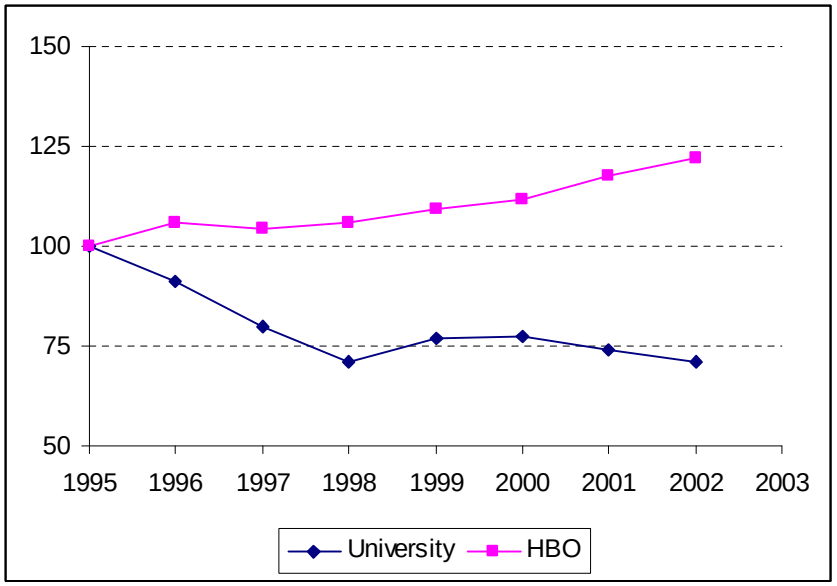


Figure 10: The Netherlands



The Netherlands

Universities offer the general degrees *doctorandus (drs.)* and the degrees *ingenieur (ir.)* (technical sciences) and *meester* (*mr.*) (law). The *hogescholen* grant the degree *baccalaureus*, and for the engineering programs the degree *ingenieur (ing.).*Since the introduction of the BaMa structure, these degrees will die out and the new bachelor and master degrees will replace them.

The number of graduates at universities shows a rather big decrease of 23% over the 1995-2000 time period and this trend seems to continue into the 21st century. The number of university graduates was 20.890 in 2002. Where the number of university graduates is decreasing, the number of *hogescholen* graduates is increasing. This number rose to 61.070 in 2002 which means a 22% increase from 1995.

Sweden

The 1993 Degree ordinance transformed the existing 500 study programs at university level into two broad degree categories: general degrees and professional degrees. Three different general degrees are now awarded: the traditional Bachelor's degree (*kandidatexamen*), the university diploma (*högskoleexamen*), and the Master's degree (*magisterexamen*). Professional degrees (*yrkesexamen*) are awarded upon completion of programs leading to specific professions, e.g. medicine, dentistry, teacher training, engineering, nursing, design, etc. The number of students graduating with a bachelor's (*kandidatexamen*) degree was 10.982 in 2002. This is an increase of 88% from 1995. The number of 9.054 Master's degrees in 2002 represents an even larger increase of 250% from 1995.

The number of university diplomas (*högskoleexamen*) has doubled since 1995 to 1.087 in 2002. The number of Professional program degrees (*yrkesexamen*) increases by a couple percent per year and amounts to 25.107 graduates in 2002.

United Kingdom

Universities offer both undergraduate and postgraduate degrees. The latter belongs to doctorate education and is dealt with in the next section. The undergraduate programs comprise sub-degree programs and Bachelor's programs. Four different types of sub-degrees exist, namely: the National Certificate, the Higher Vocational Certificate, the National Diploma, and the Higher National Diploma (HND). As a specific variant on the diploma course, the Diploma in Higher Education (DipHE) exists, which is specific for the field of Education.
The total number of Bachelors' degrees conferred grew by 9% over the time-period 1995-2000, to 282.385 graduates in 2002. The same time-period shows a large growth in the number of sub-degrees by 43% (111.055 graduates in 2002).

Figure 11: Sweden

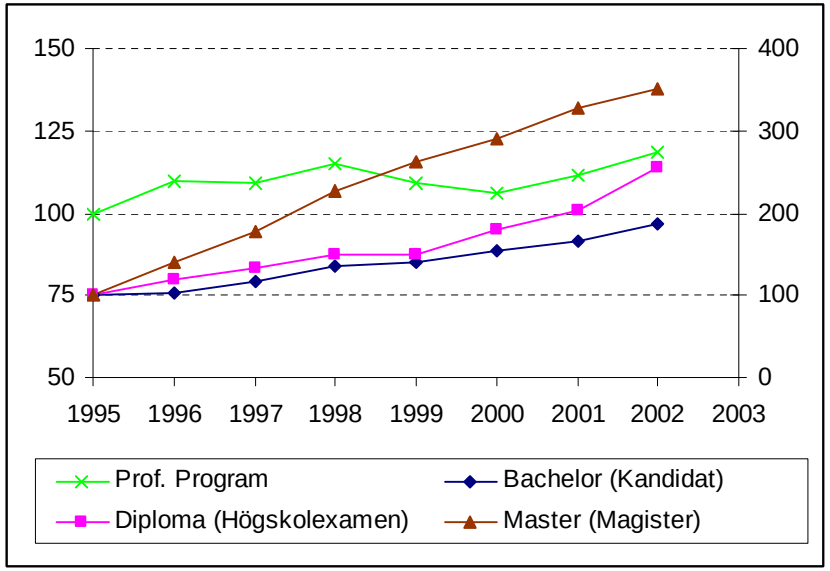
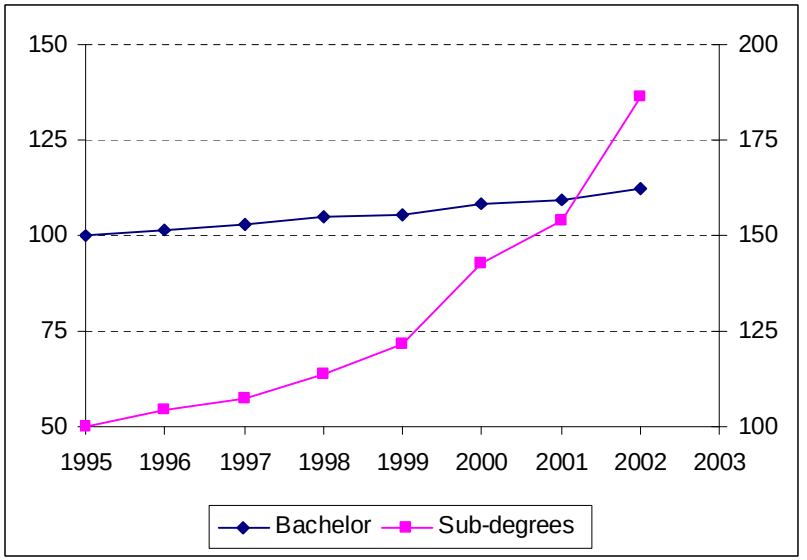


Figure 12: United Kingdom



Summary

Looking at the development of the output of higher education, in terms of graduates from undergraduate programs, we observe a strong growth (<50%) in Austrian *Fachhochschule* degrees, Finnish AMK degrees and university bachelors, Swedish general program degrees and sub-degrees in the UK. Growth has been negligible or even negative in the French DEUG, and the French long degree programs, all Germany programs as well as in the Dutch university programs. In the remaining programs, growth has been modest.

Enrolment (undergraduate) by nationality

Introduction

In this chapter enrolment in undergraduate programs is broken down by nationality. The rationale for this breakdown lies in the growing importance of internationalisation and globalisation. Economies are getting more and more intertwined. It can be assumed that international processes like WTO GATTS and processes within the (extended) EU may lead to an increase of international mobility.
Enrolment by nationality is not a good indicator for mobility of students but it may illustrate one of the emerging aspects of the growing

heterogenity of the student body that may have an impact on the national higher education systems. If the Bologna process has the intended effect on the educational choices of students, this heterogeneity will increase in the future. Changes in the languages of instruction, different structures of programs, changing flows of funds are developments that are related to changes in the nationality composition of the studentbody. A more in-depth analysis of those relationships goes beyond the scope of this report.

Australia

The number of overseas students in Australian undergraduate programs has grown with a tremendous pace. The proportion of overseas students has grown from 7% in 1995 to 12% in 2000 (a growth of 68%) to 17% in 2002 (an additional growth of 42%), which is the highest proportion of the countries reviewed in this report.

Austria

Austria has also a relatively high proportion of foreign students in its higher education system: 15% in 2002. A large part of these foreign students is located at the Art Colleges, in which 40% of enrolment has a foreign background. At the ***Fachhochschulen***, foreign students are still a rare phenomenon. The proportion has grown since 1995, and did so especially since 2000. Most foreign students come from another European country (almost 90% at universities and 80% at art colleges). A substantial part of the foreign students at art colleges come from Asia (20%).

Flanders

There are relatively few foreign students enrolled in Flemish higher education: around 3%. The proportion of foreign students in universities is around twice as high as it is in the ***hogescholen***. In the second half of the 1990s, the proportion of foreign students has decreased significantly, but part of that is due to an administrative change in 1999 in the way students are counted. Since 2000 the proportion has been stable (universities) or has grown (***hogescholen***). Most of the foreign students come from within Europe (around 80% in universities and 70% in ***hogescholen***). Asia is the other continent of origin that scores significantly.

Finland

Although the number of foreign students at universities has increased by more than half over the 1995-2002 period, the proportion of foreign students has grown by only 22% in that period. Even with this growth, the proportion of foreign students is relatively low (3% in universities, 4% in AMK in 2002).

The main part of foreign students comes from Europe, although this proportion is smaller than in Austria and Flanders (around 60%). Around a quarter of the foreign students comes from Asia. In 1995, the proportion of Europe was significantly smaller (50%) and the part of Asia larger(30%).

France

The proportion of foreign students in France has remained relatively stable during the late 1990s but since 2000, it has grown considerably (in the period 2000-2002 by 28%). Most of the foreign students come from Africa (around 60%). Europe provides only one sixth of the foreign students, as Asia does.

Germany

There are relatively many foreign students in German higher education: 12 % in 2002. The proportion of foreign students has grown at a steady pace: around 5% per year. Growth in Universities has been stronger than at ***Fachhochschulen***, where in 2002, the proportion decreased slightly.

Most foreign university students (60%) come from Europe, where it is remarkable that the part of the EU (15) has decreased significantly the last years. Asia is the second region of origin (around 25%). In ***Fachhochschulen*** a similar pattern can be seen, although the part of students from Africa is relatively large (17%).

Netherlands

The proportion of foreign students in Dutch universities has grown to 5.6% in 2002. At ***hogescholen***, the proportion of foreign students has grown also, although the proportion is considerably lower than at universities (3.2%).

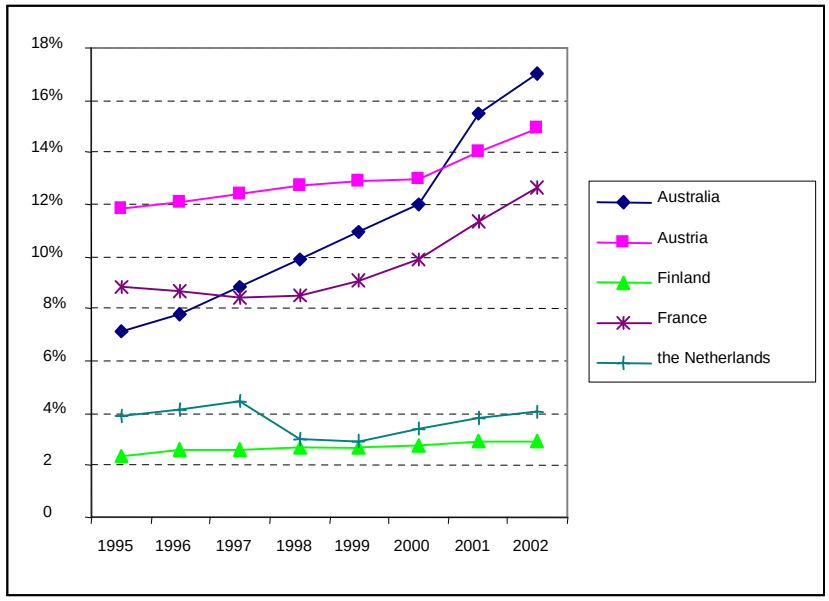
Sweden

The Swedish picture looks quite similar to the German one: the proportion of foreign students has grown continuously to around 12% and most students (around 60%) come from Europe. Asia is the second largest region of origin (27%). The proportion of EU students has decreased.

United Kingdom

The proportion of foreign students has fluctuated in the 1995-2002 period. In 1997 it had a high with over 9% and in 2001 it was low at 7.6%. In 2002, the proportion has gone up again.
In the late 1990s, most students came from the EU (1999 had the highest score of 54%) but since then, the proportion of EU-originated students in undergraduate programs has dropped dramatically to 37% in 2002.

Figure 13: Students with a foreign nationality in undergraduate programs as a proportion of all students in undergraduate programs



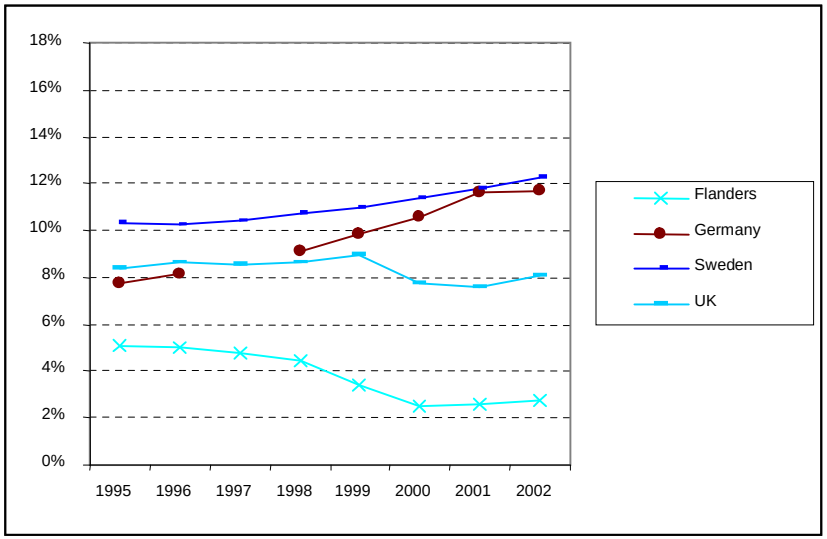


Figure 13 *shows that in* Australia, France, Germany and Austria the proportion of foreign students has grown relatively fast. In the Netherlands, Finland and Sweden there is a modest growth and in Flanders and the UK, the proportion of foreign students has decreased.

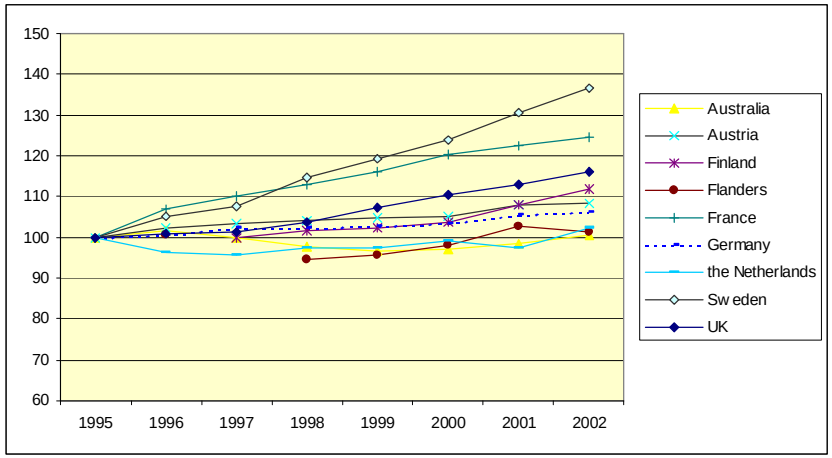
Staff

Staff is the most important input in higher education. We elaborate on three aspects of this input. First we look at the trends in the number of academic staff, then we look into the issue of female representation among academic staff and finally the issue of aging of academic staff is addressed in the presentation of trends in the age structure of academic staff.

Trends in the number of staff in higher education

In our descriptions of trends in staff, we distinguish between academic or teaching staff on the one hand and non-academic staff (support staff) on the other hand. The analyses will be focused on academic/teaching staff.
The number of academic staff has grown most in Sweden. In France growth has been substantial as well. Finland, the UK, Austria and Germany show a modest growth. In Flanders, the Netherlands and Australia, growth has been rather insignificant.

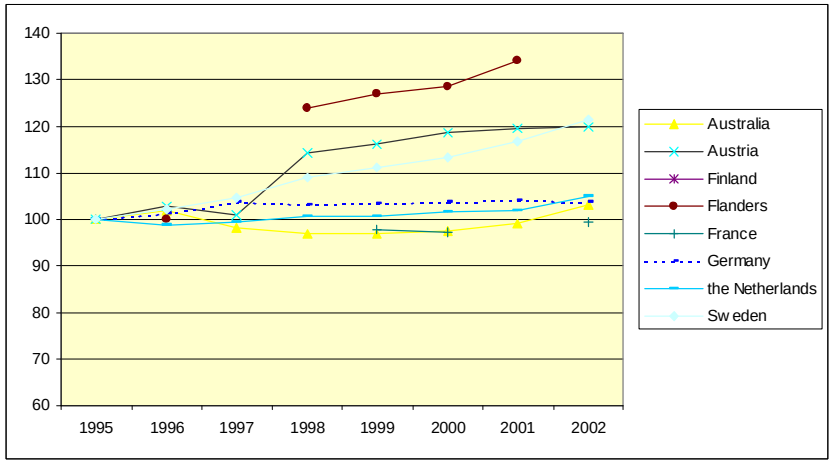
Figure 14: Change in the number of academic staff in higher education, 1995=100, in fte



Note: France and UK in persons
Germany excluding staff at Medizinische Einrichtungen

If we look at non-academic staff, a different picture emerges. Flanders, Austria and Sweden are the fast growing countries here; the other countries show no significant growth.

Figure 15: Changes in the number of non-academic staff in higher education, in fte, 1995=100

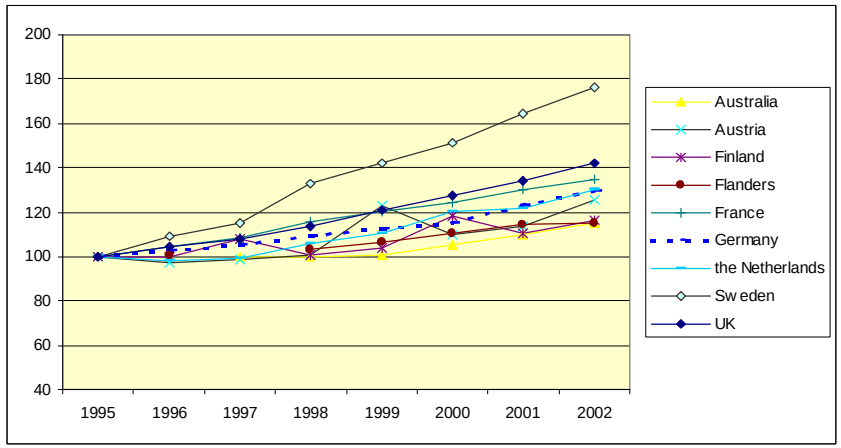


Note: France headcount
Germany excluding staff at Medizinische Einrichtungen

Female academic staff

The number of female academic staff has grown in all countries. Growth has been relatively strong in Sweden.

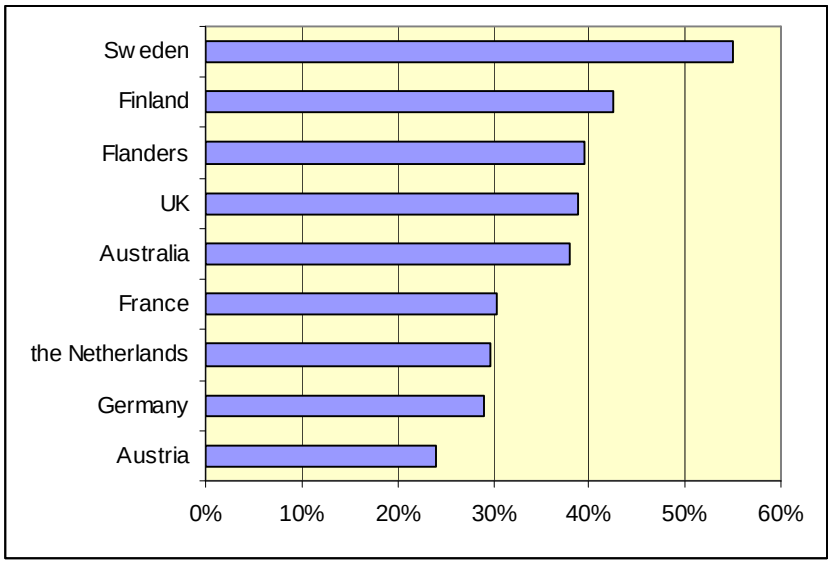
Figure 16: Change in the number of female academic staff in higher education, in persons, 1995=100



Note: The Netherlands in fte

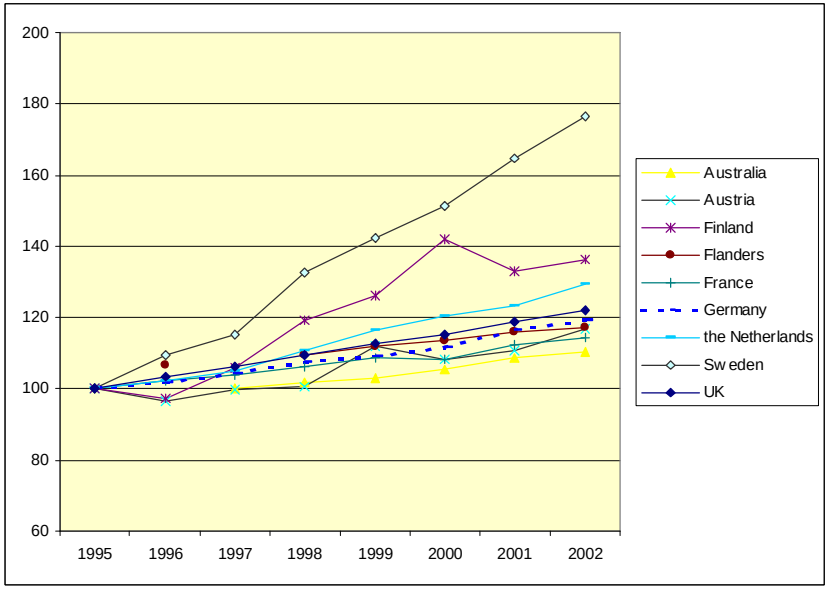
In all countries, except Sweden, women are underrepresented in academic staff. The gender balance is worst in Austria, but in Germany, the Netherlands and France, the situation is not much better.

Figure 17: Female academic staff as a proportion of total academic staff in higher education, 2002



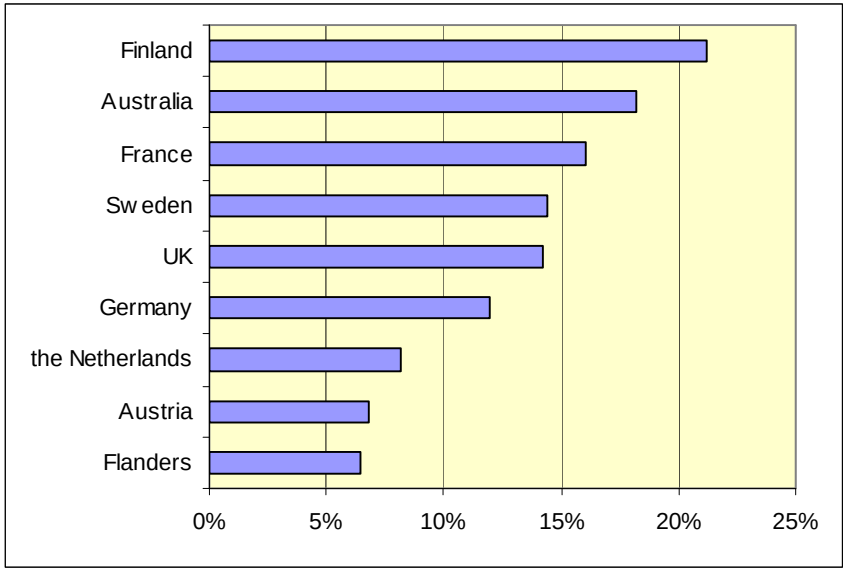
Female representation has grown in all countries between 1995 and 2002, but there are some marked differences between countries. Sweden and, to a lesser extent, Finland show a tremendous growth, which is part of the reason why these two countries are the two leading countries in 2002 regarding gender balance in academic staff. Growth in Australia has been very modest.

Figure 18: Change in female academic staff as a proportion of total academic staff in higher education, headcount, 1995=100



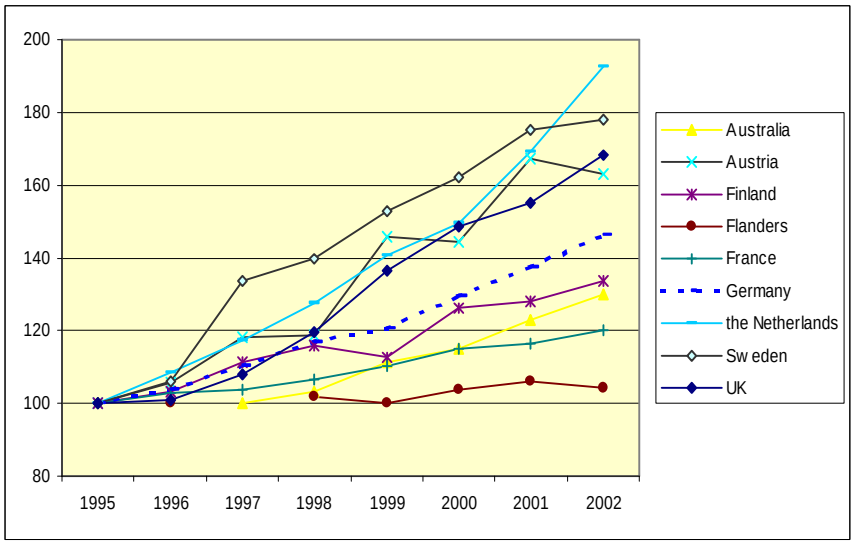
Within the category academic staff, we also looked at the gender imbalance among the highest academic rank; the professors. Gender imbalances within that group are much higher than within the overall group of academic staff. There is only one country where female participation among professors is (slightly) over one out of five professors is a woman. Differences between countries are significant. In Austria, Flanders and the Netherlands, female representation is around one third of the Finnish score.

Figure 19: The number of female professors as a proportion of the total number of professors in higher education., headcount, 2002



The proportion of women among professors has grown in most countries. Strong growing countries are Sweden, the Netherlands, the UK and Austria. In Flanders, the proportion of female professors is more or less stable.

Figure 20: Change in the number of female professors as a proportion of all professors in higher education, headcount, 1995=100



Finance

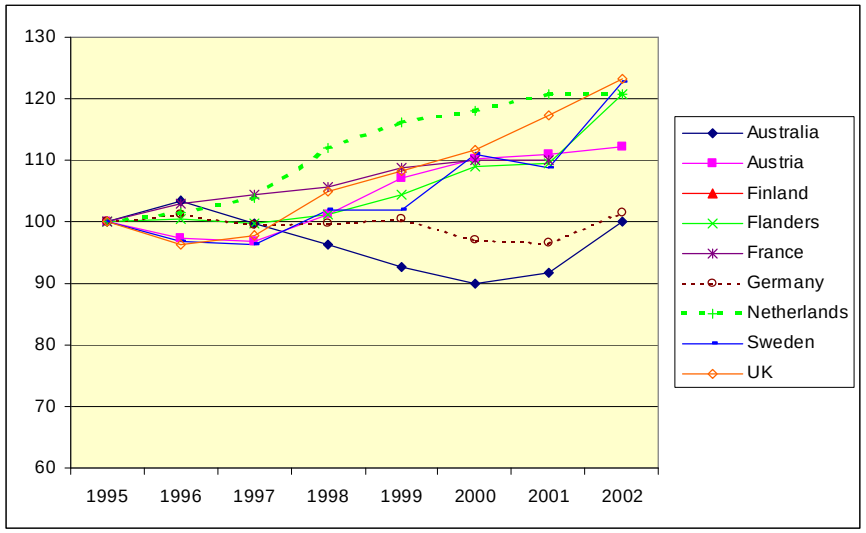
Introduction

The issue of comparability is a very heavily debated one when the focus is on finance and expenditure. OECD has a longstanding record of in-depth debates on what should be taken into account when providing a comparative overview of (public) expenditure on higher education. Although substantial progress has been made, these data do not allow for trend analyses, due to changing definitions. Occasionally a historic reference year is used to illustrate development, but a genuine trendanalysis is not given.

In the IHEM, the primary focus is on trendanalyses. Therefore the consistency through time of data is the primary concern. By using national sources and checking thoses sources for possible changes in definitions and reporting, this consistency is safeguarded (as much as possible). The focus on trendanalyses is also the main rational for omitting information on absolute levels in the presentation of the data.

Direct public expenditure on higher education institutions

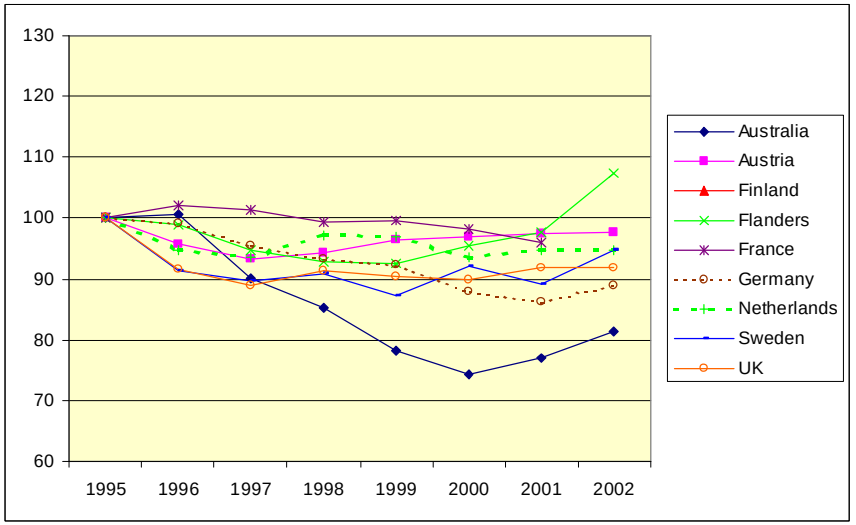
Figure 21: Changes in direct public expenditure on higher education institutions, prices 1995, 1995=100



Note: The Dutch data show a break in 1998, due a new method of reporting.

In constant prices, we conclude that since 2000, direct public expenditure on higher education institutions shows a positive trend in all countries reviewed. Even in Australia and Germany, where the 1990s were not a very prosperous period, public expenditure on higher education has gone up at the end of the period.

Figure 22: Change in direct public expenditure on higher education institutions as a percentage of GDP, 1995=100



This second graph shows that part of the upward trend in public expenditure is due to an increase in the national income (GDP). If we take the rise in GDP into account, we can conclude that higher education has waned in the list of priorities of national governments.

Summing up

In the previous chapters a large number of numbers, trends and graphs was presented. Bringing together the lines drawn and summarizing the information into a concise and consistent picture is not an easy task to do. In this draft report, a first attempt is made.

Student flows

The first dimension we look at are the flows of students through the higher education systems. We observe that there are four higher education systems that have grown at a steady pace: Australia, Finland, Sweden and the United Kingdom. The number of new entrants, enrolment and the number of graduates, both at the undergraduate and the postgraduate level, have gone up over the period 1995 to 2002.

One system, Germany, can be characterized as recovering systems. After decreasing inflows in the late 1980s and early 1990s, inflows are growing again by the end of the period. This has lead to a stabilization or weak growth in enrolment. The number of graduates is still falling but this will change in the future.

Three systems, Austria, Portugal and the Netherlands show a mixed picture: one sector is growing, whereas the other one is stable or recovering. In Austria and the Netherlands, the non-university sector is the growing sector and universities are stable or recovering. In Portugal, the growing sector is the public sector (both universities and polytechnics), whereas the decreasing sector is the private sector.

Two higher education systems, the French one and the Flemish can be described as stable or stagnating. Inflows and enrolment have not grown or have decreased over the 1995-2002 period, which will lead to a decrease in graduates in the future.

These observations are in line with the data on the rate of participation. Flanders and France are the only two countries where the rate of participation has not grown.

Student characteristics

In most higher education systems, the issue of gender imbalances in general enrolment is no longer a problem. In most systems, the proportion of women among students in undergraduate programs is around 50% or even beyond that threshold. Sweden, UK, Australia and Finland score relatively high in this respect. Germany and Austria (and to a lesser extent the Netherlands) score relatively low.

If we look at the composition of the studentbody by nationality we see an increase of the proportion of foreign students in seven out of nine countries. Only Flanders and the UK show a decrease over the 1995-2002 period, although in both countries the trend has been reversed for the recent years.

Inputs

The main input into the higher education process is academic staff. In most countries, the number of academic staff has gone up. In Australia, Flanders and the Netherlands, staff numbers have been relatively stable. The fastest growing countries in this respect are Sweden and France.

Financial inputs, in terms of direct public expenditure on higher education institutions, as a percentage of GDP have gone down in all countries. In some countries, we observe an upswing at the end of the period (Flanders, Australia, Germany and Sweden). In the Netherlands, Austria, and the United Kingdom, the level of expenditure has leveled off, whereas in France, public expenditure seems to continue to decrease.

There are some ‘inconsistencies’ in the trends regarding these two inputs. The strong increase in the number of staff and the decrease in pulic expenditure in France is remarkable and calls for further investigation. A similar, but reversed inconsistency can be observed in Flanders and Australia, where the staffnumbers have gone down, but expenditure has experienced an upswing.

Reading 2

Excerpts from:
Beerkens H.J.J.G. et al, (2005). *Issues in higher education policy. An update on higher education policy issues in 2004 in 11 Western countries*. Enschede: CHEPS, International Higher Education Monitor.

Summary of main issues in higher education in 11 Western countries

Higher education systems increasingly are open to influences from outside the system. Describing higher education systems in a highly dynamic context therefore requires a regular updating of the information presented. In the first and main part of the report, the issues most pertinent in public debates and policies are identified and discussed. Information is collected from written and electronic sources as well as through consultation of national experts. The second part of the report is a comparative analysis. In this part, the issues are identified that are common in a number of national systems or even in most systems. Although no additional country information is presented in this section, the comparative analysis also builds on insights obtained from relevant

CHEPS' research projects. The cross-national presentation of issues in some cases thus can cast a different light on the national issues.

Higher education is a dynamic field. It is, however, also a field where changes don't take place overnight. This update covers a period of 1.5 years, a period in which some earlier policy initiatives have been implemented and new ones have emerged. It is therefore not surprising to observe that many of the policy issues on the agenda in the previous Update Report (April, 2003) still are a topic of debate today.

In the final part of this update report, we will discuss the broad issues apparent in contemporary European (and Australian) higher education. However, instead of summing up the issues described in the country chapters, we will discuss five themes that are in one way or another apparent in all or many countries in this study. These themes overlap with the topics that have been discussed in the country chapters (educational and research infrastructure, finance, governance and quality). The following themes will be discussed below:

- The Bologna process and changing degree structures
- The changing organisation of research
- Financial accountability and responsibility
- Interactive governance

The Bologna process and changing degree structures

In June 1999, 29 European ministers in charge of higher education met in Bologna to lay the basis for establishing a European Higher Education Area by 2010 and promoting the European system of higher education world-wide. In the Bologna Declaration, the ministers affirmed their intention to:

- adopt a system of easily readable and comparable degrees
- adopt a system with two main cycles (undergraduate/graduate)
- establish a system of credits (such as ECTS)
- promote mobility by overcoming obstacles
- promote European co-operation in quality assurance
- promote European dimensions in higher education

Several instruments were developed to achieve those objectives, like the expansion of the ECTS system and the use of diploma supplements. However, the instrument that has had the most impact on national higher education systems is the adoption of a 'common degree structure'. Since the Berlin follow up meeting in 2003 this common degree structure is described as a three-cycle structure. The most common form of this is the 3+2+3 structure, although in a number of countries the lay-out is different (in the Netherlands it is 3or4+1or2 +4, in the UK it is 3+1+3 and in Germany there are differences between *Länder* regarding the structure). Although the Bologna Declaration does not *impose* the structure, there is a clear felt push towards implementation of the three-cycle structure (in whatever form) and the declaration has triggered massive reforms of degree structures in many European countries.

Two of the countries described in this report are an exception to this trend, i.e. Australia and Denmark. In the case of Australia this does not come as a surprise, since Australia did not sign the Bologna Declaration and can hardly be seen as part of the European higher education space. In Denmark, a three-cycle degree structure already did exist prior to Bologna. Although Bologna has led to a revitalisation of the bachelor programs, the Danish structure as such has not been changed, nor debated.

If we look at the introduction of the Bachelor-Master model in the other countries discussed, we observe many different speeds. In the Netherlands, the new degree structures have been fully implemented in 2004. In other countries, changes are implemented in a more gradual way. In Austria about 25% of the university studies are transformed into *Bakkalaureat* and *Magister* programmes. The percentage was about 12% a year earlier. The introduction of Bachelor and Master study programmes in Germany progresses in similar vein. For the summer semester 2005 1450 BA-programmes and 1313 MA-programmes are offered at German higher education institutions. These come up to around 25 % of all programmes offered in Germany. At the start of the French academic year 2004, 70 universities had reorganised (part of) their programs according to the three-cycle structure. Finland is working on the implementation of the Bologna agreement which will be realized in 2005. The Flemish government has agreed in April 2004 to adjust the diplomas awarded by higher education institutions to the new structure of bachelor and master programmes. In countries in which the new degree structure has not been implemented yet, the introduction of the Ba-Ma model seems to trigger a wider debate on degree structures (e.g. Sweden and Portugal). The UK already operated in a Bachelor-Master

structure before the Bologna Declaration, but debates have popped up whether the existing degree structure fits the Bologna 'requirements' and how the new foundation degrees fit in.

An important issue for countries with a binary system, is the relationship between the Bachelors and Masters from a University and the degrees from *Fachhochschulen*, *Hogescholen*, etc. In Portugal, there is discussion about the value of the Polytechnic programmes (higher education degrees or post secondary diplomas). In Flanders, *Hogescholen* need to 'academise' their education, whilst in Finland the exact equivalence of the *Maisteri* is a topic of debate.

As mentioned before, there are two other instruments developed to achieve the Bologna goals, i.e. the Diploma Supplement and the use of ECTS. Most countries (not including Portugal and the UK) now have implemented the diploma supplements, although there is some diversity in how they have been implemented. The situation regarding the ECTS is slightly different. In some countries (e.g. Netherlands, Flanders, and Austria) this has been fully implemented. In Finland it will be implemented in 2005, and the Swedish expect to introduce ECTS in 2007.

Changing research infrastructures

In the previous section the Bologna-process was described as an international/European process that has a major impact on the higher education infrastructure. Parallel to the Bologna process, the EU in 2000 in Lisbon started a process intended to make the EU by 2010, "..the most competitive and dynamic knowledge-based economy in the world capable of sustainable growth with more and better jobs and greater social cohesion". To achieve this goal, ambitious objectives and targets were formulated for a number of policy areas, including education and research. To close the 'knowledge gap' between the USA and Europe, a target was set for research expenditure: 3% of GDP by 2010. This process has inspired national governments to review their research infrastructure. Many of the countries in this update report have announced reforms in their research infrastructure. Two themes emerge when analysing these reform(proposal)s: (i) concentration and co-ordination of research activities, and (ii) expanding the relationships with the 'outside' world. The rationale for the first theme is to focus and prioritise research activities in order to achieve excellence in the most efficient way. The concentration theme can be found in the changing role of research councils. Denmark is witnessing a reform of the Research Council System where a mixed approach of bottom-up and top-down initiatives is facilitated. All public foundation grants for research will be distributed in open competition. Austria introduced the *Forschungsförderungs-Strukturreformgesetz*. The government deemed it necessary to adjust the existing infrastructure in light of Austria's aim to be among the most innovative, competitive and productive regions in Europe and to contribute to the supranational Barcelona and Lisbon objectives. Both countries are concentrating their research support in order for funding to be distributed more efficiently. The UK on the other hand has planned to set up a new research council (Arts and Humanities Research Council) in April 2005. In Australia, it was observed that universities and university bodies broadly oppose any move of current research funds away from performance-based block funding for the universities towards the research councils. In France, another type of concentration is discussed: a physical concentration of research activities in '*Pôles de recherche et d'enseignement*'. The Australian policy to stimulate the co-operation between research institutes and universities is the third guise of the concentration theme.

The second theme, expanding the relations with the outside world, appeared in Sweden and Netherlands where the increased co-operation with industry was on the agenda, as well as in Finland where the creation of linkages with the region was a focal point. The internationalisation of research, which was an issue in various countries (e.g. Flanders, the Netherlands) can be seen as another form of this second theme. To compete with other European countries and with the United States, universities try to attract foreign researchers, post-docs and Ph.D students in order to maintain or improve the innovative capacity of the national economy.

Shifting financial arrangements

Within the realm of the theme finance there are two issues. The shift towards more individual responsibility for the students is the first one. This individual responsibility comes in two forms. The first is the increased financial burden for students. There is a number of countries in which there are no tuition fees and where they are not on the agenda. This is the case in the Scandinavian countries. In some countries there is a move towards tuition fees, combined with the expansion of student

support and loans systems. In Germany, the issue of tuition fees is still high on the agenda. In the new *Hochschulrahmengesetz*, tuition fees for study programmes of public higher education institutions (with the exception of *Langzeitstudierende* and further education, including further education Master programmes) have been prohibited. The constitutional court in January 2005 decided that this prohibition of tuition fees is not constitutional.

In the Netherlands, the question of differential tuition fees has been a major issue for years. Although some changes have been introduced, the Ministry has been reluctant to use financial incentives for students to steer enrolment. Instead, it wants to introduce the "tuition-fee-loan" (in Dutch *collegegeldkrediet*) in addition to the current student support arrangements. In Australia and the UK, students have to pay relatively high tuition fees, but policies are developed to safeguard access for underprivileged groups. In the UK the major issue was the establishment of the "Office of Fair Access", which was explicitly created to deal with the negative consequences of high tuition fees. In Australia the Commonwealth Learning Scholarships Programme was introduced. These scholarships will assist rural and regional, low socio-economic status and indigenous students to meet the costs associated with higher education. They will be allocated to eligible students based on merit.

The second form in which the shift towards more responsibility for students comes is the introduction of learning entitlements. Learning entitlements can be seen as a way to enhance the influence that students have on the supply and quality of higher education programs. The downside (for the students) is that once the entitlements are used, (s)he has to pay (more) for further education. In Australia student learning entitlements were introduced in 2004. In two German *Länder* (Nordrhein Westfalen and Rheinland Pfalz) *Studienkonten* were introduced (a rather limited form of learning entitlements) and in the Netherlands *leerrechten* were introduced in the discussions regarding a reform of the funding arrangements of higher education institutions.
The shift of responsibilities and financial burdens towards the students, as can be seen in a number of countries, is accompanied by an increased awareness of the negative effects this may have on equity and social cohesion. National governments are in different stages of developing instruments that may counterbalance these effects.

In addition to the shifting responsibilities of government/higher education institution vis-à-vis the student, there also (and still) is a trend to more responsibility and accountability for institutions regarding the efficient use of resources. Several measures were introduced to stimulate universities and other higher education institutions to become more 'productive'. Denmark introduced a so-called bachelor bonus. The bonus is awarded every time a student completes his/her bachelor programme. It is a reward to universities who pay attention to whether their students are actually finishing their bachelor programme. The Finnish government is preparing new funding mechanisms for both the university and the polytechnic sector. The first proposals for these reforms will be ready in the first half of 2005. A new funding system for universities is introduced because the current system is too much based on the traditional allocation of public funds. There is a lack of incentives and opportunities for stimulating mutual competition between the institutions. In the polytechnic sector a change will take place from input funding to the output-based system used by the university sector. Flanders is planning a new funding system for 2007, that should be simple and transparent, securing an adequate funding base for the institutions. It also should challenge the institutions, perhaps in the form of output or incentive base funding.

Interactive governance

The last few years the co-ordination of the higher education system has been changed in many countries and universities still are adapting to the new situation. In Germany, governance issues are especially apparent in the division of authority over higher education between the federal level and the Lander. The past year this especially concerned topics related to staff and the introduction of tuition fees. In Flanders, new legislation (*Aanvullingsdecreet*) has shifted authority further towards the institutional level (e.g. for dispute resolution).

Although governments retain a firm grip on their higher education sectors by a wide range of accountability measures, universities do gain more freedom. The shift of autonomy towards the institutional level provides more leeway for universities to set their strategic directions. The last few years new accountability schemes were introduced in which the state (and in some cases the region) makes agreements with individual institutions regarding their performance. The Danish and French contracts, the German *Zielvereinbarungen*, and the Finnish and

Swedish 'Management by objectives' are examples of such schemes. In Australia new accountability frameworks were introduced in 2004, and in the Netherlands there was a proposal to introduce *prestatie-afspraken* (performance based agreements) between the Ministry and individual institutions.

In terms of organisational governance one can detect a push towards a 'new openness' of universities vis-à-vis their surroundings. In many countries universities are stimulated to open up more to industry, be it global transnational industries or regional industries. In some countries, especially Finland, the role of higher education institutions in regional development is a major topic. However, governments do not have a full say in new developments anymore. International commitment partly sets the agenda (e.g. Bologna, Lisbon). But also universities themselves benchmark with universities from other countries, not just the ones in their own countries. The increasing autonomy, together with the push towards openness of universities and other higher education institutions have made the governance of 'the university' very complex. Different parts of the university have spread out their links over different sectors and different territories. Also, they become more and more part of a multi-layered system where agenda setting and decision-making takes place on various levels (and across various sectors) simultaneously. The (importance of) the Bologna process and the Lisbon process illustrate this. And increasingly it is becoming clear that whilst the opening up of the university may be a strategic objective embraced by institutional leaders, this does not equate with easy and straightforward implementation. In this respect, academia still is a powerful force to be reckoned with.

Exercises

- Describe to what extent your national higher education system fits the described trends concerning developments in participation and graduation rates, staffing issues and public expenditure on higher education.
- Given the key indicators discussed above, can you identify any additional indicators that would be helpful in describing your country's higher education system? How would your country score on such indicators?
- Given the major issues discussed above that broadly over current discussions in higher education policy in Western European countries, to what extent are these relevant to your national higher education system and what would its position be?
- What other policy discussions are prevalent in your higher education system? Can you provide a brief description of these policy debates and suggest in what direction actual policies will go?

Further readings

The full trends and issues reports

Kaiser et al (2005). *Lining up higher education. Trends in selected higher education statistics in ten Western countries*. CHEPS-International Higher Education Monitor .

Beerkens et al, (2005). *Issues in higher education policy.* An update in higher education policy issues in 2004 in 11 Western countries, CHEPS-International Higher Education Monitor.

These and other CHEPS International Higher Education Monitor publications can be downloaded at:
http://www.utwente.nl/cheps/higher_education_monitor/

3. Steering higher education systems

Jon File

Introduction

Today, the notion and need for higher education system steering and coordination is broadly accepted. One hears, for example, very few substantive arguments against quality assurance and accreditation nor a serious principled case being made against new programme approval procedures. Where objections and criticism do emerge however, is in *how* such co-ordination works in practice, particularly its fine-grained rather than broad-brush character.

In some ways what one sees is a co-ordination paradox: the measures needed to redress systemic shortcomings are precisely those that institutions may find intrusive and restrictive. These instruments are for many - at best - a necessary evil. Coordination is necessary for responding to system challenges, yet evil when applied routinely and regularly to the institutions' core business. Institutions nevertheless ***are*** the system so we find ourselves in higher education's equivalent of the NIMBY (not in my backyard) syndrome; household rubbish must obviously be collected and stored but over our dead bodies will the rubbish collection facility be placed in our backyard.

A second dimension of the coordination paradox is one of phases and experience. Few systems in transition get steering mechanisms right at the first attempt. Many initially seek to make dramatic changes to correct the perceived shortcomings of the previous system only to find that they create a new set of problems. Learning from the experience of the first phases, systems tend to move towards a more optimal arrangement in an iterative process.

A third key issue in thinking about steering higher education systems concerns the nature of the institutions to be steered. Do the special characteristics of universities as professional, knowledge-based institutions have particular implications for effective steering, or on the way institutions respond to efforts at coordination? In 2004 for CHEPS' 20th anniversary we developed three scenarios for what European Higher Education may look like in 2020 (see chapter 8). One contained a deliberately provocative first law of CHEPS:

Higher education institutions by definition are smarter than Ministries and co-ordinating agencies so effective steering is always difficult.

and its corollary:

W*here the first law does not apply, the capacity problems in higher education make steering a hopeless cause to begin with.*

The final and crucial element is one of system diversity. Higher education systems are usually characterised by a particularly complex form of institutional diversity. The forms of coordination appropriate for institutions in different stages of development, and with different institutional missions and capacities can vary significantly. This brings us to a discussion of differentiated policy, to the challenge of moving beyond uniformly applied (one size fits all) coordination. While goals and system targets are essential, and while systemic coordination is a necessary pre-condition for achieving such objectives, the contribution of each institution will be different, and the optimal coordination mechanisms appropriate for each institution may vary. Highly diversified systems may then require highly diverse steering approaches.

This chapter

This chapter provides a broad context for a reflection on the challenges of steering higher education systems. In the first presentation we look first at some of the key characteristics of universities as organisations before introducing a discussion of steering models and instruments. We then present some of the major conclusions of an 8 country comparative study of how higher education organisations respond to changes in government policy.

The next part of this chapter is a case study on major changes in the steering of Dutch higher education and research over the past fifty years and how the importance of five coordination dimensions has shifted to a situation of 'less external regulation', 'less academic self-governance', 'more external guidance', 'more competition' and 'more managerial self-governance'.

In the final section of this chapter we ask you to act as an international consultant to the Polish Ministry responsible for higher education with a brief to advise it on how best to steer private higher education. A presentation provides the necessary background information.

Steering in higher education: concepts, and trends in Western Europe

Jon File and Henno Theisens

The essence of higher education

- Creating new knowledge
- Transforming and applying existing knowledge
- Passing on existing knowledge

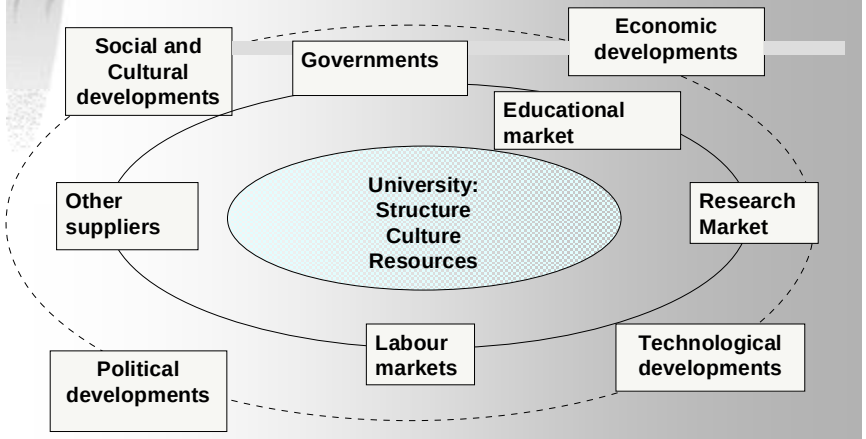
or

- Basic research
- Contract research and social services
- Education

therefore:

- Handling knowledge is the central characteristic of the university.

The context of steering in higher education

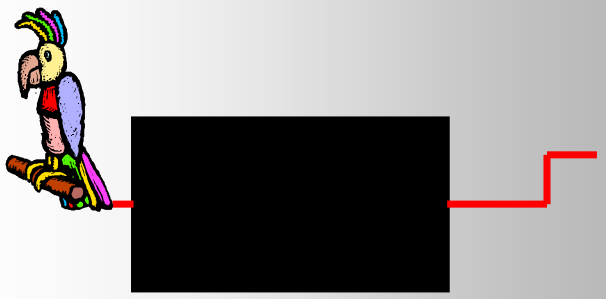


The university: a hyper-professional organisation

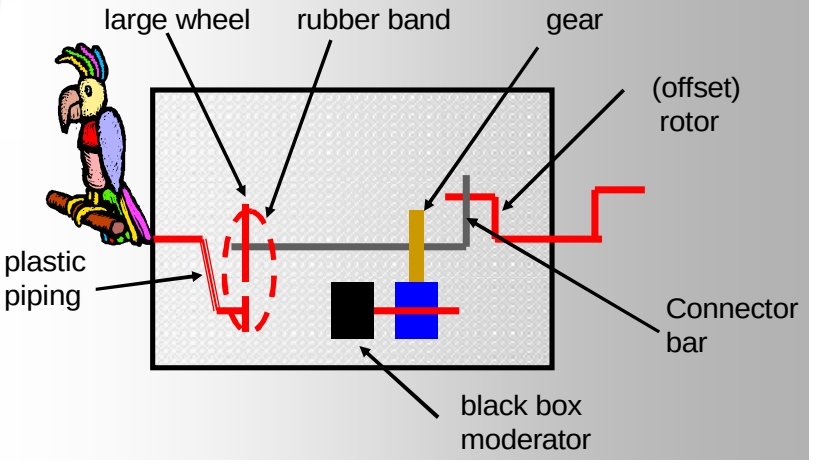
- **Vertical: bureaucratic**
  - Academic managers work in a hierarchical organisation: the institution
- **Horizontally: professional**
  - Academics work in international disciplines
- **Consequences for steering**
  - Inherent conflict between the horizontal and vertical axes of the organisation
  - Disciplines resistant to external (non-academic) pressures
  - Lots of opportunities for de-coupling

Put differently… Predictable and perverse black boxes

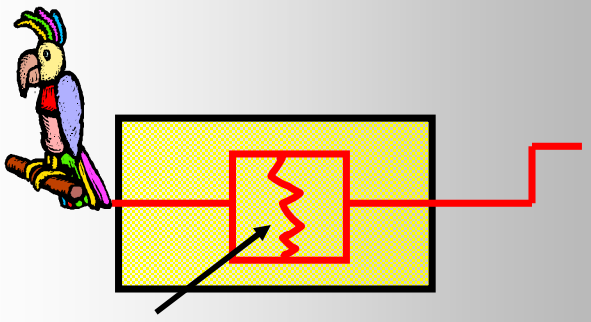
(Birnbaum 1988, parrot by CHEPS)



The perverse black box: the parrot turns at unpredictable directions and speeds



The predictable black box: each turn of the red handle turns the parrot



Two types of steering

- **Control by government (classical steering)**
- **Supervision by government ('new' steering)**

From the beginning of the 1980s in Western Europe we see a trend towards 'new' steering.

In universities there is no tight coupling between inputs and outputs (where turning the handle spins the parrot). Steering might be more effective if desired outcomes are specified (slow left spinning parrots) rather than internal processes controlled

Classical steering

- Based on the idea that society can be made
- Steering ultimately through command and control, (i.e. regulation of the processes inside the university)
- Detailed steering is possible
- Steering is rational: knowing more enables better steering

More problems with classical steering

- Complexity and dynamics of the (higher education) system are too great for detailed top down steering
- Calculating responses from actors in the system (e.g. universities)
- Government has no monopoly on steering society
- It overestimates the influence of governments
- The system is very rigid, lacks variation and flexibility
- Decentralised actors lack initiative:
  - No strategic planning
  - No responsiveness to environment

Problems with classical steering

The title of Pressman & Wildavsky's (1973) classic book:

Implementation: how great expectations in Washington are dashed in Oakland, or, Why it's amazing that federal programs work at all, this being a saga of the economic development administration, as told by two sympathetic observers who seek to build morals on a foundation of ruined hopes.

'New' steering

- Providing universities with more autonomy
- Improving transparency of inputs and outputs
- Institutionalising accountability
- Strengthening university management
- Increasing competition
- Providing university managers with the right kind of strategic information

‘New’ steering: instruments

Regulation:
- **Regulating (quality of) outputs**
- **Centralising the organisational structure**
- **Contracts with management**

Funding:
- **Providing market like incentives**
  - Funding outputs
  - Bidding procedures

Information
- **Providing strategic information**
- **Planning dialogue**

Government - related factors influencing differences In responses between institutions

Government policies multi-interpretable, not always focused, “outdated”.

Government instruments not effective

“Politics more interested in getting policies and reform proposals through Parliament than in their implementation”

Lack of appropriate monitoring systems

The impact of steering depends on? (The TSER study)

The TSER HEINE study (1998 – 2001) was an EU funded CHEPS co-ordinated 8 country comparative study of how HE organisations change in response to or in interaction with governmental policies

Factors that explained differences between institutional responses to governmental steering and policies:
- **Government-related factors**
- **Structural factors**
- **Cultural factors**

Structural factors influencing differences In responses between institutions

Type of institution, its History/tradition

Complexity (size, subject mix, level of selectivity)
Financial situation

Governance structure

Institutional strategies

Geographical location

Cultural factors influencing differences In responses between institutions

Institutional saga/narratives/culture

Leadership tradition/style

Reputation/(perceived) status of institution

Personal characteristics of main actors

But…

- **Is this "recipe" of the eighties and nineties in Western Europe adequate for the situation in Central & Eastern Europe?**
- **Is this "recipe" valid in the twenty-first century, considering:**
  - Marketisation
  - Globalisation
  - Knowledge Economy

Some conclusions

(The TSER study)

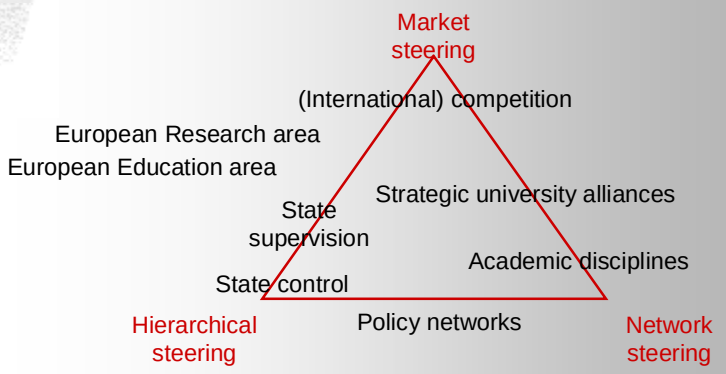
Variable link between governmental policies and organisational responses. In cases where links were strongest, the following factors were of importance:

- Agreement on (interpretation of) policy problems
- Normative match between policy and institutional culture (values, norms, needs, expectations)

Among the most effective policy instruments are earmarked funds and creating new institutional sectors.

Even earmarked funds are in the end not always used for the intended purpose. New institutions are in some respects effective governmental instruments but in time they generally adapt to the main national HE value system (i.e. value system of traditional research universities)

What should a new steering paradigm look like? **(where in the triangle?)**



Reading: A Dutch case study

Excerpts from:
de Boer, H.F., Leisyte, L., & Enders, J. (2006). The Netherlands – Steering from a distance. In B. Kehm and U. Lanzendorf (Eds.), *Reforming University Governance: Changing Conditions for Research in Four European Countries*. Bonn: Lemmens.
This publication reports on a research project supported by the German Research Foundation (DFG) in which CHEPS is a participant.

The Dutch national government has traditionally played an important role in the coordination of the higher education system. After the Second World War the involvement of the national government in higher education was considered inevitable given higher education's rapid expansion. Moreover, in the 1960s and 1970s governmental interference in the public sector reflected the spirit of the time. This era exuded an atmosphere of rock-solid faith in the potential for the national government to design and steer society, including the higher education system. Social planning through government intervention was increasingly regarded as an instrument with enormous potential in areas of policy development and policy implementation for the modern welfare state.

The expanding detail-interference of the national government expressed itself in a range of laws, decrees, procedures, regulations and administrative supervision. At the same time, however, academic matters were to a large extent the domain of professionals. In fact, academic self-governance (regarding academic matters) and state regulation (regarding non-academic matters) went hand in hand. It concerned a coalition between the central bureaucracy and the local guilds at the chair level: a clear example of 'bureau-professionalism' (Clarke and Newman 1997). The ambitions of the national government to design a highly sophisticated higher education system were substantial.

Certainly before the 1960s the national government was not actively involved in research policy. Neither the national government, nor a single university in the Netherlands had a coherent, coordinated research policy. Administrative rules in the field of research did not exist. Policy-making with respect to university research, the seemingly impregnable fortress of academics, was a non-issue for a long time. In the 19th and for most parts of the 20th Century research was practiced in 'absolute freedom'. There was unconstrained freedom to take initiative, select topics and conduct the 'noble art of finding the truth.' Professional autonomy was considered of great importance regarding teaching; it was sacrosanct for research. Individual autonomy was seen as a prerequisite of practicing research and it gave individual professors much independence. 'All' the research decisions were taken at the level of the individual chairs without any hierarchical authorization. Science-related criteria (internal criteria) determined the choice and elaboration of research themes. The organization of scientific research was highly atomistic and had an individualistic character. Professors tried to achieve consensus on (research) policy matters in the senate or in the faculty, but when it came down to it individual self-interests and strategies of non-interference prevailed. The autonomous position of the individual professor with respect to research matters was, however, gradually being undermined after the end of the 1960s. In the 1970s individual autonomy was by and large replaced by collective autonomy, at least formally. Nevertheless the model of academic self-governance remained intact. Academics were still in the driver's seat and external interferences in the form of detailed programming were absent. Since the late-1970s one can observe an intensified engagement of the government with respect to research. This is not only visible through more state regulation but also through the use of market-based mechanisms to 'encourage' university researchers to display a certain type of behaviour. Although the impact of the national government seemed marginal for many years, gradually it has become more successful in rationalizing university research.

Higher education, research and R&D policies are divided along several ministries (and within ministries); there is a clear compartmentalization. R&D or technology policy falls, for instance, into the realm of the Ministry of Economic Affairs whilst higher education and research belong to the Ministry of Education, Culture and Science (MOCW). Within MOCW higher education and science policies are treated as different subjects. The boundaries between the policy arenas are increasingly under pressure. By stressing the need for innovation to secure the nation's welfare, the Ministry of Economic Affairs is more visible these days and penetrates policy areas that were traditionally dominated by MOCW.

Apart from the ministries there are many intermediary organizations at the national policy level: interest groups, national committees, advisory bodies, funding bodies (research councils) or representative bodies. We mention here a few. The universities defend their common interests through their representative organization, the Association of Co-operating Universities in the Netherlands (VSNU), which is one of the main actors in the national policy network with respect to higher education. The VSNU is also the employer's association. The Netherlands Organization for Scientific Research (NWO) is the most important intermediate organization in the area of fundamental and strategic research. It has, among other things, a role to play in allocating public research funds. NWO acts as an intermediary in granting funds for separate research proposals submitted by individual researchers or research teams and projects are funded on a competitive basis. NWO pays researchers' salaries (and support staff). It also partly contributes to non-staff costs (mainly investments). However, the larger part of material and overhead costs are still paid (i.e. 'matched') by the receiving university.

There is also the Royal Netherlands Academy of Arts and Science (*KNAW*). Besides playing a role in judging the quality of scientific research, the academy advises the government and the university sector, solicited and unsolicited, in all fields of science. Other important advisory bodies in higher education matters are the Educational Council and the Advisory Council on Science and Technology Policy. And we should mention the more general advisory bodies that every now and then give their opinions on higher education matters: the Socio-economic Council and the Advisory Council on Government Policy. The role of these more general advisory organizations seems to be growing. Finally, we mention here the Innovation Platform, chaired by the Dutch Prime-Minister. Its mission is to enhance the innovation capacity of the country in order to make it one of the most important knowledge-based societies by 2010. Key words of this platform are excellence, ambition and entrepreneurialism.

In principle, the boundaries between university research, R&D and technology research are increasingly blurring (well indicated by initiatives such as the Innovation Platform). The involvement of various parties with university research is an indication of this, not only from other ministries but from companies as well. There is growing demand from the private sector to strengthen the bonds with the public research institutes. In the mid-1990s the national government, in cooperation with industry and the research institutes, took initiatives to improve the public-private research relationships. The most important institutionalized organizational arrangements are the development of the Technological Top Institutes, the 'Innovation-Related Research programs', the 'Investment Impulse' and the Technology Foundation. The national government substantially subsidizes these arrangements.

Until the end of the 1970s the coordination of Dutch higher education and research was a mixture of external regulation by the state and academic self-governance. Outsiders, or society at large, had neither a serious voice nor showed interest. External regulation was, however, not a simple 'top down' decision chain with the ministry at the pinnacle. Because of the specific nature of Dutch policy-making in general consensual decision-making among technocrats was common. Especially in the 1970s Dutch higher education had an almost impenetrable consultative structure.

From the midst of the 1970s the potentials for the national government to design society through the use of comprehensive planning was for various reasons increasingly called into question. The evidence demonstrating that strong and detailed regulation 'from the top' did not produce the intended outcomes was rapidly growing, with disappointments and disbelief in 'central regulation' as a consequence. And problems could no longer be concealed behind a veil of growing budgets. Fiscal problems due to persisting economic recessions were causing bad weather.

In this depressing setting Dutch higher education and research were expected to contribute to the recovery and restructuring of the national economy. It was felt that the higher education sector had become too estranged from the rest of society; it should give up its 'ivory tower' position and parochial status. The entire public sectors, including the universities were too much inward looking.

Thanks to the rise of neo-liberal powers, new views 'became harsh realities'. At the beginning of 1978 a centre-right cabinet came into power. The policy in this period was rather straightforward and, for Dutch standards, not very consensual. According to the government

sometimes rather painful decisions had to be made to clean up public expenditures. In retrospect, the late-1970s and early-1980s heralded a new era in the public sector, including higher education. In restructuring the Dutch public sector, retrenchment policies were of the order of the day, trying to adjust the collective expenditures. Many changes that occurred in the 1980s and 1990s have their roots in this period. Many of them would most probably not have taken place without the perceived need to cut public budgets. The key changes in higher education around 1980 were, in other words, resource-driven.

Academic research was increasingly expected to help find solutions to social problems. Because of the growing interests of politics and society in research matters, the national government made its first real attempts to intervene in the 'world of academe'. After some tentative initiatives, the first white paper that had a serious impact was published in 1979 (the Policy Document University Research or *BUOZ-paper*). It was here that the government's appetite for research affairs was first stimulated. The *BUOZ-paper* revealed several problems, among them the 'university as an ivory tower' and academics' shortcomings in accounting for public money. The government's solution, supported by an economic recession, was hardly surprising: 'unlimited' professional autonomy regarding research had to be replaced by 'freedom in restraint'. In the eyes of the national government, public research should be:

1) (Nationally) programmed, at least to some extent
2) More transparent and in harmony with social needs
3) Evaluated in terms of quality, and
4) Accounted for.

In a relatively short period of time the government implemented several measures. Many of those in the early-1980s were aimed to increase the internal efficiency of science production.

In the early 1980s the government promulgated a range of unilateral reforms. At the time 'remedial' or 'corrective' policies, as they were called to disguise their real aim of realizing cutbacks, dominated the higher education and research scene. In fact, as already mentioned, it was about the first time that the national government seriously developed a vision on the national coordination of (basic) research and they took specific measures to program university research. For example the government introduced the principle of conditional research funding with the aims to enhance the magnitude, efficiency, and quality of research. This principle of conditional funding meant that the government would only fund (a proportion of) academic research on the basis of research programs that were positively appraised by external, disciplinary-based committees. It implied that academics had to cooperate in designing coherent programs. In fact, this can be regarded as the first market-type form of coordination in Dutch research: institutions had now to compete for research grants.

Further interventions were, according to the government, necessary for restructuring the university sector in such a way that new relationships between the government and the universities could successfully be established. In their view they had to pick up the pieces before they were able to 'step back'. Decisive restructuring, including financial cutbacks, were seen as a prerequisite for deregulating and devolving central decision-making powers at some later stage. Other examples of the corrective policies were the introduction of the two-tier degree structure for universities (1981), the reallocation of programs and departments across institutions (1981), the mergers of the *hogescholen* (1983), the restructuring of the personnel structure (1981), and a second reallocation and retrenchment operation (1986). All were directly aimed at offsetting specific mistakes of the past (Teichler 1989).

The mid-1980s was, in hindsight, a time of fundamental changes that would have lasting effects on university sector coordination. It was also a time of confusion, not only due to the fundamental changes themselves, but fuelled by sometimes conflicting signals and policies. Teichler (1989: 170) observed, for instance,

'representatives of the Dutch ministry of education and science [that] tend to emphasize two principally distinct, but historically somewhat overlapping phases of the governments' higher education policies in the 1980s.'

On the one hand, there were the government's corrective policies, 'simply' commanding the university sector to change. On the other hand, in 1985 the government introduced the concept of 'steering from a distance', in which firm beliefs about the virtues of regulation, planning mechanisms, and government coordination were meant

'to be replaced by a philosophy in which the government's role is confined more to setting the boundary conditions within which the higher education system is to operate, leaving more room to manoeuvre at the institutional level' (Goedegebuure et al.,1993).

The underlying rationale of the new steering philosophy expressed the national government's belief that in this way they would have the power to determine the major directions of the Dutch university sector more effectively than in the past. Though it is hard, and probably wrong, to draw a sharp distinction between the corrective government policies in the early-1980s and the facilitating policies in the second half of that decade, with respect to the coordination of the university sector 1985 should be seen as a turning point in Dutch higher education. The policy outlined in the 1985 white paper 'Higher Education: Autonomy and Quality' (*HOAK*) and the ensuing legislation has had far-reaching consequences for the authority distribution in Dutch higher education and research. Many 'HOAK-ian' views are these days still observable in governmental initiatives to reform the sector.

In the HOAK white paper the minister presented an explicit vision on Dutch higher education where the national government should not be the systems social planner but instead fulfil the role of catalyst, coordinator and (financial) facilitator. According to the HOAK, the government should try to keep its distance by taking the sector level as the point of departure for steering. Institutional autonomy should be enhanced (deregulation) and universities were expected to become more adaptive to their environments. It was argued that all this would have positive effects on the quality of the primary processes.

The changed role of the government according to the HOAK philosophy can be regarded as a shift from an interventionary to a facilitatory state (Neave and Van Vught 1991). The 'facilitative policies' consisted of a mixture of (Goedegebuure et al. 1993: 210):

- *Reduction of direct supervision and control of administration and the use of resources*
- *The development of semi-structured interventionist policies, whereby on the one hand a relatively tight frame exists, but on the other hand freedom is left for decision-making on the part of the institutions*
- *The establishment of a system of positive and negative sanctions based on a mixture of criteria and procedures, whereby goals are partly defined by the government, partly left open to the diversity of rationales underlying academic evaluation, partly determined by institutional policies, and partly determined by the market.*

Detailed input control was replaced by checking afterwards whether the self-regulation of the higher education system led to acceptable outputs. One might argue that institutions were given more institutional autonomy if they were able to show that they 'delivered' high quality education and research. The move from directive policies towards 'steering from a distance' did not imply lesser efforts from the government to determine the major goals of the university sector. First, according to the Dutch Constitution the government has ultimate responsibility for higher education; hence it could not simply turn its back on higher education. Moreover, the government was still in the position to affect the outcomes of the university sector by determining the rules of the game (setting the framework). Third, one of the means for operationalizing the new steering philosophy was the design of a new planning cycle in which the national government played an important role (setting the policy agenda).

Though the HOAK exuded this atmosphere of a government that was 'stepping back' and encouraging competitive behaviour, the desire to streamline the production of knowledge in accordance with social and economic goals remained and actually gained importance over time. Science should serve national (economic) interests more directly; universities were increasingly expected, or as academics might put it 'forced', to contribute to the nation's welfare. The programmatic nature of science was increasingly stressed. The researchers' monopoly to dictate the research agenda was no longer perceived as valid. The internally defined criteria for research were complemented by externally defined criteria. The research agenda and policies should be determined on the basis of these two perspectives. The notion of externally programmed research agendas was generally rejected by academics. In their view, creativity and serendipity, concepts inextricably attached to basic research, could not be externally controlled. Moreover, who possesses, except the practitioners themselves, the knowledge to program and assess research anyway?

In sum, in just one decade the modes of coordination in Dutch higher education were completely changing. With respect to external regulation

one observes deregulation, albeit if one can argue about the degree or effectiveness of this deregulation. The government's focus had shifted from rather detailed *ex ante* measures to *ex post* evaluations: a shift in steering from input to output control. At the same time the numbers of stakeholders increased; the research agenda was no longer set only by academics. Competition became an issue and universities began to intensify their market-like behaviour. And there were the first signals that with the enhancement of institutional autonomy university management should be strengthened. 'Managerial self-governance', was (slowly) emerging while academic self-governance became less self-evident. The latter does not mean that academic self-governance had ceased to exist. Academics still had the upper hand in (operational) policy making with respect to teaching and research, but they increasingly had to take notice of others.

During the preparations of a new national bill for higher education in 1992 the minister argued that a selectively interfering government was a more appropriate description for the new steering approach towards higher education in the Netherlands than 'steering from a distance'. His notion was not meant to 'bring the state back in' but to stress that the government most certainly did not intend to be sidelined. Apart from setting the parameters for the university sector the government would 'only' intervene if deemed necessary. The government still felt responsible for the quality of Dutch higher education and research, as required by the constitution, but tried to meet this objective in a different way. The shift towards a stakeholder society with a government trying to steer selectively continued in the 1990s.Various new polices aimed to strengthen institutional autonomy, while at the same time the government did not hold back from intervening.

In the national strategic higher education and research plan of 2000 deregulation and self-regulation of the universities were still being stressed. The national government made clear its intention to continue along the same 'HOAK-ian' lines: enhancing institutional autonomy and strengthening market orientation. In the same document the minister also briefly suggested that the future relationship between the national government and the universities should be characterized more as contractual.

In 2007 the Dutch ministry aims to introduce a new higher education Act. Since the publication of the national strategic higher education and research plan in 2004 several white and green papers have been issued and discussed. In one of the most important documents, called the 'Legislation Note' it is argued that after 15 years the national higher education act of 1993 needs such a thorough revision due to fundamental changes in the higher education world that a completely new Act is justified. The underlying rationale, and several of the key elements of the 'Legislation Note', seamlessly fit the HOAK philosophy: the government steering from a distance while granting the universities substantial institutional autonomy. The government wants to encourage the universities even further to act as 'societal entrepreneurs'. Universities should become 'real' corporate organizations. What once was academic governance turns into corporate governance.

'Further' deregulation, enhanced institutional autonomy and increased accountability are still buzzwords. The wish to reduce the number of rules – a key policy objective of the Dutch cabinet– can be found in the proposal to limit the rules for the internal university governance to an absolute minimum: just two or three governing bodies will be legally prescribed! The government will exercise its powers in relation to institutions' outputs and the societal consequences of the universities' performances ('output steering').

Summary

Whereas the 1980s can be regarded as a decade in which, after some rather severe interventions, the Dutch government introduced new steering philosophies, concepts and rule structures —the rise of the evaluative state (Neave 1998)—, the 1990s can be seen as a time for further advancement of these concepts, including a greater market orientation towards and in the university sector. This decade in the Netherlands could be typified as the perpetuation of the evaluative state. In the 1990s a further restructuring took place, by and large in keeping with the strategic vision on the university sector stated in the 1985 white paper HOAK. This does, however, not imply that there were no significant changes of relevance in the quest for changing modes of coordination. The leitmotiv of changes is that the HOAK spirit still lives though there are some hesitations too. And a new dimension is announcing itself: Europeanization. A new player, the European Council, is increasingly affecting the higher education and research

game, either directly (Bologna), through the national governments, or by stimulating competition.

The general picture with respect to the five dimensions of coordination is as follows. Once external regulation and academic self-governance were the dominant dimensions (central bureaucracy and faculty guilds), leaving the others less visible or almost absent. Nowadays we observe a complex combination of multiple coordination forms. This means that external guidance, competition and managerial self-governance have gained prominence. These shifts in the coordination dimensions are evident in policy shifts that illustrate 'less external regulation', 'less academic self-governance', 'more external guidance', 'more competition' and 'more managerial self-governance'.

From a bird's eye view the coordination of Dutch higher education, recognizable in the relationship between the government and the universities, shows a remarkable continuity in the period 1985-2005. In retrospect, we would argue that the main trend in the Netherlands could be described as a gradual but decisive shift towards deregulation in the form of increasing institutional autonomy and greater market orientation. And, generally speaking, the roles of external stakeholders and particularly of institutional leaders have been growing, whilst academic self-governance seems to be waning. In the debates about rearranging the governance of higher education and research, professionals seem to be somewhat excluded, a development that is also spotted in other public sector reforms in the Netherlands. These general observations are in keeping with the more general observation about changes in the modes of coordination in Western public sectors that is frequently referred to as 'from government to governance'. This is especially true at the discourse level, where the grand narratives of change are told. At the same time, the Dutch story is one of a kind. At the operational level, differences with other public sectors and other countries come to the fore. Let us, in the form of a summary, elaborate on these observations about the shifts in the governance regime.

After the Second World War the involvement of the national government in the university system intensified. The expanding detailed interference of the national government expressed itself in a wide range of laws, decrees, procedures, regulations and administrative supervision. Academic matters were to a large extent the domain of the professionals. In fact, academic self-governance and state regulation went hand in hand. At that time the other three dimensions of governance were less present, though interest groups have always been strong.

The mid-1980s brought about fundamental changes. In 1985 the government introduced the concept of 'steering from a distance'. Firm beliefs in the virtues of regulation were replaced by a philosophy in which the government's role was confined more to setting the general framework within which the university system was to operate (Goedegebuure et al. 1993). This approach embodies foremost a stronger role of the government in external guidance. By means of deregulation and devolved authority the government tried to promote a higher level of self-organization of the sector. The government's focus has shifted from rather detailed *ex ante* measures to *ex post* evaluations, a shift in steering from input to output control. The universities were explicitly invited to develop their own strategic plans, though within parameters discussed, or negotiated, with the national government. Deregulation, or devolving authorities, did not deny the government's role in the higher education system: the question was not how much government, but rather what could the government do and how could it do that best?

In other words, state regulation did not entirely disappear. The number of rules set by the government is still impressive and the national government is still imposing elements of reform via laws and decrees (de Boer, Enders and Westerheijden. 2005).Within this type of control shifts have been taking place from strong direct regulation toward softer forms of hierarchical control. Deregulation by means of introducing framework regulations, enhancing institutional autonomy and devolving authorities to intermediary organizations means that the national government no longer prescribes in detail how the universities ought to behave. It cannot be denied that the universities have received more discretionary room in certain important issues: lump sum budgeting, administrative and financial control over property and buildings, the appointment and management of staff and the internal organizational structure.

At the same time, in the 1990s the tools of government increasingly changed from directives to financial incentives. More competition for students and research funds can be witnessed. Universities were

expected to display more market-type behaviour and to establish more distinct profiles to place themselves on the market. In terms of research one might think of the competition for grants allocated via the national research council that operates 'independently' from the national government, the competition for international grants especially from EU framework programs, and the competition on the markets of contract research for industry and other customers.

Another important change was the strengthening of managerial self-governance within universities. The changes already mentioned have undoubtedly facilitated the university to become a corporate actor which pursues its own strategic plans. It is particularly the role of the executives and managers that has been strengthened. The responsibilities and competencies assigned to the central level of the university have grown. Many non-academic matters no longer need final decisions of the ministry but are delegated to the top level of the university. Decisions about academic matters have been centralized within universities. What was once exclusively decided at the shop floor and departmental level is now dealt with by university rectors and deans.
Academic self-governance has weakened within universities. Representative bodies where academics, non-academics and students hold seats have become advisory instead of decision-making bodies. By the end of the 1990s collegial decision-making within universities had lost ground. However, the academic communities continue to play a serious role in national evaluation exercises and in the development of national research programs.

Thus, in terms of the five modes of coordination that we have discerned we would argue that the traditional modes of coordination in higher education and research, external regulation by the state and academic self-governance, have lost ground whereas external guidance by the state and others, competition for scarce resources and managerial self-governance have become more important coordination modes. What we see in the Netherlands is a blend of coordination modes, in which at the end of the day the national government and the academic community are still prominent. One of the consequences of this blend of modes of coordination is that the outcomes at the systems level are rather unpredictable.
The complexity, diversity, and dynamics of the Dutch higher education system, 'expressed in the fact that a multitude of interactions take place in many different forms and intensities', has obviously grown (cf. Kooiman 2000).

The changes in governance regimes for university research in the Netherlands over the last two or three decades fit notions of new public management, certainly at the level of discourse. At a glance one sees increased competition, incentive-based steering, quality of delivered services, focus on societal relevance, excellence and innovation, devolved authorities from the state to the university and more stakeholder participation in goal setting. At the same time, many aspects of the new governance modes are limited in their scope. 'Real markets' for instance don't exist. Managers may have more 'rights to manage' but their hands are bound in many respects. Moreover, traditional views on and instruments of governance abound, both at the institutional and the national level. If the appearances are not deceptive, the Dutch higher education and research sector will continue following the same road in the near future. In the bill for a new national higher education act the minister underlines the state's intentions to steer from a distance and to enhance the university's autonomy. It means, according the minister, that the state should play a less pronounced role, societal stakeholders should be more important and the number of prescribing rules should decrease. Network governance instead of a dominating attention to the relationship between the state and the universities should be the leading concept. Deregulation is one of the magic words. In this, the notion of *'zorgplicht'* (the responsibility to take care of something) is eye-catching: the objectives are 'given' and the university is responsible for achieving them. How this is done is 'completely' up to the university but they *must* take care of it. The state sets the framework and steers on the basis of outcomes. This reduction in rules on how to act is exemplified through ideas on the rules for internal university governance. Only the positions at the apex of the university (supervisory board and central executive board) will be legally prescribed. These boards will be obliged to take care of 'good governance' within their institution (again *'zorgplicht'*). It seems that the story of enhanced institutional autonomy through deregulation and decentralization will continue in the coming years.

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Steering private higher education in Poland

Wojciech Duczmal

Polish higher education to 1989

- sluggish economy
- an elite inflexible system with very low enrollment rates
- academic profession in trouble (emigration, no new blood)
  - academics resistant to change
  - poor remuneration and working conditions

Transition period from 1989

- 1990 Higher education Law allowed institutions to restructure and adjust to the new economic, social and political situation.
- Major changes
  - devolution of authority to institutions
  - introduction of tuition fees
  - elimination of entry barriers for private higher education institutions.

Overview of Polish higher education (2)

- The number of private providers rose from 3 in 1990 to 280 in 2004, while their student numbers rose from some 6 500 in 1990/91 to some 528 800 in 2002/2003. Private higher education institutions exist throughout Poland, although (in keeping with typical patterns cross-nationally) the most prestigious concentrate in and around large academic cities. Among 280 privates 137 are located in large academic cities and 57 in Warsaw.
- The next important change was permission for public higher education institutions to charge tuition fees for part-time students together with creating the possibility to attend part-time studies for all holders of secondary school final examinations certificate without restraint (previously only working adults could do this). This 'cost sharing' policy was a response to the growing student demand in a situation of limited public resources.

Overview of Polish higher education

- Under the provision of new law higher education institutions had right to create or transform individual organizational units, create or eliminate fields of study, set their own admission procedures and the number of student places, fix curricula and study plans, obtain funds outside the state budget, and appoint new faculty members and elect their rectors.
- The most radical change was the permission to establish private higher education institutions: a founder can establish a non-public higher education institution, once meeting the requirements set by the Ministry of Education, which include issues such as number of professors, curricula and infrastructure. Since 2001 the minister asks also for the approval of a State Accreditation Commission.

Overview of Polish higher education (3)

- Enrollment in Polish higher education more than quadrupled from 1990 to 2003. Full-time enrollment increased from 322 600 in 1991/92 to more than 824 200 in 2002/03. Part-time enrollment has grown even more dramatically from 101 600 to 976 300.
- In 1989 only about eight per cent of the relevant age cohort was enrolled in higher education, this ratio has now jumped to 35 % and is still growing.

The role of the private sector

- Ø Increase access: for students from lower socio-economic backgrounds; for students from rural areas and for "third age" students
- Ø Increase the competition, thus enhancing the diversity of courses offered and efficiency in the higher education system.
- Ø Research - privates usually do not conduct research or only with limited scope.
- Ø A study conducted in 2000 showed that students from lower socio-economic backgrounds are better represented on part-time study programs and in private institutions. Many private providers situated in small cities significantly increase higher education possibilities for students from those social groups. In addition, privates have often proven that they deliver higher education places at a lower cost than publics and offer the model of growth without full government funding.

Current issues in the higher education market

The state has to a large extent chosen to leave the private sector to its own devices.

- Ø there is no direct state appropriation for recognized private higher education institutions,
- Ø no tax incentives or deductions for students in private sector,
- Ø no consideration is given to the public universities and colleges tuition fees which are relatively low,
- Ø private sector is not incorporated in statewide higher education planning,
- Ø the state collects and provides only limited information about the performance of private providers.
- Ø the absence of "deductible gift recipient status" for not-for-profit private providers discourages private sector contributions to scholarship, teaching and research.

The role of the private sector (2)

- However, in the recent years the increased competition on the higher education market and slowly decrease in the first year student number led to more uniformity on higher education market in terms of diversity and quality of programs, level of tuition fees and the student body composition among private and public providers.
- Private institutions started to offer master's degree study programs and confer PhD titles, and expanded their program offerings.
- Public institutions intensified enrollments in high demand study programs, decreased the entrance requirements and some introduced an open door policy. They also opened branches in small non-academic cities.

Current issues in the higher education market (2)

- Ø Low state funding levels for public higher education institutions force them to generate profits on some programmes in order to cross-subsidize highly valued programmes. This involves expanded enrollment in popular programmes.
- Ø The higher education demand curve slopes down - enrolling extra students forces down the price (tuition fees).
- Ø Privates have to follow the publics' behavior and decrease their tuition fees. Below a certain level they will not break even and will have to leave the market.
- Ø The state appropriations channeled directly only to public institutions (even if low) allow them to survive temporary financial losses.

The major challenge in terms of the role of private institutions

If the government wants to achieve the goals of

- Ø increased participation rates for lower income students
- Ø gains from increased competition in terms of increased efficiency and diversity of the programmes on offer

then the capacity of the private higher education sector should be taken more into consideration in steering the system.

Brief to "international consultants"

- You have by contracted by the Ministry of Education to advise it on what it should do to ensure that private higher education
  - Increases access to students from lower socio-economic groups
  - Increases competition in the system by increasing efficiency and the diversity of programmes on offer
- You may advise the Ministry to use existing policy instruments (preferred by Ministry) or to create new ones (only if you think it absolutely necessary).

Government has several potential instruments to steer the private institutions

- Ø the state student aid funding level,
- Ø the possibility of direct state payments to independent private institutions,
- Ø tax exemptions for private institutions as well as for their fee-paying students,
- Ø policies regulating public higher education tuition fees,
- Ø the extent of private sector involvement in state higher education planning,
- Ø using the duplication of private institution programmes as a (negative) criterion in the state review of public institutions' new study programme proposals,
- Ø accreditation policies.

Further readings

Pollitt, C. (1990) *Managerialism and the Public Services : the Anglo-American experience.* Oxford: Blackwell.

Braun, D., & F.X. Merrien (Eds.). (1999). *Towards a new model of governance for universities? A comparative view.* London: Jessica Kingsley.

Currie, J. (et al) (2003). *Globalizing practices and university responses: European and Anglo-American differences.* Westport, Connectitut; London: Praeger.

Fuller, S. (2000). *The governance of science : ideology and the future of the open society.* Ballmoor: Open University Press.

Kaiser, F., & Yonezawa, A. (Eds.)(2003). *System-level and strategic indicators for monitoring higher education in the twenty-first century.* Bucharest: CEPES

Exercises

- See the last slide of the Polish case-study presentation.

- In terms of the five dimensions of coordination identified in the Dutch case study, what changes have occurred in your higher education system over the past decades? (The five dimensions are external regulation, academic self-governance, external guidance, competition and managerial self-governance.)

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4. Diversity in Higher Education

Jon File

Introduction

Diversity within higher education is an important policy question in most higher education systems. In general policymakers presume that a differentiated or diversified higher education system (in terms of many factors – types of institutions, study programmes, modes of delivery, student profiles etc.) is essential if the needs of a diverse range of learners and the needs of complex knowledge societies are to be met. Many see increasing diversity as a necessary consequence of the rapid growth in higher education enrolments and the movement of many higher education systems from elite to mass systems. Despite this "consensus" the term diversity is used differently in different contexts and countries.

This chapter

This chapter starts with an excerpt from a comparative study on institutional differentiation and restructuring undertaken by CHEPS that gives a useful brief overview of some of the issues concerning institutional diversity in nine countries as well as an analytical reflection on the meaning of diversity and the factors that contribute to it (or its opposite concept – homogeneity). We then introduce the seven forms of diversity identified in Birnbaum's (1983) important study of diversity in US higher education. This presentation is followed by three further presentations that apply these concepts to diversity in higher education in the Netherlands, Slovenia and the UK. The chapter ends with some questions to consider in your own context and suggestions for further reading.

Reading

Excerpts from:
File, J., Goedegebuure, L.C.J., & Meek, V.L. (2000). An introduction and overview. In J. File & L.C.J. Goedegebuure (Eds.), *Thinking about the South African Higher Education Institutional Landscape: an international comparative perspective on institutional differentiation and restructuring*. Pretoria: Council on Higher Education.

CHEPS selected nine international systems of higher education and restructuring processes that appeared to be the most useful comparative referents for South Africa. In this chapter we identify the salient features of each system, and point to particular aspects that may be of special interest:

Australia

Similar to higher education reforms in most OECD countries, those in Australia have been driven mainly by the massification of higher education and the recognition of its key contribution to a knowledge-based economy. Since the Second World War, Australian higher education has evolved from a small, State-based activity, to a mass national system of higher education provision. The case should be of interest to South Africa for at least four reasons: (1) as an example of where financial incentive rather than legislative control can be used to restructure an entire system of higher education; (2) the consequences of replacing a binary with a unitary system of higher education; (3) an example of a politically effective means of reintroducing student tuition charges; and (4) an example of the movement from smaller towards larger higher education institutions and from mono-purpose towards comprehensive multi-school institutions, mainly through institutional amalgamation.

Through financial control and the use of market-like mechanisms, such as competition over research funding and incentives to diversify institutions' funding base, the Commonwealth has transformed Australian higher education. Policy has led to: a doubling of student numbers in little over a decade; substantial increase in the number of graduates; the creation of a multi-billion dollar overseas student market; and a substantial reduction of most institutions' financial dependence on the Commonwealth. But the policies have had a number of unintended consequences as well. The creation of the Unified National System coupled with encouragement of a high level of institutional competition has decreased the diversity of the system and stifled innovation; the corporate style institutional management encouraged by market-like competition tends to substantially alienate staff; and the decline in

Commonwealth financial support threatens the quality of teaching and research in many institutions.

California

The Californian system of three distinct higher education (sub-) systems is perhaps the leading example of a successful sectoral approach to the creation and maintenance of institutional differentiation. The key features that have kept the California system intact for nearly four decades are a rigid assignment of responsibilities among three distinct sectors in areas such as degree programs, research, and public service; within each sector a uniformity of responsibilities; and separate governing authorities for each sector with differing levels of autonomy from state and local government.

The California system rests on strong government intervention (it is in part enshrined in the State constitution) to maintain the difference and separateness of the sectors, but there is no tradition of a strong central co-ordinating agency or authority regulating the programme offerings and profile of the three sectors or of individual campuses within them. There is considerable variety between campuses within a sector, but the basic sectoral framework has been maintained despite considerable pressure for reform, for example to extend the right to award the PhD to the California State University sector.

The analysis of the development of the Californian system indicates that it developed early in the 20th century and that despite reform and change this tripartite structure was maintained. The missions and functions of each sector are thus linked to their earliest historical development and were not the result of major system-wide reconfigurations, or radical changes in governance and functions. The analysis also highlights the success of the 1960 Master Plan in providing a structure for planning, and in establishing clear policies on access to the three sectors, and on the activities that the state would fund. This plan provided a broad framework on "shape and size" that allowed the system to grow from 227 000 students in 1960 to over one million in 1975 (even though the authors of the plan had envisaged far slower growth).

The Californian system is of particular interest. Although permeability for students is one of the system's founding principles, institutional movement into new functions or into another sector has not been permitted. This rigid definition of functions has stopped Community Colleges "maturing" into offering 4-year liberal arts degrees, and California State University campuses "maturing" into doctoral programmes and more direct research funding. Critics argue that this has reduced the flexibility of the system to respond to changing needs, and has inhibited creative initiatives…"even orderly and planned evolution is brought to an arbitrary halt".

England and Wales

The case study on higher education in England and Wales focuses specifically on the Polytechnic sector, and on the developments that led to the abolition of the binary line between polytechnics and universities in 1992. There are clear points of comparative interest given South Africa's system of universities and technikons. The polytechnics were created in the late 1960s and early 1970s to be the leading institutions in the non-university sector (but not the only ones) and were created from amalgamations of existing major colleges. Many Colleges of Education were later amalgamated into the polytechnics. Until 1988, the polytechnics functioned under local authority control and under programme approval and accreditation procedures that gave them considerably less autonomy than the university sector.

An explicit aim in constructing the polytechnic sector was to avoid academic drift (the colleges of advanced technology established in the 1950s had developed into universities within a decade). The polytechnics would be distinctive in that they would offer courses with a vocational emphasis, but would be comprehensive institutions offering part-time, sub-degree, sandwich and full time first-degree studies. Prior to amalgamation the constituent colleges had not offered degree courses. Although the academic validation procedures of the CNAA were initially very demanding, degree level work increased considerably and by the early 1990s nearly all polytechnics had been accredited to offer research degrees. The analysis of the "polytechnic experiment" indicates that although the binary policy failed – the largest example of academic drift in British history – they did achieve considerable success and made a distinctive contribution in areas such as widened access, expanded part-time and sandwich provision, the provision of more cost-effective programmes, credit accumulation and transfer, and the development of multi-disciplinary and modular degree programmes. It is unlikely that

this contribution would have occurred had the polytechnics been granted university status in the 1970s.

The reasons why the binary policy was ultimately unsustainable may be instructive. There was no adequate functional distinction between the two sectors – both offered vocational courses (and the polytechnics offered fine arts "which must be the least vocational of all courses"), both offered programmes up to doctoral level, and research accompanied advanced degrees into the polytechnic sector. The name "polytechnic" wasn't competitive either domestically or internationally. Mass higher education made the sectoral distinctions increasingly irrelevant particularly as universities began to embrace solutions characteristic of polytechnics and "vocational drift" increased. The creation of a unitary system has brought a number of new challenges with it, particularly in the area of institutional differentiation. The analysis suggests that common teaching funding mechanisms, common QA procedures, and selective research funding are pushing British higher education in the direction of a "rigidly stratified hierarchy of institutions, with prestigious research universities at the top, and impoverished predominantly teaching institutions at the other end" – with most ex-polytechnics in the latter group.

Finland

In Finnish higher education policy, three distinct stages can be discerned. First, in the 1960s a clear policy of regionalisation of the university system was implemented, with the establishment of new universities in 'disadvantaged' regions. These new universities were given the opportunities to develop more or less on an equal basis with the old universities, resulting in a rather homogenous university system, in part also because of the strong centralised and detailed control of the government.

In the early 1990s the second noteworthy development in Finnish higher education was the creation of the polytechnic sector. The basic drive for this was the need for higher education to meet the demands of the fast developing economy (and society) and the inability of the traditional university sector, especially the old universities, to do so. An inability rooted in a traditional academic (=Humboldtian) orientation in combination with a long programme structure. Started as an experiment with a limited number of institutions, the polytechnics proved to be successful and have been developed into a full sector next to the universities, contributing to an increase in systemic and programmatic diversity. The latter to a large extent is the result of differentiated government steering through a focus on mission and distinct types of programmes with different degrees.

The third stage in Finnish higher education policy is the establishment of regional development centres, focused at stimulating innovation in areas of high technology in close co-operation with universities and polytechnics. A development that popularly is known as the 'Nokiasation' of Finnish society. In terms of steering and policy instruments, the combination of national planning and goal setting, together with increased institutional autonomy appears to have been successful in Finland.

Hungary

Hungary inherited a higher education system that bore the imprint of half a century of Soviet influence. Two major characteristics were the splitting of comprehensive institutions into single disciplinary universities, and the creation of new institutions in this mould, and the location of much of the national research effort outside the universities in academies of science. An overriding challenge has been how to reform the system to create new institutions able to contribute to a new economic and political environment, including membership of the European Union.

The analysis of the Hungarian higher education reform process indicates a strong initial emphasis on legislative reform and a framework for institutional autonomy, the need to fundamentally change the system of public funding, and the important role taken by collective bodies representative of higher education institutions. The most far-reaching change, however, is the integration of almost 100 "separated, segmented and specialised" institutions into approximately 30 larger comprehensive institutions.

The integration process culminated in an amended higher education law, which formally established the new institutions. The integration operated within a broad goal of "one city – one university" (with the exception of Budapest) and within the framework of a binary system of universities and colleges, and in a number of cases was preceded by a

period of institutional associations in which groups of institutions co-operated in key areas.

The Netherlands

Higher education policy in the Netherlands in the 1980s and 1990s has been characterised by upgrading the non-university sector through a system-wide process of institutional mergers and by a change from strong ex ante government control through legislation and directives to an ex post system of steering and control by means of dialogue and (financial) incentives. Institutional autonomy consequently has been increased, but government remains an important actor in the system. It can be maintained that the upgrading and professionalisation of the non-university sector through merger has been a necessary precondition for this increase of autonomy. Driving forces behind the changes in the Netherlands have been the massification of the system, budgetary constraints, and an overall drive to make higher education more responsive to society at large.

The Dutch case as presented in this report supports the notion that if government is able to clearly delineate boundaries between sectors and is able, through different sets of regulations, to create different policy environments, diversity indeed can be maintained. The developments in the relationship between government and the higher education institutions might be interpreted as a case of deregulation and decentralisation. This is however not the full story. In many respects the steering of higher education moved away from setting the conditions (prescribing the behaviour of those in higher education) to focusing on the performance of the institutions and students.

An analysis of institutional diversity through time reveals that the level of institutional diversity in the Dutch system has not so much increased or decreased in general, but that different aspects of institutional diversity changed from the 1980s on, such as size and delivery modes of programmes. In all, the changes in the last two decades (mergers, changes in modes of delivery, type of institutional control) implied a small increase in institutional differentiation.

Norway

Norwegian higher education has witnessed substantive change in the 1990s. Following the establishment of regional colleges in the 1970s and their subsequent mission drift during the next decennia, in 1990 the Norwegian government launched the concept of “Network Norway”, a national binary system in which universities and colleges were linked as partners. For this to take place, it was deemed necessary to merge the existing 98 colleges into 26 new institutions that were considered to be better partners to the universities. A clear division of tasks and functions was determined between the various institutions and laid down in legislation. Special “node functions” or centres of excellence were set up within the state colleges to emphasise the particular profiles of the institutions, with special responsibility for one or more specified subject areas. Thus, specialisation and division of tasks/labour were promoted. The extent to which the concepts have been successful at present remains somewhat unclear. Institutional plans have been developed, but implementation is slow because of the lack of additional resources and thus the necessity for institutions to make difficult choices between existing (and vested) activities and new initiatives through the “node” structure.

Portugal

Portuguese higher education went through a process of profound transformation following the overthrow of the dictatorship in April 1974. Two particular elements of this transformation may be of particular relevance: the development of a binary system and the emerging role of the private sector, both of which took place in the context of Portugal’s attempt to move away from a low skill economy and low participation in higher education.

The establishment of the Polytechnic sector was intended to create provision for shorter-cycle higher education programmes more closely linked to emerging personpower needs in different sectors of the economy. While their mission was initially centred on vocational training, subsequent laws recognised the place of applied research in the Polytechnics and over time the polytechnics have moved closer to the university first degree (licenciatura) structure although on a two tier basis of 3 years plus 1 or 2 years rather than a single 4 –6 year programme. The analysis suggests that academic drift is an emerging problem, although masters and doctoral degrees remain the exclusive domain of the universities and research funding is heavily concentrated in this sector.

A key part of the strategy to increase participation in higher education was the creation of a market for private higher education institutions on both sides of the binary line. Participation rates have increased from 7% in 1974 to nearly 40%, with 47% of the students enrolled in public universities, 19% in public polytechnics, 15% in private universities and 20% in private polytechnics. Despite the fact that the Ministry must accredit all private providers of higher education, and must approve their proposed programmes, private higher education has failed to deliver on its early promise of diversifying higher education both geographically and in terms of programme offerings. Private institutions are concentrated in metropolitan areas and have had little impact in technological fields – there are also serious concerns about the quality of programmes offered.

The Portuguese case demonstrates the complex interaction between state regulation and the opening up of the system to the market. It suggests areas where Portuguese higher education policy instruments have been lacking, or have not been used effectively and others where more success has been achieved…."market mechanisms entail a complex learning process and should not be played with by wizard's apprentices".

Sweden

Swedish higher education in the period 1970-2000 has gone through two distinct changes that have been described as moving from "equality through equivalence" to "quality through diversification". The first change, embodied by the 1977 Reform, resulted in an integrated higher education system on the basis of national policy goals of justice and equality, in combination with the desire to reduce differences in status in the higher education system. Goals that very much reflect the political philosophy at the time (the Swedish Welfare State). In fact, the emphasis on a unitary system hid the existing binary structure of universities and university colleges. The end result of the reform has been a homogeneous, bureaucratic and inflexible system. Analysts claim that to a large extent this has been the result of the reform being an external, central construction that was developed outside of academia and implemented without the involvement of key academic constituents, in combination with an economic recession.

During the 1980s the government moved away from its centralist policies and started a process of decentralising authority and responsibility. This culminated in the 1993 Reform, aimed at increasing the quality of education and research. Its main instruments have been diversification of institutional missions, goals and tasks, bringing to the fore the slumbering differentiation in the system. In addition emphasis was placed on strengthening the powers of the top institutional administrators. Though programmatic diversity increased substantially, there also are signs within the Swedish system that increased institutional competition leads to emulation and homogeneity.

Key themes and conclusions that emerge from the nine cases

The importance of state central steering in system restructuring and the maintenance of institutional differentiation.

The national cases demonstrate the variety of policy mechanisms available to central governments to steer their respective higher education systems. Instruments used range from dependence on financial incentive and market-like mechanisms in Australia and the United Kingdom, to centralised national government control in Finland and Hungary. But in most of the cases, the trend has been away from strong, centralised state control towards 'steering at a distance'. And for the most part, it does appear that enhanced local autonomy produces better managed and more responsive institutions – though as the Hungarian and Swedish cases demonstrate, it does take some time and expense to build up management capacity at the institutional level. But steering at a distance does not mean total government abdication of its responsibilities to higher education. Australia is a case where government probably has gone as far as it can in cutting back on its financial contribution to a system of higher education without seriously compromising quality. In all other case studies, however, it is clear that national governments in one way or another still maintain an active role in the co-ordination of the higher education system. What has changed, though, are the policy instruments used. In general, the shift appears to be from the rather blunt and undifferentiated regulatory mechanisms to the more subtle forms of influencing institutional behaviour through incentive steering, dialogue and shared responsibilities. A rather clear example of this trend is Finland, where goals and objectives now are

discussed between the government and individual institutions and subsequently instrumented through resource allocation.

Many of the case studies indicate that the "lure of the market" has affected government behaviour. Coupled with the notion of deregulation and the transfer of responsibilities to the institutional level, competition between institutions has increased, and market-like forms of co-ordination have been introduced. Yet, despite its apparently alluding philosophy and phraseology, the results of the use of market-like mechanisms for furthering diversity in several instances have been disappointing. In Australia and the United Kingdom, competition has led to institutional emulation rather than to institutions exploiting a particular market niche. Despite government intention to the contrary, in Sweden competition has led towards convergence and increased homogeneity.

The use of financial leverage to achieve systemic change and diversity

The appropriate balance between government intervention and institutional autonomy is both very important and quite delicate. In Australia, for example, institutional anticipation of government financial incentives and other market-like mechanisms can be as stifling of systemic diversity and innovation as strong centralised legislative control. On the other hand, the Australian government used financial incentive most effectively to reduce the number of higher education institutions through amalgamation – a process quite similar to that adopted in the Netherlands earlier. The large-scale college amalgamations in Norway were driven more by legislative decree, as has been the case in Hungary.

The Australian, Dutch, and Norwegian cases clearly demonstrate that the importance of amalgamation as a policy device, whether brought about through financial incentive or legislation, should not be underestimated. And because of its importance, merger probably deserves a study all of its own if it is to be widely introduced within a system. Here, it is probably worthwhile to distinguish between amalgamation as a policy device to achieve specific goals, such as creating a smaller number of more comprehensive institutions, and amalgamation as a process. As a process, the Norwegian case traces many of the problems and tensions involved in institutional merger, and both the Australian and Norwegian examples suggest that in terms of models, integrated institutional structures are more stable than federated ones. The Dutch case clearly illustrates the effectiveness of merger as a policy device to achieve specific goals, though at the same time it emphasises the occurrence of unanticipated consequences.

Common tensions within binary/trinary systems, the mechanisms needed to keep them in place and the consequences of the movement to a unitary system

Financial leverage and legislative decree are not mutually exclusive and each can lead to the same end. But whatever the policy mechanism, a common factor that appears to be emerging across the cases is that systemic diversity is easier to achieve within formally differentiated systems of higher education, so long as there is the political will and strong government intervention to ensure the distinctiveness of the separate sectors. Without the latter, it seems that binary/trinary systems of higher education collapse in on themselves through the force of academic drift. This is what has happened in both Australia and the United Kingdom.

In analysing the collapse of the binary systems in Australia and the United Kingdom, it should be kept in mind that these systems functioned effectively for nearly two decades. But towards the end of their lives, through a process of institutional isomorphism, the colleges, polytechnics and universities came to resemble one another quite strongly. And this was due not only to an upward academic drift (college and polytechnic emulation of universities), but also the universities taking on many of the vocational characteristics of the colleges. The latter, by the way, not only should be interpreted as a strategic move by the universities to conquer a particular segment of the student market (and thus funding), but also as a valid response to an increased and changed demand for higher education as a consequence of the move towards mass systems of higher education. But the collapse of these binary systems was not inevitable – government in both countries could have chosen to introduce measures to strengthen the sectoral divisions in the respective higher education systems. Moreover, there is ample evidence in both countries that the creation of unitary systems have

reduced diversity at the systems level. In contrast, the Netherlands, Norway, Finland and California are examples where governments have strongly intervened to maintain or create binary/trinary structures. The California example is particularly instructive in this respect. It is worthwhile to repeat the basic principles that have kept the California system intact for nearly four decades:

- Rigid assignment of responsibilities among three distinct 'segments' in areas such as degree programs, research, and public service;
- Within each segment uniformity of responsibilities;
- Separate governing authorities for each segment and different levels of autonomy from state and local government.

While the California system rests on strong government intervention (it is in part enshrined in the State constitution) to maintain the difference and separateness of the sectors, the sectors are permeable in one important respect. Students can progress from the two-year community college to a PhD at the University of California. This is one of the features of the system that has made it politically acceptable to the citizens of California. Interestingly, it does not seem that the Finnish binary system allows for the same degree of student mobility.

No nation can afford to fund all of its higher education institutions as leading international research universities. But within unitary systems such as those recently created in Australia and the United Kingdom, there is an expectation that all universities measure up to the qualities and characteristics of the leading research universities. However, in binary/trinary systems, such as those in California, Finland, the Netherlands, Norway and Portugal, institutions benchmark within their respective sectors, using quite different sets of criteria to judge quality and effectiveness, which has implication both in terms of finance and capacity. For example, in the California system, there is no expectation that teaching staff in the community colleges have the same proportion holding PhDs as those employed by the University of California. However, when institutions all belong to the same sector, it is difficult for a government to differentiate amongst them in terms of policy expectations.

On the other hand, there is a danger of an eventual strong political backlash if a government creates education sectors merely as cheap alternatives for the purpose of soaking up unmet student demand. This seems to be a problem associated with the private higher education sector in Portugal.

Institutional differentiation and diversity in general

If looked at internationally, there is obvious variety in the way in which different national systems have formally organised and/or reorganised themselves. As the case studies reported here show, there are formally unified systems in Australia and the United Kingdom, formal binary/trinary divisions between university and non-university institutions in California, Norway, the Netherlands and Finland; and the systems in Hungary, Portugal and Sweden which appear to be in a state of transition. However, what is of concern to higher education policy is not diversity per se as some absolute state of affairs, but desirable degrees of difference and similarity coupled with an understanding of the forces which push higher education institutions and systems in one direction or another.

Much has been written about diversity and its "theoretical" or "ideal type" opposite – homogeneity – in higher education. This literature very broadly falls into two camps: those who view higher education in terms of an inevitable trend towards ever-increasing differentiation and those who see the opposite brought about by a natural tendency for institutions to converge in terms of structure, activities, status and prestige.

In many studies of higher education diversity, underlying theoretical assumptions based on both social Darwinism and biological metaphors lead to conclusions about the inevitability of diversity. A second theoretical consideration concerns the consequences of market competition and microeconomic theory. Much of the writing on diversity in higher education assumes that it is stimulated much more by market competition than by government regulation. Of course, even in the private commercial sector, there is no such thing as a totally free 'market', unfettered by government regulation. Nonetheless, many higher education policies and their scholarly analysis employ the metaphor of the market, and in many countries there has been a

deliberate attempt to introduce more market-like forms of competition into higher education, as we have illustrated earlier.

In terms of extremes, there are two possible institutional responses to increased market competition: institutions can diversify in an attempt to capture a specific market niche, or they can imitate the activities of their successful competitors. The direction in which institutions respond depends on a number of factors, not the least of which are the history and traditions of particular national systems and the reward and legal structures put in place by policy.

One of the reasons why questions of diversity and convergence in higher education are so complex is because institutions not only adapt to the environment, but the environment in turn adapts to the institutions. And 'the environment' is not unitary. Higher education institutions interact with their environment on many different levels: a policy environment as defined by government (which institutions also help structure), commerce and industry, student groups, and so on. As discussed elsewhere in this report, particular national histories and cultural norms and values should also be regarded as important aspects of the environment.

Confusion over what forces push institutions towards diversity or convergence is not confined to higher education. The importance of diversity as an object of study is also a fundamental topic for research in much of the more general organisational sociology literature. But here too, considerable confusion surrounds both the use of the term 'diversity' and the application of various theories to explain its occurrence. The area where this seems most evident is with respect to the relationship between diversity, the environment and competition. Not only in the higher education literature, but also in the more general organisational literature, there are contradictory explanations as to the nature of these relationships and their results. The population ecology perspective, for example, draws heavily on biological theory of natural selection. Groups of distinct organisations are treated as species, and through longitudinal studies, birth and death rates are related to adaptive capacities to particular environments and environmental change. Institutions, like organisms, either adapt (and in the process, diversify) to their environment, or perish. On the other hand, there are those in the so-called new institutional school who argue that institutional and market competition within the same or similar organisational field invariably results in institutional isomorphism.

There appears to be two crucial factors influencing the direction of higher education diversity: (1) the way in which governments structure the policy environment and (2) the relative power of academic norms and values within higher education institutions. It can be postulated that: 'The larger the uniformity of the environmental conditions of higher education organisations, the lower the level of diversity of the higher education system'. Related to this proposition is the notion that market forces and competition may create an environment that is more completely homogeneous than what state legislative control can ever be.

One can also maintain that the level of influence of academic norms and values in a higher education organisation is related (by means of either academic professionalism or imitating behaviour) to the level of diversity of the higher education system. Drawing on the notion of competition under conditions of scarce resources, this proposition emphasises mimetic and normative isomorphism as proposed by DiMaggio & Powell (1983). 'Mimetic isomorphism stems from uncertainty caused by poorly understood technologies, ambiguous goals and the symbolic environment, which induces organisations to imitate the behaviour of perceived successful organisations. Normative isomorphism stems from professionalisation. Professionalism leads to homogeneity both because formal professional training produces a certain similarity in professional background and because membership of professional networks further encourages such a similarity'. Therefore, the larger the influence of academic norms and values in a higher education organisation, the lower the level of diversity of the higher education system. In other words, market competition between institutions in the same policy environment will result in emulation and a convergence of academic norms and values. In terms of system diversity, it appears that policies that promote different environments for different types of higher education institutions best serve the principles of diversity.

Clearly, in many countries new patterns of government-university relationships are emerging. And many of those are based on the concept of the supervisory governance model: a model which emphasises - to an extent at least - institutional autonomy and one which in many countries

has resulted in a stronger market-oriented framework for higher education institutions. In the case of diversity, rather serious questions can be formulated with respect to its inevitability as a result of deregulation and market mechanisms. Approaches to the management of diversity must be influenced by the empirical evidence, not based solely on metaphor, be it economic or biological.

Diversity in Higher Education

Jeroen Huisman

Structure of presentation

- The concept of diversity
- Measuring diversity
- Explaining diversity

The concept of diversity

- Entered HE literature in 1970s, e.g. Trow's work on mass higher education
- Conceptual problems
  - vague definitions
  - lack of precise measurement
- Look at concept as used in biology and ecology
- Diversity: the variety of types and/or dispersion of entities across those types

Example: Birnbaum study of US universities and colleges

System diversity

Differences in institutional type, size and control

Strucutural diversity

Institutional differences based on historical or legal foundations or internal authority distribution

Programmatic diversity

Diversity relating to study programmes (degree level/type/area), mission and emphasis

Birnbaum's variables

- Identified and defined meaningful variables
- Measured variables at a range of institutions

- Control (four values)
- Size (three values)
- Sex of students (two values)
- Programmes offered (four values)
- Degree level (four values)
- Minority enrolment (two values)

Seven forms of diversity (2)

Procedural diversity

Differences in the ways teaching and research are provided by different institutions

Reputational diversity

Perceived differences in institutions based on prestige and status

Constituential diversity

Differences in the composition of the student body and other constituents

Values and climate diversity

Differences in social environment and culture

Birnbaum's results

- 1960: 141 types of institutions
- 1980: 138 types of institutions

Out of 768 possible types (permutations of variables)

Therefore, despite major growth in US higher education system, no increase in institutional diversity

Explaining diversity

- Environment determines levels of organisational diversity: the more diverse the environment the more institutional diversity

  - More versus governments
  - Niche seekers versus copy cats

Systemic diversity

- Binary system
- Publicly funded HEIs
- 14 Universities (incl. Open University)
  - Academic education and scientific research
- ± 50 Hogescholen
  - Professional education and applied research
- a number of small “designated institutions”
  - a university for business administration
  - four institutes for theological training and a humanistic university
  - several international education institutes.

Diversity in the Dutch HE system

Anneke Luijten-Lub

Structural diversity

- The Higher Education and Research Law defines the general activities of the two types of HEIs
- General funding framework for universities and hogescholen
  - University grant for both teaching and research, as well as buildings
  - Hogescholen grant for teaching and buildings
  - HEIs decide on distribution of grant in own institution
- All institutions governed similarly through a Collegial Executive Board with students and staff in a representative advisory council

Programmatic diversity

- Universities
  - BA, BSc, MA, MSc, PhD **à** academic orientation
  - 3 technically oriented universities
  - 1 university in agriculture and life sciences
  - Others comprehensive, but differing in size and range of programmes
- Hogescholen
  - Bachelor of…, Master of … **à** professional orientation
  - 6 hogescholen in agriculture
  - Some specialised hogescholen in teacher training
  - Others comprehensive, but differing in size and range of programmes

Reputational diversity

- Universities and hogescholen are both qualified as higher education with a similar level, but different orientation
- However:
  - Universities have a higher academic status
  - Hogescholen appear to have academic drift
  - And in the perception of many university education is of a higher level than hogescholen education
- No real difference in reputation amongst universities or amongst hogescholen: different rankings have different "winners"

Procedural diversity

- Dominant mode of delivery is traditional face to face teaching
- Some hogescholen and few universities offer dual programmes, combining work and study
- Open University: only distance learning

Constituential diversity

- No major differences between HEIs
- Hogescholen have more students from Dutch ethnic minority groups than universities
- Some universities and hogescholen with a Christian background, but in practice effect is now limited

Values and climate diversity

- Old, traditional universities very academic and research oriented
- Younger and technical universities also looking for transfer of knowledge
- Hogescholen appear to have a more businesslike approach

Internal Diversity

Differences between institutions: mission, size, complexity

University of Ljubljana
23 faculties, 3 art academies, 1 professional college
University of Maribor
12 faculties, 1 professional college
University of Primorska
3 faculties, 2 professional colleges

Single higher education institutions (8):
5 faculties, 3 professional colleges

Institutional diversity in Slovenian higher education

Aleksandra Kovač

Programmatic diversity
Undergraduate programmes

Post-secondary vocational education
(2 years - offered by vocational colleges)

Professionally oriented degree (diploma)
(3 years - offered by professional colleges, faculties, and art academies)

Academically oriented university degree (diploma)
(4 years - offered by faculties and art academies)

Programmatic diversity
Graduate programmes

"Specializacija"
(1 or 2 years - offered by professional colleges, faculties and art academies)

Magisterij
(2 years - offered by faculties and art academies)

Doktorat znanosti
(2 years - offered by faculties and art academies)

Systemic diversity
Laws and strategy documents

- White paper (1995): basis for the preparation and adoption of new legislation
- Higher Education Act (1993 - 2004): regulates the status of HEIs, requirements for performing HE activities, financial support
- Professional and Academic Titles Act (1998): governs professional and academic titles awarded after completion of state-approved study programmes.
- HE Master plan (2002): defines the development strategy of HE and provides for a reform of the system of financing HE.
- Vocational and Technical Education Act: regulates special issues regarding post-secondary vocational education

Procedural diversity
Teaching methods

Professionally oriented HE:
lectures, exercises, seminars

Academic higher education:
lecturers, seminars, practical training, study visits etc.

Programmes leading to specializacija and magisterij:
individual and team work, research combined with counseling by professors, assistants, and advisers

Programmes leading to doktorat znanosti:
individual work and research combined with counseling by professors, assistants, and advisers, occasionally teamwork.

Constituential Diversity
Students and Faculty

Differences in the family backgrounds, abilities, preparation, values and education goals of students (small differences within HEI type, bigger between them)

Universities: criteria for appointment of teachers and researchers decided by university senate. (criteria similar at all universities)

Free-standing HEIs: criteria for appointment of teachers is taken by the Council of HE.

Structural Diversity
Governance

- highly regulated HE system - small differences within HEI types, bigger between them
- The Ministry of Education and Sport – overall jurisdiction over HE
- Council of HE (accreditation, academic titles)
- Quality and performance in HE are monitored by HEIs themselves
- National level: Higher Education Quality Assessment Committee and the new Council for the Evaluation of Tertiary Education.

Values and climate Diversity

Universities: old, traditional, collegial, political

Free-standing HEIs: younger, collegial

Vocational colleges: more like secondary schools

Reputational Diversity

Universities:

University of Ljubljana: oldest, biggest, comprehensive, metropolitan
University of Maribor: big, comprehensive
University of Primorska: young, dynamic (?)

Free-standing HEIs:
mostly private, smaller, attractive study programmes

Vocational colleges:
attractive for students, fast growing, short programmes but still provide opportunities for stidents to continue their studies

Diversity in the "UK HE system"

Jon File

Peter Scott's 17 sub-sectors within British Higher Education

- Oxford & Cambridge
- The (federal) University of London
- The Victorian Civics
- The Redbricks
- Other: Durham & Keele
- The Technological Universities
- Scottish Universities (5 sub-groups)
- Welsh Universities
- Northern Irish Universities
- Open University
- "Old" new universities
- "New" new universities

PLUS: 4 HE College sectors & "Further education in HE"

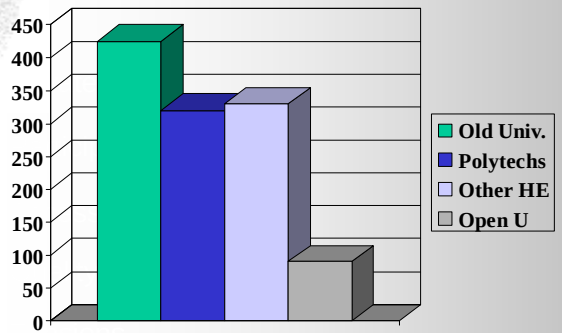
UK higher education particularities

(from a continental European perspective)

- "Minimalist legislation" - indirect steering by financial nudge and complex intermediary bodies
- Strong tradition of university autonomy, academic and/or lay governance
- A very large and diverse system with shifting boundaries
- A range of secondary schools with large differences in performance and socio-economic status
- Formal selection for HE typically on O&A level results with Universities deciding by programme. Highly selective (but variable).

Systemic diversity

Post – 1992 Structure: a unitary system of 90 universities?



Rough Estimate of enrolments in "HE" 1991

HEFCE funds students at 400 institutions

The binary line took a jump to the left?

Structural diversity

- Right to award degrees one of major policy safeguards for UK system. Typically via period of external awards first. (London, CNAA etc.)
- Small private University of Buckingham
- Some international HE provision but for foreign qualifications
- Much larger private professional education sector, including some institutions teaching towards exams of public HE

Procedural diversity

- Dominant mode of delivery is traditional face to face teaching (but variable – college/tutorial model)
- Significant numbers of (old new) universities offer dual programmes, combining work and study, extensive evening programmes and intensive executive degrees
- Open University: only distance learning but with residential schools for many at first degree level
- Extensive use of franchising with college/FE sector

Programmatic diversity

- All (new) universities must have a range of programmes across at least five of HEFCE's 11 curriculum areas – so no specialised institutions, but a wide range of comprehensiveness
- Great variability in programme mix by level (sub-degree, Bachelor, Master, PhD)
- While all involved in research, funding is highly selective (75% to 25 Universities)

Reputational diversity

- Vast!
- Significant differences in reputation amongst universities: teaching and research rankings have different "winners" but there is a clear top group of institutions (including some of the best in the world).
- In general the rankings still show the heavy imprint of the previous binary system.
- Despite all of the above, reputational movement is possible (Warwick, Bath…)
- Groupings of similar institutions (Russell Group and Universities 94)

Constituential diversity

Significant differences across institutions in terms of:

- **Socio-economic background**
- **School backgound**
- **School achievement**
- **Student age groups**
- **International students**
- **Ethnic mix**

Professor Finniston in conversation with Henry Babbacombe, a lecturer in his Department of Adult Education

While you have been strumming away at your word-processor all summer, we here have been going through misery. Our eminent UGC chose to write a report on all the universities... They want to butcher, to lay waste, to destroy…also they chose to give ratings to departments. Rather as if they were running some Michelin Guide to thought. They gave the best departments stars…all ours got daggers. It was hardly a surprise. We are very northern and remote from the railway line and none of the committee sent to examine us ever succeeded in reaching us ..our reputation is all gossip, which has never favoured us. My dear fellow, we have never deigned to boast of our reputation and many of my colleagues have always refused to publish books, naturally preferring to transfer their thoughts by word of mouth to the two or three people who are fit to understand them. Alas, it all bodes quite ill…The Vice-Chancellor is in Mauritius now, trying to come to terms with it."

from Malcolm Bradbury's "Cuts", 1987

Values and climate diversity

- **Significant but complex (but again strong binary links, and see Scott's typology).**
- **Oxford, Warwick, Professor Finniston's University**

Exercises

- Think about your own system in terms of the different forms of diversity explored by Birnbaum and in the presentations about the three countries. Which forms of diversity are particularly significant in your country and why? How does this diversity relate to current policy concerns in your country? Are there noticeable trends towards greater of lesser diversity and what are the factors driving this.

- Two of the major conclusions of the CHEPS study were:

  There appear to be two crucial factors influencing the direction of higher education diversity: (1) the way in which governments structure the policy environment and (2) the relative power of academic norms and values within higher education institutions. It can be postulated that: 'The larger the uniformity of the environmental conditions of higher education organisations, the lower the level of diversity of the higher education system'… 'The larger the influence of academic norms and values in a higher education organisation, the lower the level of diversity of the higher education system'. In other words, market competition between institutions in the same policy environment will result in emulation and a convergence of academic norms and values. In terms of system diversity, it appears that policies that promote different environments for different types of higher education institutions best serve the principles of diversity.

  To what extent do you think these conclusions/hypotheses apply to your own system? How would you characterise the policy environment in terms of its uniformity and diversity? Could this be more differentiated and what sorts of steering/financing mechanisms and policies would contribute to this?

Further readings

Huisman, J. (1998). Differentiation and diversity in higher education systems. In J.S. Smart (Ed.), *Higher education: handbook of theory and research, volume XIII*. New York: Agathon, pp. 75-110

Meek, V. L. (et al) (Eds.) (1996). *The mockers and the mocked: comparative perspectives on differentiation, convergence and diversity in higher education.* Oxford: Pergamon.

Birnbaum, R. (Ed.) (1983). *Maintaining diversity in higher education*. San Francisco: Jossey-Bass.

5. Funding higher education

Carlo Salerno

Introduction

Since the late-1990s, European ministers and policymakers have given considerable attention to how a more unified higher education and research strategy can be constructed to facilitate and strengthen the region's economic stability. If reality ends up matching ambition then the development and maturation of the European Higher Education and Research Areas, the end product of a process that has been evolving since the very beginning of the Common Market (van der Wende & Huisman, 2004), stand to link thousands of institutions, hundreds of thousands of academic scientists and millions of students into a market-like framework that will encourage mobility as well as facilitate the discovery, dissemination and application of new knowledge.

Yet the path is proving to be challenging. On a continent known for its strong public financial support of higher education institutions, exhausted public coffers can no longer provide the funding increases that are needed to quell the public's growing thirst for advanced education and the economy's dependency on new knowledge. The unique yet disparate academic program structures and internal labor markets that have successfully served European countries' needs for so long are now seen as serious shortcomings in a more unified Union. And while universities have long taken pride in their pursuit of basic research, that reputation is now making it frustratingly difficult for the same institutions to seek out and obtain much-needed income from private industry's lucrative markets for application-based research. All in all, there is clear consensus that becoming the "most competitive knowledge-based economy in the world" will require a serious infusion of financial resources to stop the exodus of talented scientists and students to more resource-laden and structurally flexible higher education markets like the United States (European Commission, 2000).

Alarmed by such factors and concerned that the gap between American and European investment in R&D is both massive and growing (Conraths & Smidt, 2005), today member states find themselves being uneasily pushed into seeking out new revenue sources and implementing more market-like financing mechanisms. The widespread introduction of tuition fees on the continent or top-up fees in the UK are the most visible examples but shifts toward providing higher education institutions with greater fiscal autonomy through block grant funding or performance-based contracts are also evident (Salerno, 2004). In a sign that the era of generous public subsidies for research are coming to an end, institutions increasingly find themselves under pressure to form international and inter-institutional "networks of excellence" so as to increase their likelihood of securing new revenue streams and more effectively competing for scarce European-wide funding.

Source: Salerno, C.S. (2005, August). Diverse needs and common realities: Financing European higher education in the age of unification. Keynote paper presented at the University of Tartu's international conference on the economics of education, Tartu, Estonia.

This chapter

This chapter provides a general overview of the issues surrounding the funding of higher education. The presentation and accompanying readings capture many of the basic issues that both researchers and policymakers face in their efforts to develop equitable and sustainable modes of system-level financing. The chapter ends with four exercises and suggestions for further reading.

Trends in Financing Higher Education

Hans Vossensteyn and Ben Jongbloed

Figure 4.1 – Forces of Change in Tertiary Education

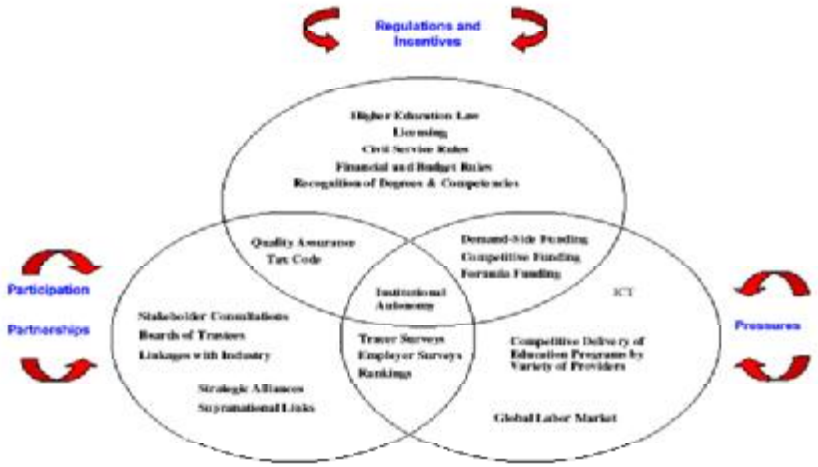


Figure 4.1 is adapted from a diagram presented in World Bank. (2000). Reforming Public Institutions and Strengthening Governance. A World Bank Strategy. Executive Summary. Washington DC., p. 8.

1. General introduction to higher education markets

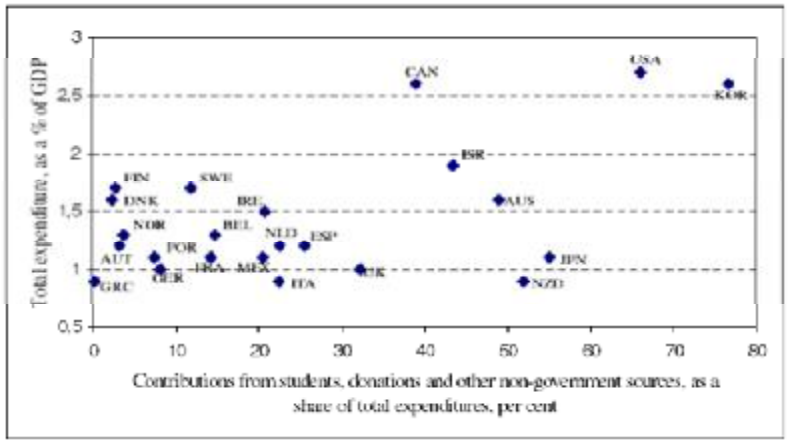
How much should we spend?

What are others countries spending?

What can we afford?

What do we get in return?

Expenditures on tertiary education institutions in 2000



Source: Based on OECD (2003), Tables B 2.1 and B 3.2
Note: Contributions from students are net of tuition fees paid by government.

Who should make the decisions?

Mass system requires greater reliance on markets. In other words, decentralized decision-making "days of central planning have gone!" (Barr, 2002)

This implies differentiation in quality, funding and pricing

But…are individuals and institutions capable of making sound decisions?

What to spend public subsidies on?

Public subsidy should equal marginal value of externalities

In what areas of public spending are the returns high?

Does state-subsidized higher education help those who are already better off?

Problem: the relative sizes of private and public benefits are largely unknown – public subsidies for higher education are a political decision

Goals of government intervention

Efficiency (optimal level and use of resources) – Outcomes are determined by:

1. Student choice
2. Employer choices
3. Universities' choices about fees, enrollments & degree content
4. Government
   - *Contributes to funding*
   - *Takes action to promote access*
   - *Regulates degree of competition*
   - *Acts to promote quality*

Goals of government intervention (2)

Equity (equality of opportunity) – Proactive intervention to improve access through:

1. Money
2. Information
3. Improved school quality
4. More resources earlier in the system

Conditions for a market

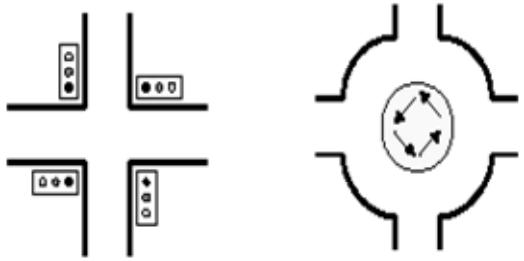
for providers	for consumers
no barriers for new entrants	freedom to choose provider
freedom to specify the product	freedom to choose product
freedom to use inputs	adequate information on prices & quality
freedom to determine prices	direct and cost-covering prices paid

For example:

regulations on quality?	freedom to choose? selection? monopoly?
variation in programmes?	pre-programmed or custom-built?
lump sum?	intransparency of market? ranking?
tuition fees?	full-cost fees?

New modes of coordination

From central planning to decentralized decision-making



Or from the traffic light to the roundabout approach?

Argument for market forces does not rule out a continuing important role for government

Continuing taxpayer subsidies are justified by external benefits

Promotes equal opportunities

Ensures quality

Provides the market with incentives (e.g. though funding model or student support)

Organizes student loans

2. Funding the teaching function

Trends: teaching funds

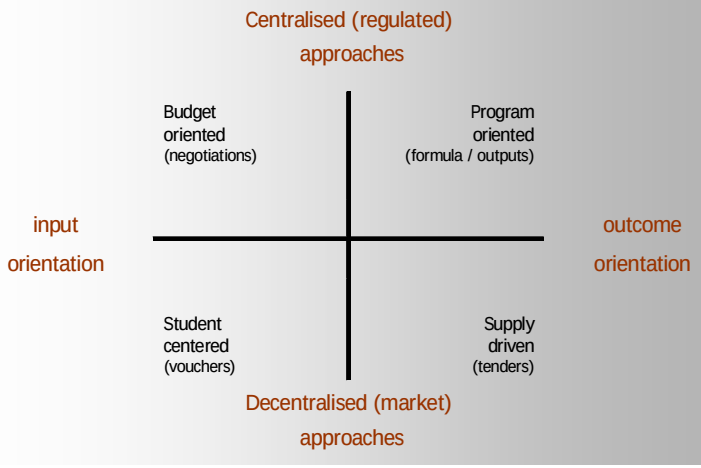
Move to lump sum budgeting:
more responsibility/accountability and improves efficiency

Move from negotiated line-item funding to formula funding
transparent/rational/simplified/flexible
enrollment and output driven

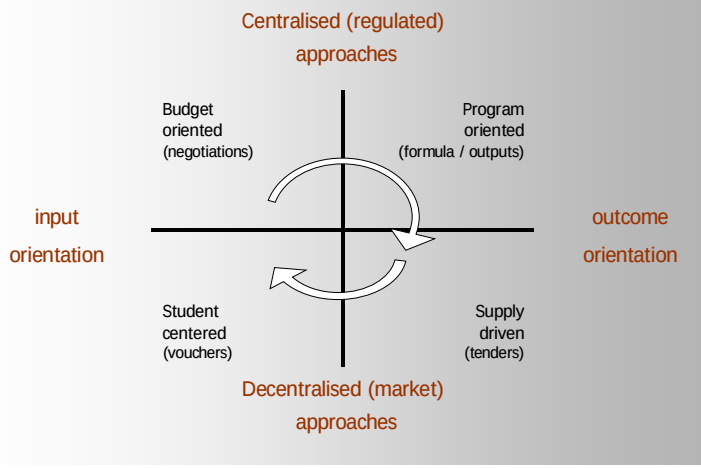
Specific targeted funding
incentive funds for quality, access and innovations
(e.g. accreditation, ba/ma)

Vouchers or learning entitlements
flexible but creates administrative problems. Do students want it?

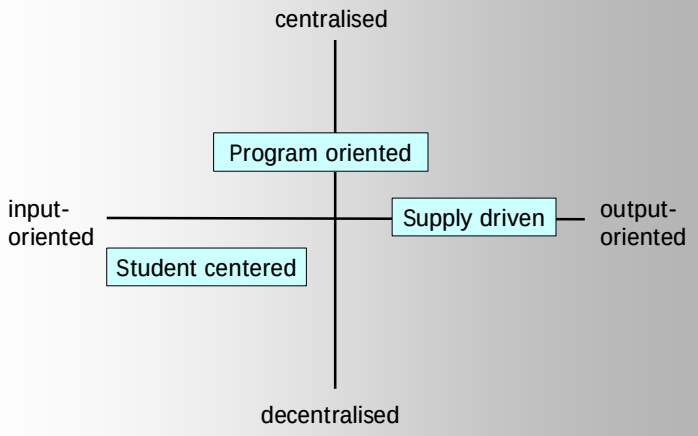
Four types of funding systems



Four types of funding systems



Funding methodologies: 3 options



Germany: traditional vision

Universities funded by Federal government & states (*Länder*)
- Federal government: basic funds for major infrastructure & equipment
- States fund teaching activities

State funds for teaching:
- Line-item budgets (no spending freedom)
- No transfers to the next year
- Separate funds for staff

But many states change towards lump sum funding

External resource become more important – spending freedom

Länder compete for innovation – NRW Studiekonten model

3. Interesting examples

France: traditional vision

SANREMO model
- Based on number of registered students
- Type of program and discipline determine relative weights
- Results in number of staff (directly paid by Ministry)
- Need for additional staff (negotiated + external activities)
- Number of square meters
- Support staff

In addition:
- Contracts with central, regional and local governments
- Tax d'apprentisage (industry pays tax to regional universities)

United Kingdom

Institutions are funded base on a *funding agreement*

- HEFCE contract with individual HEIs
- Limited number of funded students
- Different tariffs for 4 program clusters
- Mix of students across clusters should be close to agreement (if not, then penalty)

Additional funding places (marginal funds)

- Competition for growth (in particular areas)
- Tendering procedure

Tuition fees introduced in 1998

Top-up fees begin in 2006: differentiation

Netherlands: performances

Since 1983, substantial freedom of spending

Teaching funds based heavily on performance:

- 50% for graduates (bachelor/master)
- 13% for new entrants
- 37% fixed amount

Designed to increase success ratio

Main risk is “creative” bookkeeping

Discussion now about learning entitlements:

- Empowers students
- Flexible (but nor sure if students want that – also a limited budget)

Denmark: performances

Institutions are funded on the basis of study credits (taxi meter)

Introduced for simplicity, transparency and competition on quality

Four-year agreements on total number of study places per higher education institution

Taxi meter:

- Tariff per passed exam (only active student count)
- Tariffs vary per field of study
- Since 2004 a bachelor bonus (amount doubled in 2005)

4. Funding of research

Trends: Research funding

Move towards block grants:
- More responsibility / accountability and efficiency

Move from incremental/line-item funding to formula funding
- Transparent / rational / simplified / flexible
- Mainly projects and output driven

Move from block grants to competitive funding/outputs
- Research Councils
- Project Funding

Specific targeted funding:
- Social relevance, critical mass (scale) and selectivity (centers of excellence)

United Kingdom: RAE

National Research Councils: more than half of all research funding
- Competitively allocated

Higher Education Funding Councils and DfES: Basic research grants → RAE

RAE since 1986: funding to the best researchers
- Quality-oriented evaluation procedure
- Official Science & Technology indicators
- Institutions submit research activities in 68 assessment units
- Qualitative and quantitative information: staff, output, research environment, funds, number of researchers, etc.
- Review panels
- Quality ratins: 1, 2, 3b, 3a, 4, 5, 5*
- Only those ranked 4 or higher receive funding

5. Interesting examples

Netherlands: dynamics difficult

Research Council: 15% of research funds

Regular funding:
- 64% research income
- 23% teaching
- 13% teaching-related research

Targeted research grants (competitive funding)
- 15% basic budget
- 9% for the number of PhDs and designer certificates
- 75% strategic considerations (historically based)
- Some smaller specific funds

Debates to make research funding more dynamic fail

Germany: towards performances

Next to HEIs some very large public research institutes

Most research funds come from Federal Government and States

But also from Research Council: *Deutsche Forschungsgemeinschaft*
- Represents approximately one-third of university income: competitive

University performances, measured
- Performance indicators per university: DFG-projects, professors, scientists, 3rd party funds, networks, visitors, EU-projects, number of articles
- CHE ranking: citations, doctorates, patents, professorial judgment, publications, 3rd party funds

But not used for funding matters

Norway: publications matter

Direct research funds
- 60% core
- 25% teaching-related
- 15% performance: degrees, competitive funds attracted, publications

Research Council of Norway (17% of research funds)
- Also conducts research evaluations

Some other specific programs

Reading 1

Excerpts from:
Salerno, C.S. (2005). Funding higher education: The economics of options, tradeoffs and dilemmas. In L. Weber and S. Bergan (Eds), *The Public Responsibility for Higher Education and Research.* Strasbourg: Council of Europe Publishing.

Introduction

There is growing concern that European higher education is running headlong into financial crisis (Economist, 2004). Greater competition for increasingly scarce public funding, the impending "brain drain" to the West stemming from an ever-widening gap in overall funding and the steadily rising costs of teaching and doing science are forcing parliaments from London to Budapest to seriously rethink how they currently fund their higher education systems. One has to look no further than England's passionate debates about top-up fees, Germany's public higher education crisis (Wessel, 2003) or the European Commission's call for member-states to nearly double aggregate R&D investment 2010 to see that rhetoric is indeed moving towards reality.

The current debates about financing higher education are tenuous because they directly threaten European countries' age-old tradition of providing individuals with a higher education at very little or no consumer cost, yet it is important to not lose sight of the fact that the State is and will likely remain for some time, higher educations' dominant benefactor. Policymakers' efforts at promoting cost efficiency and enhancing educational quality have given rise to a diverse and sometimes quite elaborate array of funding systems as well as internal steering mechanisms. *Who* should bear the responsibility is certainly a key concern, but so is the extent to which the structures that are already in place work for or against the broader goals and objectives underlying different national systems. In this paper I look at how economic theory can be used to help explain the mixed modes of higher education financing in place today. As we will see later, the dilemmas and trade-offs that come with pursuing different options do much to explain the complexity and controversy behind the more general debate.

Mapping public funding

While there are a number of rationales for public investment in higher education (e.g., paternalism or political inculcation), the justification usually invoked by economists is that society reaps part of the benefits. Individuals receive substantial private returns, primarily through higher salaries, and the public derives social returns (at least in principle) in the form of less crime, a healthier population, and a more productive workforce. Adhering to the maxim that "he who benefits pays," what emerges is a mixed public/private financing scheme where students pay tuition to cover their private benefits and governments provide higher education institutions with additional financial support, mainly through annual appropriations, as a way to publicly subsidize the social benefits.

The ways in which governments actually channel public funding to higher education is nevertheless much more complex than simply providing individual institutions with a bag of money and the variety of mechanisms used reflects a wide range of political, social and economic motives. Direct appropriations may provide institutions with equal subsidies for all students in all programs or it may be overly generous to certain academic programs in order to achieve specific economic objectives like redressing manpower shortages in key areas of national and/or regional labor markets. Indirect funding channels like financial aid may be means-tested with the goal of rectifying distributional inequities or they can be merit-based to try and ensure that the brightest individuals have the means to exploit their potential. And while private providers normally do not receive direct government support, they often procure substantial indirect funding since their students are generally eligible for the same or similar financial aid packages and tax abatements that students at public institutions receive (Jongbloed & Salerno, 2002). Indeed most funding regimes tend to incorporate all of these different options and more, leading to sometimes very complicated systems. A useful way to coalesce this diversity is by evaluating public funding systems along two dimensions (Jongbloed & Koelman, 2000):

1. The extent to which governments seek to directly manage higher education institutions' operations, and

2. The extent to which funding is predicated on meeting different objectives

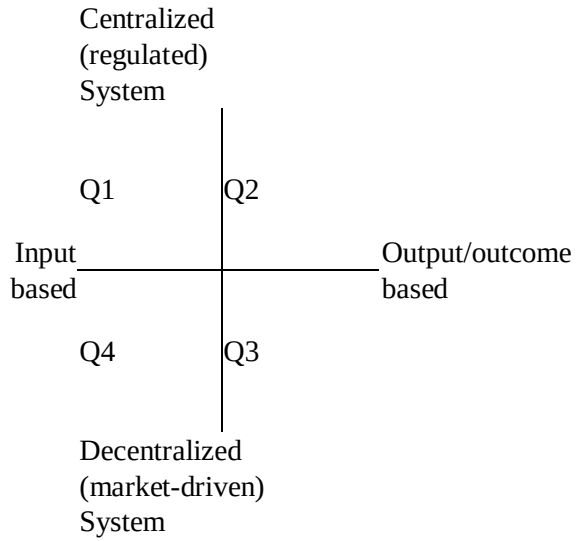
The first is a more formal way of asking how centralized or decentralized authority is in the national higher education system. Market-driven sectors provide institutions considerable latitude to use public funding as

they see fit and are apparent in their institutions' autonomy when it comes to how funding is procured and spent: unrestricted block grant appropriates (for both research and education activities), the ability to hire faculty at market wages and freedom to set tuition fees are three particularly illustrative examples. As one moves further in the direction of centralization, government oversight and regulation intensifies: first towards government steering and eventually towards government control. Faculty members become civil servants and government line-item appropriations separate everything from large and small capital purchases to individual institutions' staff allocations and salaries. Institutions with surpluses in any given line-item usually cannot carry funds over to other categories and the excess funding goes back to the State.

The second dimension considers the criteria on which appropriated funds are allocated to meet different goals and objectives. At one end are systems that heavily employ input-based criteria; here meeting objectives is predicated on ensuring that the necessary resources are made available. Output- or performance-based measures exist at the other extreme, where funding is tied instead to the results or end product. Between the two extremes lie the more common mixed systems where allocation mechanisms are based on mixed measures.

These ideas are captured graphically in Figure 1. Quadrant one (top left) is where one would expect to find the more traditional type of funding/budgeting. Here centralized systems usually allocate funding based on annual requests (activity plans; budget proposals) submitted to budgetary authorities. This is sometimes referred to as ***negotiated*** funding. While central level planning dictates allocations in principle, in practice the various line-item budgets are often based on the previous year's allocation. Separate budget items then are negotiated between representatives of educational institutions and the relevant funding authorities (i.e. education ministries or national funding councils). Annual changes (usually increases) for any given line-item are treated on an institution-by-institution basis and often rely on cost projections. Typical appropriation categories include staff salaries, material requirements, building maintenance costs, and investment. These are determined by referring to norms with respect to indicators like unit costs (or unit cost increases) or capacity (e.g. funded number of students). The German and French systems still retain much of these characteristics.

Figure 1. – Mapping public funding regimes



Quadrant two (top right) is still a centralized system but now the criteria on which funding is allocated are based more on the outputs achieved rather than inputs required. The criteria employed vary but output measures may include graduation rates or the number of credits (i.e. weighted number of passed courses) accumulated by institutions' students in different academic fields. A good example for this quadrant is Denmark's *taximeter* model or Sweden's funding scheme, which both allocate funds to institutions based on a mix of enrollment numbers and credits passed. This is also the case in the Netherlands, where funding is based on both the number of first-year students and the number of Master's degrees conferred (see Jongbloed & Vossensteyn, 2002). The Research Assessment Exercise (RAE) that is done in the United Kingdom would also fit here.

Quadrant three (lower right) characterizes market-oriented systems whose key feature is higher education institutions that essentially compete for a given supply of graduates or research activities on price by submitting tenders to national funding agencies. Competition is

encouraged and applies not only to education activities but also to research (usually through some type of national research council). Contracts are established between funding agencies and higher education institutions with the latter agreeing to deliver graduates for targeted labor market needs or research outputs targeted at strengthening the innovative capacity of the country. Importantly, institution receive core funding only after they have met the agreed upon criteria, which may involve the types and qualifications of students admitted to the higher education institution, the (maximum) level of tuition fees (if any) charged by the institution, and the commitment made by the higher education institution towards its students in the instruction and teaching processes.

The last quadrant (lower left) is probably the most progressive and the one where much of the current debate about the implementation of voucher systems is taking place. Basically an institution's core funding here is tied heavily to consumers' preferences. For education, students receive vouchers that can be traded for educational services at the institution of their choice and which can be used under fairly flexible parameters. Institutions must look after the quality of their teaching and their supply of courses, because unattractive programs will not receive sufficient funding. A more blended system may involve a part voucher/part differentiated course fee arrangement. Tuition levels may be regulated by the government but flexible pricing is expected to make students pay attention to the quality of the service they get from the higher education institution. The only real difference between research here and that done in quadrant three is the greater emphasis on basic research.

Funding system trends

Surveying the funding mechanisms in place across OECD states, governments in a number of countries have increasingly attempted to separate support for teaching and research by providing *block* (i.e. lump sum) funding for each activity – covering the day-to-day running costs. There has also been a move away from negotiated line item funding (i.e., quadrant one behavior) and instead towards outcome-based and formula-driven schemes that are more typical of quadrant two. One can also observe the tendency to replace block funding for research with competitive funding mechanisms (Q4), or performance-based funding mechanisms (Q3). The extent to which such moves have taken place naturally varies across countries. For example, in some systems universities have greater access to additional funding for specific initiatives. In all cases though, the allocation of block grants or targeted funds still tends to be tied to specific quality and accountability requirements. A summary of international shifts in system wide funding mechanisms can be likened to clockwise movement of systems in quadrants one through three towards quadrants two through four.

Options for higher education financing

In debates about higher education funding the crucial question really is how to strike the "right" balance between what types of objectives the system wishes to achieve and the socio-political culture of who "owns" higher education. For many, this debate centers on the balance between public and private investments in higher education but in reality it is much broader and broaches more practical questions like the extent to which funding can or should be supply-driven versus demand-driven or whether it should be input-oriented or performance-based. Funding mechanisms and more general financing options need to meet multiple goals and still be flexible enough to accommodate emerging trends like greater flows of international students and the widespread, yet poorly understood, adoption of information and communications technology.

The discussion until now points to three overarching aspects to system-level funding: 1) market versus government steering, and with respect to the market point, 2) demand versus 3) supply orientation. These form the basis for the taxonomy of higher education financing options that is presented in Table 1. The different columns are built around which actors take the lead in shaping the nature of universities: students, higher education institutions, or the government. The rows are grouped by each option's basic philosophy as well as how public and private financing mechanisms come to be bear. The correspondence between what is here and that presented in Figure 1 is loose but evident. The demand-driven option fits somewhat roughly over quadrants four and three, the supply-side option over quadrants two and three and the government-oriented option over quadrants one and two.

Table 1. – Three options for funding higher education

	Market Oriented		Government Oriented
	Demand-driven	**Supply-driven**	
Steering Philosophy	Freedom of choice/ Customer-oriented	Providers choose	Government chooses which programs to fund based on macro-efficiency and other criteria
	Encourage mix of publicly-funded & non-funded providers	Encourage mix of publicly-funded & non-funded providers	Protection of socially relevant programs
	Government's role is to organize and oversee quality control	Encourage competition on the basis of prices & quality of services offered	
Public Funding Method	Voucher-style system	Contract funding (tenders) – all providers can compete for contracts	Formula funding based on input and output measures
	(Applicable only to government approved programs)	Suppliers have freedom to choose how funding is internally allocated	
Private Funding Method			
Tuition Fees	Fees partly covered by vouchers	Top up fees	Uniform fees (if any) for publicly funded programs
	Differentiated fee schedules	Fee levels depend on mixture of competition and providers' strategies	Non-recognized providers charge differential fees
	Fees determined by providers	Fees also determined by quality, program length	
Student Support	Grant plus loan combination for both cost of living and tuition	Providers supply student support packages based on merit and need	
	Government backed loans and scholarships	Government backed loans and scholarships	Government backed loans and scholarships
	Extra entitlements for disadvantaged students	Providers offer loan schemes subsidized through private banks	

Source: adapted from Jongbloed & Vossensteyn (2002)

Discussion

Both Figure 1 and Table 1 lay out useful frameworks for thinking about financing higher education but each should be approached and interpreted with a good deal of caution. In practice the lines between concepts like demand- and supply-driven or centralized and decentralized are much fuzzier than they are presented here and no system really fits precisely into any one category. That said, what is presented can be very useful as a basis for thinking about the economic tradeoffs and dilemmas that come with currently operating in or possibly shifting towards different financing options.

Though the demand-driven option offers individuals the greatest amount of choice and leverage in the market for higher education, several important factors come into play. First, information asymmetry makes it difficult for consumers and producers to contract on quality (Schleifer & Glaeser, 2001; Weisbrod, 1988). Now colleges and universities are believed to form as nonprofits in order to mitigate "shirking" but this does not fully resolve the non-contractible quality problem; because individuals cannot accurately value the education product they purchase until long after it has been consumed (Winston, 1999) they still must base their college-going decisions on market signals of quality. Unfortunately, the available evidence suggests that even though considerable effort is put into providing prospective students with the necessary information, their final decisions often rest on remarkably poor and/or incomplete information (James, et al., 1999). Second, a system where students dictate what a degree program is and what courses are relevant only exacerbates the quality/signaling problems, which makes it far more difficult to officially recognize programs or monitor quality. Third, a strongly demand-driven scheme runs the joint risk of promoting macro-economic inefficiency and forcing culturally important but financially weak programs to close. In this regard, a government-oriented approach may have the downside of limiting choice but it has the benefit of helping to ensure that public funding meets the publics' needs and that enrollments in programs that may be key to the nation's economy (e.g., secondary education or civil engineering) or its cultural identity (e.g., native languages) do not get crowded out by potentially mis-guided consumer choices.

If prices (tuition) act as one signal of institutional (or program) quality then the use of uniform tuition rates typical of government-oriented schemes also generates information asymmetry by making it more difficult for students to properly discriminate between institutions or programs. Governments tend to view losses in market functionality that come with fixing (or not imposing) tuition fees as a reasonable tradeoff to rectifying market failures associated with distributional inequities and promoting access. This is a perfectly rational justification except that there is very little empirical evidence to convincingly suggest that demand for higher education is elastic. Moreover, setting low or no tuition may help to correct one form of distributional inequity (by helping to ensure that students from lower income families are not priced out of the education market) yet it creates another by subsidizing students in expensive physical and biological sciences programs to a greater extent than those in social sciences or humanities fields (Salerno, 2004).

Low or no tuition also creates the government failure that Wolf (1993) describes as the disjunction between who pays the cost and who receives the goods. When the consumer's revenue does not fully cover the producer's costs and some third-party (i.e. government) ends up subsidizing the difference, such a practice also runs the risk of promoting waste as students who have little incentive to fully take advantage of the resources that institutions place at their disposal. This is a classic moral hazard problem. Since students control education production, excessive government subsidies act as an incentive for students to under utilize institutions' resources. Unfortunately neither the government nor the institutions can know to what extent waste has occurred until after the fact. The main implication is that both the government and institutions could have put those resources to more productive use in other markets, such as academic research.

Supply- and demand-driven systems also encourage a mix of public and private providers to promote competition, innovation and efficiency. This has gone further in the sense that some governments are even raising the issue of letting all institutions operate on a *level-playing field* (that is, private providers should have the same privileges and access to public funding as public providers). Regulations on the conditions attached to public funding, student support and accreditation, are at stake here. In many systems private providers can and do receive public subsidies for education as was briefly mentioned earlier, usually through indirect channels like government-backed student loans or general tax abatements. There is good reason to consider such an option: a number of systems informally exploit their private sectors to accommodate unmet demand

rather than make short-term investments in the public system. Ironically though, the tradeoff that comes with creating a more open higher education marketplace by incorporating private providers into the national system or providing them with public funding is that it also requires more government oversight in terms of quality control. Since the authority to award degrees is granted by the State, governments generally do not allow private higher education providers to operate unless they meet minimum standards that are usually imposed on public providers. This issue has taken on new meaning particularly with non-recognized providers (either from other countries or from within) increasingly dotting Southern European countries' education landscapes (Kokosalakis, 1999).

At the institutional level, block grant funding (at least on the education side) is increasingly becoming the preferred mode as system planners argue greater institutional autonomy will in return promote transparency and enhance efficiency because those who use the resources are in the best position to determine how they should be employed. Yet policy shifts like this are often undertaken specifically because public funding is usually scarce and hence little investment is made in the structures necessary for its success. Institution managers in previously centralized systems have never had to manage their own funding and without retraining, this is liable to produce short-run mismanagement and likely have the effect of increasing the flow of waste rather than stemming it. Then there is the more theoretical problem of higher education institutions as nonprofits. If one is to believe that institutions behave like physicians' cooperatives (Pauly & Redisch, 1973) then block grant funding will not work unless it is tied to outcomes rather than inputs. The classic argument is that universities in such funding systems will cross-subsidize research with education funds because faculty members prefer research over education and the nature of producing or transferring knowledge is too difficult for third-parties to effectively monitor (James, 1990; James & Neuberger, 1981).

On the topic of injecting more private money into higher education one should observe that students, their parents and private businesses are more inclined to spend money on universities when they have the feeling that their demands are met more closely. The chances for this to happen are far greater in a deregulated system that allows institutions and students or institutions and businesses to work more closely together and decide on program content or research directions without government interference. The two market options in Table 1 are thus natural candidates for generating more funding from the private sector. Demand-driven systems could feasibly encourage private contributions that can be combined with voucher-style systems to pay for tailor-made courses. Similarly, a supply-driven structure would likely encourage institutions with strong teaching and research profiles to seek closer collaboration with private business in order to enhance the quality of degree programs, secure much needed research funding and to offer student support packages to students that study in particular fields.

Conclusion

In sum, students' interests are arguably best served by the demand-driven option, particularly since it is capable of addressing the growing interest in lifelong learning. Institutions enjoy a much more stable operating environment in the supply-driven option and would enjoy considerable autonomy to balance stakeholders' needs with their expertise in how to meet them. This option also provides the most fertile environment for industry/university partnerships to rise and thrive, even if research agendas were to become more applied and less basic as a result. Society naturally stands to gain the most in the government-oriented option, where the supply of graduates in important fields like health, teacher training, and other public services can be effectively monitored and regulated by means of a planned and accountable system of publicly-supported programs. Of course, the ability to implement any particular funding option depends heavily on the extent to which funding is even available. This, in fact, is the crisis currently facing many European higher education systems and what has prompted so much discussion about greater private investment both from individuals and industry.

Perhaps the main point to be taken away from all of this is that the sometime strange characteristics of higher education markets do not lend themselves nicely to textbook economics principles. Each of the financing options presented above give rise to dilemmas and tradeoffs that suggest none are effective in isolation. Policymakers and planners may not directly factor the economic concerns I address here into their system-level decision-making, but the fact that many financing systems possess a mix of market- and government-oriented mechanisms strongly suggests that tacit understanding of these issues does exist. A better understanding of these tradeoffs then can do much to explain current predicaments and also provide a useful guide for pursuing alternate financing schemes.

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Reading 2

Excerpts from:
Jongbloed, B.W.A. (2004). Institutional funding and institutional change. In J. File and L. Goedegebuure (Eds.), *Real-Time Systems: Reflections on Higher Education in the Czech Republic, Hungary, Poland and Slovenia*. Enschede: CHEPS.

Downloadable from www.utwente.nl/cheps.

The Basic Problems

Every higher education system is faced with four basic policy questions regarding financing:

1. How much higher education can a nation afford?
2. How much should be spent per student, per graduate or per unit of new knowledge?
3. Who should pay?
4. How should public funds for higher education be made available to institutions and students?

Below, a number of comments will be made with regard to each of the four fundamental questions. Also addressed is the issue of how one would ensure or indeed measure whether any progress is being made towards reaching the goals to which government funds are supposed to contribute.

Size of the system

How much of a nation's productive capacity – skilled labour, natural resources, foreign exchange, new construction – can or should be devoted to higher education? How does the level of ***public*** resources available to higher education compare to other sub-sectors of education, such as primary and secondary education (Salmi, 1991, p. 8)? What proportion of a nation's youth should be expected to pursue some form of post-secondary education? In which programmes? For what degrees and for how many years? How many universities should there be, and how many colleges, or other non-university institutions? What should be their target enrolments?

Policy-makers trying to find answers to these questions will inevitably be guided by their own ideas of what size and shape a higher education sector should have and what types of programmes are best suited to meet the human capital requirements of the country. Ultimately, the answers to these questions will have to be given by the Parliament.

Whatever the ambitions may be, the answers to the questions listed here need to be based on sound information and judgements relating to the past, present and future. Effective planning and projecting with regard to the future course of the country, including the needs of industry and labour market, will all be necessary. Importantly, this does not necessarily mean a

return to central planning or manpower planning. Rather, it calls for engaging society in discussions over preferred courses of action, including that laid out for the nation's HE system as well as on the costs and benefits of alternative options.

In transition countries, like the four that are discussed in this book, a crucial question related to funding is the extent to which the higher education system should be driven by manpower planning (or numerus clausus) or whether the government can rely on student demand and student choice. This choice has important implications for the costs and design of the system. We will return to this issue later on.

Decisions over the size of the higher education sector and the public resources invested in it may be informed by comparisons with countries having comparable levels of economic and social development. A frequently used source for such information is the OECD publication *Education at a Glance* (OECD, 2002).

Table 1: Public expenditure on higher education institutions as a percentage of GDP

Country (year)	Public expenditure on HE (% of GDP)	Gross domestic product, 2001 (in billion US $)	GDP per capita, 2001 (in US $)
Czech Republic (2002)	0.9	57.2	5,600
Hungary (2001)	1.3	51.7	5,100
Poland (2001)	0.9	176.3	4,600
Slovenia (2000)	1.2	18.8	9,400
OECD country mean	1.0 *	836.7	22,100

Source: Column 2 based on information collected by CHEPS.

* OECD country mean figure relates to the year 1999, taken from *Education at a Glance*. Columns 3 and 4 based on OECD Main Economic Indicators database.

The four HE systems do not deviate significantly from the OECD country average. This is shown in the second column of Table 1, that also includes data for GDP and GDP per capita. However, a proper assessment of the HE resource levels also must include the way in which the public funds are distributed to institutions. This topic is treated below. Moreover, one also has to realise that the table only shows money *flows*. *Stocks*, such as the stock of human capital, are equally important. Particularly since stocks change as a result of flows. What the present condition (i.e. stock) looks like is the result of history and tradition; it is the outcome of many years of policymaking, central planning and private decision-making.

Who should pay?

A third important question is who should bear the burden of financing the higher education sector? Specifically, how should institutional costs and students' living expenses be shared among parents, students and taxpayers?

Traditionally, HE institutions around the world have relied primarily on government funding. Yet fiscal stress and increasing enrolments have driven many governments to begin shifting part of the burden of higher education costs to those felt to be profiting the most from it: students that obtain a degree and the firms that demand and make use of the services of higher education institutions.

Therefore, the question of who should pay is related to the following issues:

1. Allowing institutions to charge tuition fees for students.
2. Whether and how governments should supply student loans and/or student grants.
3. Whether institutions should be able to seek private funding by 'selling' their services on the market (in competition with other organisations).
4. Whether HE institutions should be allowed to finance their debt on the capital market.
5. The regulation (tax instruments etc.) that may be introduced to encourage private companies to invest in HE or make donations to HE.

Students and their families in many Western European countries are increasingly being asked to bear part of their study costs, particularly their living expenses. In the four countries studied in this book, student fees of some sort are already in place. However, they are mostly paid by students enrolled in private institutions (including the private offshoots of public institutions) or by students studying part-time. Frequently, the full-time students who were fortunate enough to obtain a place in public institutions pay no tuition fee at all (or only a token charge).

Whether or not students pay tuition fees and for those who do, how much, is often spelled out in legislation. For instance, the Higher Education Law of Slovenia states (in Article 77) that "Tuition fees may not be charged to citizens of the Republic of Slovenia … for education in state approved undergraduate programmes performed as a public service (…)". In the Czech Republic, fees charged to regular students are classified as study-related fees. These include administrative charges related to entrance proceedings (not to tuition) and fees for students exceeding the standard length of study. Other fees are to be paid by students in the so-called life-long learning programmes.

In Hungary, state-financed students pay no tuition fees, while self-financed students (about 30% of all students) do pay fees. In Poland, full-time students in publicly funded institutions pay no fees, unless they are enrolled in 'weekend programmes'.

Clearly, disparity and inequity arise as full-time students (who are likely to experience a sizeable monetary return on their degrees) seem to be subsidised by part-time students, many of whom originate from families unable to send their children to the best secondary schools or to support them financially.

Zero fees may also be found in Germany and throughout Scandinavia. The pertinent question is whether in these countries, as well as the four studied in this book, a no charge system is appropriate in light of the fact that graduates do well in the labour market and are more likely to come from privileged backgrounds. For societies, the opportunity costs from zero fees can be quite substantial. It may be argued that goals like improving access and social equity do not conflict with a policy of making students and their families bear more of the costs of HE. Rather, the question is what combination of charging fees (or graduate contributions) and providing student support can meet the important objective that all capable students, irrespective of background and financial means, can be offered a place in a HE institution.

At the same time, the goals of expanding opportunities for access and enjoying the social and economic benefits of higher education suggest that some degree of public subsidisation may have merit. As usual, the problem is finding the appropriate balance in the policy instruments (e.g. subsidies, incentives and regulations) to be employed to achieve the goals of access, efficiency and equity.

How do we measure our success?

When discussing resource allocation mechanisms, an important consideration is the national context or 'steering' framework in which resource decisions are made. Throughout Western Europe a fundamental change in the relationship between government and public sector-dependent organisations is evident. One can speak of a shift from regulation by control and central planning towards establishing boundary conditions within which universities and colleges must operate. Some researchers have labelled this a shift from a *state control* model towards a *state supervising* model (van Vught, 1989).

The trend towards greater institutional *autonomy* has given universities and colleges more freedom in areas such as academic affairs, finance and personnel. At the same time though there has also been a trend towards greater *accountability* for the use of public funds. Universities and colleges increasingly find they must demonstrate value
for money and participate in quality assurance exercises. As argued in the previous section, the way in which public funds are allocated to the institutions also reflects the desire to deliver results and improve quality. Reduced state intervention in operational matters implies that governments are less concerned with how funds are spent (on inputs) and increasingly interested in the achievements (the outputs) produced from the funds. Governments, more than ever, are interested in measuring success.

Thus, HE institutions are encouraged to innovate, to change and become more responsive to society's needs. To measure the impact of introducing market-type co-ordination, quality assurance mechanisms and peer review systems are put in place. As far as funding is concerned, the soundness of the HE institution's financial situation and its financial management is assessed through a system of reporting and monitoring that increasingly reflects practices and procedures found in the corporate (i.e. for-profit) sector. Accrual accounting, the publication of cash flow statements next to the operating statement and the balance sheet, and the reporting of indicators of financial health (liquidity, solvency, and profitability) are all becoming accepted throughout the higher education sector. The financial information reported to the government is often aggregated; it is left to the institution to decide on internal financial operations. Governments are primarily interested in the question of whether the institutional leadership

is able to balance revenues and costs and whether it can meet its obligations in the short as well as the long term.

All of this means that HE institutions must observe a number of principles that ensure sound and effective financial management. The main principles of effective resource management are:

1. The governing body of the institution is responsible for the direction, key decisions and financial health of the institution.
2. The roles and responsibilities of the governing body, the head of the institution, its committees, the deans, etc. are defined, understood, accepted and reviewed regularly.
3. Competencies and skills are sufficient to meet the needs of the institution and are supported by adequate human resource management and recruitment policies.
4. There is a strategic plan that includes a financial strategy (an internal resource allocation model, budget and costing guidelines, incentives to generate external income etc.), that recognises opportunities and risks.
5. The information that is supplied to the board of the institution, the head of the institution, deans, etc. is relevant, reliable and on time. Information is communicated effectively throughout the institution.

Therefore, the measure of success in using public and private funds to reach governments' and institutions' objectives may be deduced from information that relates to the issues touched upon in this list as well as the performance indicators reported in quality assessment mechanisms.

Some Specific Issues Related to Funding

Introduction: a list of special topics

After having characterised the HE funding methods of the four countries in the previous section, the discussion now turns to a number of specific issues related to funding decisions and reflects the practical problems that HE institutions and their national (funding) authorities are confronted with. Many of the issues are interrelated but are presented here separately for the sake of discussion. The specific problems addressed have certainly not yet been 'solved' for the higher education systems in Western Europe – perhaps they never will be – but 'Western' experience may help in analysing them.

The issues are:

1. To what extent should governments (or educational authorities) decide what to fund, thereby influencing patterns of enrolment?
2. What percentage of education costs should be derived from student fees?
3. Who should pay for the research component in advanced education?
4. Recognising that higher education institutions are generally accountable for how they deploy public funds, should the use of funds be as free as possible from external control?
5. Given the state of deferred maintenance and neglect in the higher education sector's physical assets (buildings, equipment), how should funds be made available to solve these problems and how should priorities be established for these purposes?
6. Should the entire allocation, or part of it, be decided by the application of a formula?
7. What constitutes equitable treatment among the institutions in funding matters, and how can this be achieved?

We now make a few remarks on each of these issues.

Public policy and market forces

The main question addressed here is: 'Should funding be based simply on numbers which reflect student choice, regardless of cost, or perceived social or economic need?' In other words, should students be allowed to register in the programme of their choice, even if the possibility of employment in that profession seems low? In the latter case, funding is determined by market-forces. In the former case, funding mechanisms are designed to encourage students to choose an educational career that will lead them to enter professions where there is a direct need for personnel. This type of funding is known as targeted or selective funding, because the government influences patterns of enrolment by deciding what to fund. The situation is complicated by the fact that labour-market predictions are usually unreliable and that policies based on them cannot be adjusted as quickly as societal needs change.

Table 2: Central planning of funded student places?

	centrally planned?	additional remarks
CR	yes: "negotiated"	but institutions accept more students
HU	yes: "admitted"	centrally fixed by government
PO	no: "rat race"	institutions decide, but funds remain the same
SL	yes: "contracted"	in addition, institutions accept part-time students

In Table 2 we show the situation for the four countries treated in this chapter. Three out of the four countries still rely very much on central planning. However, students not able to gain a funded place are often given the opportunity to enrol as a self-financed student, either in a public or a private institution. The downside, at least for students, is that they are likely to have to pay sometimes substantial tuition fees.

There are two main reasons why selective funding is not often utilised by many Western governments: (i) the need for adaptability (institutions and students must be able to react to changing circumstances and this need is likely to increase in the future); and (ii) while many HE degrees relate closely to the practice of certain professions, they should not be seen simply as providing a guarantee of employment.

Regarding the first reason, some argue that the majority of institutional funding for education should not be earmarked, because institutions should not be encouraged to offer narrowly-defined programmes. More broadly-based first degree programmes should give students the maximum opportunity to acquire important critical (scientific) skills rather than in-depth knowledge of a particular discipline. In fact, having advanced knowledge in a specialised area may preclude an individual from making a career change in response to a new societal need.

The other side of the coin is that governments are major employers, especially in the fields of education and health. It is possible to predict retirement patterns and to encourage the training of teachers and health professionals so as to avoid the extremes of shortage and over-supply and to maintain overall quality.

Accountability for the use of public funds is also relevant. HE institutions have demonstrated persistent resistance to change, urging the funding of more staff when student enrolment in a discipline increases but reluctant to reduce staff when enrolment decreases. Institutions must be both transparent (i.e. using procedures and implementing policies which are available for public scrutiny) and accountable (i.e. willing to be judged by their own mission statements and the priorities set forth in them). A constructive step might be to develop a system-wide agreed upon set of criteria and procedures for the elimination of courses and/or programmes for which there is no longer any demand or which do not meet agreed accreditation requirements. The viability of consolidating departments – creating a single comprehensive unit instead of keeping two or three smaller ones – could also be considered. In a similar vein, the effectiveness of several universities starting up new courses which duplicate popular/successful ones at other institutions may also be regarded as questionable.

Who pays for research?

There is a growing trend in Western Europe for governments to provide research funds separately from the general institutional allocation for education. Greater efforts are also being made to encourage HE institutions to obtain research funding through alternative sources such as private or government-operated research foundations and from businesses. One suggestion for increasing university income is for the government to match (up to a stated figure) contributions by third parties.

If government pays for research, the pertinent question becomes how much and through what mechanism? This question was treated in the previous section for each of the four countries. The conclusion reached was that many systems treat research separately from teaching, with some governments providing modest funding for teaching-related research. The bulk of research funding is provided through competitive channels and a quite substantial role is played here by the Academy of Sciences. When competitive funding is in place, funding is often distributed by buffer agencies such as Research Councils.

If the private sector subsidises research we touch upon the issue of entrepreneurialism. This is a very contentious issue, especially in countries where higher education has always been regarded as a pure public affair. However, with governments actively promoting the generation of non-government resources and some institutions demonstrating remarkable successes, entrepreneurial activity has become a ‘fact of life’. The HE sector simply cannot do without it anymore.

It is difficult to give an indication of the share of contract income for each of the four countries. However, all actively promote the generation of supplementary income by HE institutions and try to stimulate co-operative research efforts between HE institutions and business or research institutes.

An issue that becomes important is whether barriers to engaging in entrepreneurial activities exist. All of the countries report no real obstacles here. The only obstacle mentioned was the lack of resources and the absence of connections to the private sector that prevent institutions from building up a track record and reputation in carrying out contract research.

Institutional autonomy and control over public funds

The question here is whether it is desirable for funding authorities to limit and prescribe how public funds should be spent by HE institutions. Earlier, we made a case for *lump sum funding*, specifically because it would allow the recipient institution to decide, on the basis of its own criteria and experience, how to use the funds. The underlying idea is that those directly engaged in (or supervising) the basic activities should be capable of finding the best possible use for the resources granted to them, especially if they are simultaneously held accountable for the resulting costs.

Table 3:Lump sum funding in place?

CR	Yes
HU	Yes
PO	Yes
SL	Not yet

Table 3 makes clear that lump sum funding is evident in each HE system except for the Slovenian one. However, Slovenia plans to introduce lump sum funding have been prepared and the question now is how increased autonomy in financial matters can be combined with the 'right' amount of external and internal control.

Institutional leaders anywhere will welcome being made responsible for their decisions and the resulting costs only if they are also given the resources to cover the costs. This extends to the authority to cut certain expenditures and redirect the released funds to alternative and more worthwhile ventures.

This means that knowledge and information about costs and opportunities is crucial. It also requires institutional leadership to have the authority and the will to act upon the results of outcomes of cost-benefit studies, to be prepared to downsize or close programmes that have become too small or expensive, and to move the released funds to programmes with a higher priority. This is called 'growth by substitution' and is on the agenda of institutional leadership in all HE systems experiencing a shortage of funds or in need of institutional change. 'Growth by substitution' is perhaps the biggest challenge facing HE institutions anywhere in the world today.

HE institutions in previously bureaucratic and centrally planned economies can only change during times of financial austerity when resources – including people – are reallocated. This is difficult in all types of organisations and systems, especially in a society where jobs have been virtually guaranteed for many years. Because it is often difficult to get institutions to change, it may sometimes be worthwhile to make use of earmarked funding, especially when major system-wide objectives must be reached in the short term. However, the question is one of finding a right balance between earmarked funds and general lump sum allocations.

It goes without saying that even with lump sum funding all spending has to be directed towards the general objectives of any higher education system: teaching and research. Inefficiencies and unintended use of public funds should be prevented or at least mitigated. Therefore, higher education institutions will have to keep sound financial accounts and observe high reporting and accountability standards. It is also evident that increasing HE institutions' autonomy and their control over the use of (public) resources can only work if the institutional management has sufficient capacity and meets high standards.

Formula funding

Earlier in this chapter we discussed resource allocation methods argued that each transfer mechanism has its incentives. We justified the use of these methods as encouraging HE institutions to be efficient and responsive to changing demands from students and the labour market. In any case, allocation methods will have to be transparent, meaning that educational authorities should clearly express their commitment to the sector and, in line with Figure 1, translate this into clear objectives (goals) and incentives (instruments), both of which are reflected in the funding basis, the funding level, funding conditions, and accountability requirements.

Table 4: Funding formula in use?

CR	Yes, plans for revision (introduction of output measures)
HU	Yes
PO	No (formula 'suspended' and replaced by incremental method)
SL	Yes, plans for revision (introduction of output measures)

Formula funding is the result of applying straightforward rules to the decision over which institution should receive what sum of money. It normally takes into account such elements as overall enrolments, programme costs, research capacity (in fte), administration and maintenance add-ons. From Table 4 it is clear that, apart from Poland, the four countries all employ formulas to derive the teaching budget for the HE institutions.

The advantages of a formula include the following (see for example Lasher & Greene, 1993):

1. money is no longer allocated in an ad hoc manner, but according to certain guidelines, some of which are quantifiable;
2. the process is clear to the institutions concerned and to the general public;
3. the roles of the funding authorities (or agency) and the institutions reinforce accountability; and
4. HE institutions may engage in more realistic planning.

Funding based on the application of a formula is easy to defend, as it is the result of a mathematical exercise. Yet problems still can arise. We mention the following:

- reliable data do not exist,
- the base (the starting point) is not appropriate,
- the formula does not reflect the complexity and diversity of the HE institutions and activities in the system.

In such cases, one of the principles of formula funding, that equal institutions are treated equally and receive equal amounts of funds (see below), is absent. Some formulae will have to be 'fine-tuned' so that they more clearly reflect the needs of different institutions. The trade-off, however, is that such efforts are likely to affect the transparency of the funding mechanism.

To inform discussions on the adequacy of the formula, the costs of offering the same programme in different institutions need to be estimated. Until it is known what it costs to provide a particular programme, the process of establishing programme weights will inevitably have to be based largely on intuition and hence open to question.

Other factors influencing the funding formula include: (i) the size of the institution; (ii) the age of the buildings; (iii) the geographical location; (iv) research; (v) special responsibilities to the local community; and (vi) performance in relation to agreed goals. The development and use of funding formulas presupposes decisions over which programmes should be offered where, and at what level. It also presupposes that some form of performance assessment is in place, both within institutions and across the system.

Our personal view is that formula funding is a very effective allocation mechanism, based as much as possible on genuine differences among the institutions and facilitating progress towards achieving the goals of accountability and transparency. The key elements in a formula will normally include enrolment (both system-wide and in individual institutions), enrolment thresholds (for each institution and for certain programmes in institutions) and programme weights, or funding rates (see Table 5). These constitute 'input elements' in a formula, distinct from 'output elements' like performance in terms of quality and efficiency (system-wide and in individual institutions).

Table 5:Number of funding rates underlyingthe teaching budget

CR	6 normative rates
HU	4 funding categories
PO	not applicable
SL	5 normative rates

Equity

Closely related to the above-mentioned issue of the appropriateness of the components incorporated into funding formulas, is the problem of what constitutes an ***equitable*** funding mechanism. Equitable conditions are deemed to exist when institutions in similar situations are treated similarly and those in different situations are treated in a manner commensurate with their differences. The equity principle reflects the goal of treating people and groups in ways that reflect their different features, needs and

obligations. Because no two institutions are identical, the significance attached to differences is a source of continuing controversy when, for instance, a funding formula is to be developed or maintained.

Therefore, one of the major challenges to achieving some degree of funding equity arises from the degree of diversity in higher education institutions – ranging from small, single-discipline and specialised, to research-intensive and multidisciplinary. An equitable funding situation can be approximated by a funding formula that includes agreed programme weights, which in turn are based on actual programme costs. However, the desire to agree on programme weights for a range of different programmes and institutions may conflict with the need to keep the funding formula relatively simple. Table 5 has shown that, like in other European funding mechanisms, three of the four countries have agreed on a limited number of funding rates to be used for funding programmes that have more or less similar cost structures.

However, formulae will always be open to criticism, especially in times of severe financial constraints. In order to obtain greater funding, HE institutions may try to use the funding methodology to their advantage by manipulating the information and inputs on which the formula-outcomes are based. Alternatively, particular HE institutions can try and claim extra non-formula funds on the basis that they are in an exceptional position or deliver unique (e.g. high quality) services.

Apart from programme weights, formulae may or may not include special provisions for small enrolment programmes. In these programmes, the fixed costs of labour (professional salaries) and capital (equipment) must be spread among small numbers of students. Governments that employ a linear formula for the funding of teaching (one that does not include a fixed allocation to each institution/department irrespective of the number of students) may be deliberately aiming to steer institutions towards achieving at least a minimal level of programme enrolment.

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Exercises

- Characterize the funding mechanisms used in your higher education system. To what extent are they characteristic of a demand-driven, supply-driven or government oriented system?

- Based on your answer to the question above, evaluate how equitable the current financing system is. Does it overly burden one stakeholder at the expense of others? If so, can the imbalance be justified on other grounds?

- In terms of the "interesting examples" slides for education and research funding, describe which options could be beneficial to your system/institution? To what extent could such measures be feasibly implemented in the short- to medium-term?

- What countries/systems/institutions do you see as your "peers?" Create a matrix (based on your own funding criteria) that compares your system with your peers. Evaluate the differences between you

and your peers and then consider how your own system can be improved based on the successes/failures of the others.

Further readings

CPB/CHEPS (2001). *Higher education reform: getting the incentives right*. The Hague: SDU. Chapter 2: Economics of Higher Education, pp. 35-51

Teixeira, P. (Et al) (2004). *Markets in higher education: rhetoric or reality?* Dordrecht: Kluwer Academic Publishers.

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6. Globalisation, internationalisation, Europeanisation and higher education

Anneke Luijten-Lub

Introduction

The frameworks within which higher education operates have become more international over the last decades.We speak now not only about the internationalisation of higher education but also about its globalisation. The key question is what this means: there is clearly a geographical expansion in focus and an increased level of inter-dependence of national systems, but does the globalisation also means that higher education frameworks are becoming more global in the sense of less nationally specific? Can we still speak meaningfully of national higher education systems and policy? What influence do these changes have on the role of different stakeholders, what does this mean for policy and steering processes in higher education, and for research into higher education?

The recognition that higher education has an international dimension is not new.We were all intellectually raised on the argument that research has an intrinsically international character.We all acknowledge our roots in the Middle Ages when Erasmus of Rotterdam and other "wandering students" transversed this continent to study at different centres of learning. Despite the authenticity of this example, it does not substantiate the often advanced position that higher education has always had, and has inherently, an international character. In the first place, nation states have played a crucial role since the nineteenth century in the development of the modern university. In part this role related to the initiation and regulation of training programmes for important legal, educational, medical and military functionaries. In this context Neave (2001) refers to two centuries of nationalism in higher education. Secondly, very few higher education institutions can lay claim to a centuries-old international tradition for the simple reason that two-thirds were established after 1900 and half after the Second World War. The modern university, therefore, is a national institution (Scott, 1998, p. 123). Thirdly, the extent of international activity and orientation in education and research varies enormously depending on the discipline and professional area concerned. Finally, very limited numbers of students and staff have actually participated in international activities. Nevertheless, in the second half of the twentieth century a gradual change in the extent to which higher education policy was nationally determined and orientated can be observed. Increasingly national governments began to interact with each other on (higher) education policy with the OECD, UNESCO and the EU Council of Education Ministers serving as important forums. In these discussions the comparison of educational policies, and in particular their effects, assumed an increasing importance. A natural development was that these organisations began to establish institutes focussed on international comparative data collection and analysis. In addition, more policy attention came to be paid to the internationalisation of higher education itself. In some cases OECD reports indicating a narrow national orientation in the fields of higher education and research served as a catalyst for individual countries to develop internationalisation policies5, but in general the major spur to action was the process of European integration and more specifically EU programmes in the field of higher education (Van der Wende, 1997).

Source: van der Wende, M.C. (2002). *Higher education Globally: towards new frameworks for research and policy.* Inaugural lecture. Enschede: University of Twente.

This chapter

This chapter provides a general overview of the debate in higher education on globalisation and internationalisation, and, to some extent, Europeanisation. First, you will find some presentations, starting with a general introduction to globalization, based on the PhD work of Eric Beerkens and then some findings of a CHEPS research project on internationalization in higher education. This is followed by 2 readings of CHEPS research on these subjects. Finally, you find some exercises, some things to further think about in the context of globalisation, internationalisation and Europeanisation of higher education.

Globalisation of Higher Education: A general introduction

Eric Beerkens

The academic debate

- The globalisation sceptics
  - Nothing really new is happening: world-wide system of nation states already came into being in the '*belle époque*' of globalisation: 1890-1914)
  - Organisation of the economy is still predominantly national
  - What we experience is internationalisation: growing links between discrete national economies or societies
- The hyperglobalisers
  - The erosion of national sovereignty
  - We are experiencing the end of the nation-state
  - One world, shaped by flows, movements and networks across regions and continents
- The transformationalists
  - Profound changes are taking place in societies around the world in social values, institutions, and practices
  - states take on new roles and act in a different context

Topics

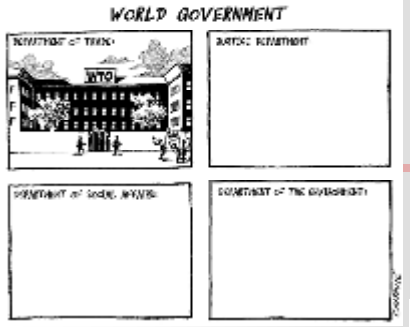
- Globalisation: what it is and what it's not
  - Positions in the academic debate
  - Positions in the normative-political debate
  - What is globalisation?
  - Major themes in discussing globalisation
- Globalisation of Higher Education
  - Linkages, connections and flows
  - Losing and loosening grip
  - Standardization and/or diversification
  - The (national) identity of the higher education sector
- Europeanisation & Higher Education
  - Developments in Europe and European Higher Education
  - The Bologna Process and European Integration

The normative-political debate

- Anti-globalists
  - Extremely diversified coalition: no real agenda, only anti-agenda
  - Very successful since Seatle 1999
  - Position: globalisation as a 'neo-liberal project' and destructive to endemic cultures and the poor
- Globalists
  - Position: free trade benefits all (although not in an equal way)
  - Economic interdependence brings peace
  - Comparative advantage of nations
  - Current crises are due to
    - Trade barriers in rich countries
    - Import substitution strategies in (some) poor countries
    - Undemocratic and corrupt regimes

The normative-political debate (2)

- Challenges:
  - Finding new forms of global governance
  - Fair globalisation



ß various social arrangements 'globalise' in different ways and some social arrangements are more easily 'disembedded' than others.

A paradox? **à**

What is globalisation?

- Process of social transformation
  - A process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions, generating transcontinental or interregional flows and networks of activity, interaction and power (Held: 1999).
  - in which social arrangements (e.g. power, markets, cultures) become disembedded from their territorial context due to the intensification and massification of flows of people, finance, products, services, information and ideas (Beerkens, 2003)
- Inherent features of globalisation
  - **Not** a **uniform** process: different sectors globalise in different ways
  - '**Cross-sectoral spill-overs**': globalisation of one sector triggers globalisation – or resistance to globalisation – in other sectors

Themes

Conceptualisation:	Past realities:	New realities:	**Globalisation equals:**
Geographical concept	Unconnected localities.	The world-system that came into existence around 1900.	**Increasing interconnectedness**
Political concept	State sovereignty over clearly defined territories	Authority transferred upward, downward and sideways	**Deterritorialisation**
Cultural concept	Mosaic of cultures without significant routes for cross-cultural exchange	Melange of cultures; existing in harmony or friction	**Homogenisation (or polarisation)**
Social concept	Nation as the institutional container of society: Identity, solidarity and citizenship based on nationality;	Social organisation and identity structured around a-spatial systems	**Cosmopolitanisation**

Globalisation and Higher Education

Globalisation:	Globalisation and higher Education:
Increasing interconnectedness	Linkages, connections and flows in higher education
Deterritorialisation	Shifts in governance of higher education
Homogenisation	Threats to diversity and the rationality of standardisation
Cosmopolitanisation	Higher education: still a national sector?

Types of Cross-border education activities (1)

Type	*Main forms*	*Examples*	*Size*
1. People			
Students/ trainees	Student mobility	- Full study abroad for a foreign degree or qualification - Part of academic partnership for home degree or joint degree	Probably the largest share of crossborder education
Professors /trainers	Academic/ trainer mobility	- For professional development - As part of an academic partnership - Employment in a foreign university - To teach in a branch institution abroad	An old tradition in the education sector, which should grow given the emphasis on mobility of professionals and internationalisation of education more generally

Knight (2003b) and OECD

Theme 1: Linkages, connections and flows

- Student and staff mobility
  - Increase in numbers
  - Changing rationales
  - Changing geographies
- Flows of educational services
  - Cooperative programmes
  - 'Offshore' education
  - Distance education
  - On-line provision of education
- Increase of linkages
  - Increased linkages
  - The changing nature of linkages

Types of Cross-border education activities (2)

Type	*Main forms*	*Examples*	*Size*
2. Programmes			
Educational programmes	Academic partnerships E-learning	- Joint course or programme with a foreign institution - E-learning programmes -Selling/ franchising a course to a foreign institution	Academic partnerships represent the largest share of these activities E-learning and franchising are small but rapidly growing activities

Knight (2003b) and OECD

Types of Cross-border education activities (3)

Type	*Main forms*	*Examples*	*Size*
3. Institutions/ providers			
	Foreign campuses Foreign investments	- Opening of a foreign campus - Buying (part of) a foreign educational institution - Creation of an educational provider abroad	A trend increasing very quickly from a modest starting point

Knight (2003b) and OECD

Institutional incentives for internationalisation

Institutional incentives

- Prestige driven (everywhere)
- Academically driven (research universities)
- Funding driven (e.g. EU)
- Domestic policies (e.g. UK, Australia)
- Demand driven (China, South & Southeast Asia)

Rationales in cross border delivery

Shift in approaches to internationalisation

- Mutual understanding approach
- Revenue generating approach
- Skilled migration approach
- Capacity building approach

Theme 2: Losing and loosening grip

- Power shift 1: upwards
  - Regional institutions (e.g. EU; ASEAN; MERCOSUR)
  - Regional arrangements (e.g. Sorbonne, Bologna, Lisbon)
  - Global institutions (e.g. WTO, IMF, World Bank, OECD)
- Power shift 2: downwards
  - Institutional autonomy
  - From controlling state to enabling state
  - From compliance to accountability
- Power shift 3: sideways
  - Necessity of private institutions
  - Private enterprise in public institutions

Theme 3: Standardization and/or diversification

- The rationality of standardisation
  - Transparancy through standardisation
  - The need for comparability in a globalised world
- ….and the call for diversity and autonomy
  - Preservation of distinct schools of thought
  - Preservation of languages
  - Preservation of education/teaching cultures
  - Preservation of local/national studies
- ….a balancing act
  - A politically sensitive balancing act, especially apparent in EU,
  - but also in open ASEAN countries (e.g. Malaysia, Indonesia)

Developments in the EU

- European integration
  - Increasing economic integration
  - Increasing movement of people, labor and students
  - Increasing supranationalism in politics
- EU's spill-overs to education
  - Open markets, non-discrimination and education
  - From flows to legislation to standardisation
- EU education policies
  - Not included in initial treaties
  - Formally, no involvement with national policies
  - Modestly successful in mobility schemes
  - Bologna: intergovernmental process or EU policy?

Theme 4: Higher education: still a national sector?

- Higher education: still a national sector?
  - The role of higher education in society: producer for the global economy or the builder of national culture and society
- Universities: still national institutions?
  - National institution vs. 'Global U' & 'University inc.'
- A question of identity

Perspectives on European Integration

Intergovernmentalists vs Supranationalists

- Intergovernmentalists: realists assumptions.
  - regional integration is the concerted pluralist articulation of national interests
- Supranationalists: neo-functionalist assumptions.
  - characteristics of a supra-national state, in which a new level of governance covers the region as a whole, not as individual nation-states

Perspectives on European Integration
the Bologna case

- Intergovernmentalist/realist perspective:
  - Bologna is an inter-governmental decision. Countries participate for their own benefits and biggest countries are most dominant in setting the agenda
- Supranationalists/neo-functionalist perspective:
  - Bologna is a result of functional and sectoral spillovers. Due to the internal market, increased mobility and cooperation and ECJ litigation, convergence of the architecture of higher education structures is unavoidable.

European reality is more complex: both views can be supported to some extent.

Higher education is located somewhere on the intergovernmentalist-supranational continuum.

Summary

Globalisation & HE. Themes:

1. The Changing nature of internationalisation:
   - More mobility
   - Changing rationales for internationalisation
   - Growth in additional forms of cross-border education
2. The changing role of government
   - Bigger role for Europe and other international/supranational institutions
   - Increasing institutional autonomy
   - Increasing role for private sector
3. Tension between the rationality of standardisation and the value of diversity
4. The national identity of higher education as a sector

Europeanisation, Internationalisation and globalisation in practice

Findings from the HEIGLO-project

Anneke Luijten-Lub

Perceptions of Internationalisation:

- Most respondents do not differentiate between 'internationalisation', 'Europeanisation' and 'globalisation'.
- 'internationalisation' is seen as "a concept broader than Europeanisation".
- 'Globalisation' is not perceived as a process currently affecting daily practice.
- The lack of clarity over the meaning of internationalisation relates to the fact that neither all HEIs in the same country, nor all faculties within a HEI pursue internationalisation activities with equal determination or for the same reasons.

Case studies on Higher Education Institutions

Selection of case studies:

- **Alpha** universities: large major (old) national universities that teach and do research in a wide range of disciplines.
- **Beta** universities: are younger and mostly smaller than the previous group, but are also involved in both teaching and research.
- **Gamma**: more professionally oriented in their teaching and less involved in basic research. Many of them have a regional focus.
- **Delta**: specialized institutions, involved mainly in one discipline (e.g. arts, business or technology).
- **Epsilon**: this group comprises the "odd cases" (e.g. open university, international institutes).

Data collection:

- Document analysis & interviews

Activities

- Student mobility and exchange
  - Practically all cases involved
- Staff mobility
  - Less frequent than student mobility
- International activities appear to be more integrated in graduate and post-graduate programmes, undergraduate more mobility activities

Export and transnational education

- Mainly UK, Germany and NL exporting and recruiting int. students: new source of revenue
- Germany: economic relevance guiding principle for participating in int. research
- Greece, Norway hesitant on competition

Goals and objectives

- Many case have set goals and objectives
- But: this does not mean internationalisation is high on the agenda! (UK, Portugal)
  - Central but not integral?
- Some cases aim for specific profile, e.g. promoting national culture internationally or EU profile

Organisational structures

- Int. part of regular operations and structure (but not in budget and planning)
- Many cases have int. office
  - Some set up early, e.g. Alpha No, UK cases
  - Most set up in 1990's
  - Very small institutions no central office
- Research managed seperately
- Adequate financial support not always available, sustainability sometimes problematic
- Particularly Alpha's leaders seem committed

Internationalisation of staff

- Administrative staff is professionalising international cooperation
- Academic staff is increasingly involved, but making strategic decisionmaking is shifting to central level and administrative staff
- Few activities in HRD and HRM related to internationalisation

Internationalisation of students

- Supported through international office
- Varied % of foreign students amongst cases and countries

Internationalisation Goals & Paths

- No overall “internationalisation” pattern can be defined.
- Different “paths” towards internationalisation;
- Paths serve certain aims, or the achievement of specific objectives.
- Choices of HEIs (or faculties and departments), are not mutually exclusive.
  - Different internationalisation paths may co-exist within the same HEI or within a country.

Curriculum changes

- Programmes adapted to Bologna Declaration
  - Hesitance in UK, Portugal and Greece
- Introduction of ECTS
- Joint/double degrees
- Languages
  - Germany, Norway and the Netherlands (and UK): expansion of English taught programmes
  - Portugal: maintaining Portuguese
  - Austria: foreign language courses
  - Austria, Germany, Greece, Portugal: local language training

Internationalisation Goals & Paths

- Range of responses:
  - from a niche seeker in a ‘competitive global education market’,
  - to cooperative strategy promoting activities with a predominantly, but not exclusively, ‘European’ or ‘regional/local’ focus.
- Internationalisation activities reflect different national traditions, institutional histories and missions

Institutional profile building: Global players

- Few HEIs: “global players”
- A competitive “internationalisation path” facilitates the objective of becoming an elite university with worldwide reputation. (Germany, UK)
- Internationalisation’ related to worldwide competition for recruitment of talented students, researchers and teaching staff. Their strategies also include:
  - Marketing
  - Alumni networks, to promote a highly internationalised profile
  - Representation or contact offices abroad

Institutional profile building: Heightening profile nationally

- Some HEIs: internationalisation as a means to consolidate the HEIs status
- Heighten HEIs prestige
- Use an international profile ‘locally’ (i.e. nationally).

Institutional profile building: Heightening profile within the EU

- Majority of HEIs: internationalisation in the framework of co-operation and networking for mutual benefit.
- Cooperation based on mutual trust
- Shaped by long standing bonds, linguistic ties and cultural affinity.
- Cross border cooperation is enhanced by geographical proximity

The following readings are closely connected to the previous presentations, as they formed the basis for these presentations. The first reading is from the PhD-thesis of Eric Beerkens, which he successfully defended in 2004. The other two are texts from another CHEPS research project on Higher Education Institutions' responses to Europeanisation, Internationalisation and Globalisation (HEIGLO project), which was funded under the 5th Framework Programme of the EU and was conducted together with CHEPS partners in Austria, Germany, Greece, Norway, Portugal and the UK.

Reading 1

Excerpts from:
Beerkens, H.J.J.G (2004). *Global opportunities and institutional embeddedness: Higher education consortia in Europe and Southeast Asia,* Enschede: CHEPS. Full version downloadable on:
http://www.utwente.nl/cheps/documenten/thesisbeerkens.pdf

The Concept of Globalisation in Higher Education

That globalisation is such a comprehensive processes and therefore can only be grasped in rather abstract definitions, has led to various conceptualisations of the term globalisation. In higher education research this has led to a wide range of subjects discussed under the heading of globalisation and higher education. Before discussing this range of subjects, we will first briefly address the frequently discussed issue of the difference between internationalisation of higher education and globalisation.

Confusion All Over: Globalisation and the Internationalisation of Higher Education

The confusion about the meanings of internationalisation and globalisation has also been apparent in the field of higher education. Internationalisation after all, had gained a typical meaning in this field. It has frequently been used not so much as an external process, but more as a strategy or an intended activity of higher education institutions. This becomes apparent if we look at the definition of internationalisation in higher education of Knight and De Wit (1995: 17), a definition that has become widely accepted in the domain of international education:

"Internationalisation of higher education is the process of integrating an international dimension into the teaching, research and service functions of a higher education institution."

Not surprisingly, the emergence and the increasing popularity of the term globalisation, has resulted in significant confusion about the relation between globalisation and internationalisation. Peter Scott (1998: 124) perceives the relation as dialectical:
"Globalization can not be regarded simply as a higher form of internationalization. Instead of their relationship being seen as linear or cumulative, it may actually be dialectical. In a sense the new globalization may be the rival of the old internationalization."

A different relationship is observed by Van der Wende, who argues that (for the case of higher education), internationalisation can be seen as a response to globalisation, which is also apparent from her definition of internationalisation (in Kalvermark & van der Wende, 1997) where internationalisation of higher education is seen as:
"including any systematic, sustained effort aimed at making higher education (more) responsive to the requirements and challenges related to the globalisation of societies, economy and labour markets."

Simon Marginson (2000: 24) reflects on the relationship between globalisation and internationalisation in more general terms:
"The term 'globalisation' does not refer to the growing importance of 'international' relations, relations between nations, per se. The term 'internationalisation' describes the growth of relations between nations and between national cultures. Rather, the term 'globalisation' is reserved here for the growing role of world systems."

The obvious interpretation that internationalisation refers to relations between nations, is confirmed by Currie et al. (2003). These authors, however, explicitly relate the processes with ideology (p. 11):
"…globalization represents neo-liberal, market-oriented forces enabling a borderless world, and internationalization represents arrangements between nation-states primarily cultivating greater tolerance and exchange of ideas".

Scott thus sees it as a dialectical relationship, Van der Wende suggests that there is a reactive relationship, and Marginson points to a growing role of

the international world system in the process of globalisation, while Currie et.al. portray the two as inherently different, relating the one to market forces and competition and the other to cultural forces and cooperation. A dialectical relationship can be supported if we return to our conceptualisation of globalisation. Internationalisation means setting up flows (connections) between two or more *countries*, while globalisation refers to a process where social arrangements that shape these connections become integrated on a worldwide scale. If we thus look at the ultimate outcomes of the processes, we can indeed say that the relationship between the two is dialectical. As long as we do not live in a truly globalised world however, globalisation will shape international flows and these flows again foster globalisation. Van der Wende's perception on the relationship between globalisation and internationalisation is related to this as she postulates the notion that internationalisation is a response to globalisation. This thesis is right, just as internationalisation can be regarded as a contributor to globalisation. This does not necessarily contradict Scott's dialectical relationship. Van der Wende's argument simply assumes (the reality of) a world that is not yet truly globalised, whereas Scott, sees a dialectical relationship between the ultimate result of globalisation and a world-order connected through inter-state relations. Marginson's view on the relation is that globalisation refers to the growing role of the international world-system. A growing role of the inter-national world-system can be understood as the transfer of certain social arrangements (e.g. authority over economy and politics but also over higher education) from the national level to the world system level, which indeed reflects our definition of globalisation. Marginson, however still speaks of an inter-national worldsystem, because he still emphasises a central role for governments; a notion that reflects reality, but not Scott's theoretical concept of true globalisation. In the meaning of Currie et.al., internationalisation is seen as a force contradictory to globalisation (or maybe even a counter response to globalisation).

Returning to our four conceptualisations of globalisation, it is argued that globalisation when approached as increasing interconnectedness (the geographical concept) is – for the case of higher education – reflected by the activities that we know as internationalisation: integrating an international dimension into the teaching, research and service functions of the university. As long as the (theoretical) state of a truly globalised world has not yet materialised, connections between nations will continue to exist and possibly even increase. The other three conceptualisations will be discussed in the subsequent sections. The question of authority and territorial sovereignty focuses on how university-state relations are reshaped. The question of culture is discussed through focusing on the tension between the appreciation of diversity versus the rationality of standardisation. Finally, the question of identity focuses on the nature of the university as an institution.

Increasing Flows, Increasing Interconnectedness

The geographical spread of linkages and the increasing interconnectedness between nations has long affected higher education institutions. In fact international linkages have always been part of the university. As observed in the general exploration of globalisation as a geographical concept, this conceptualisation does not question the matter of national sovereignty but refers to an increasing global interconnectedness. This is the process that in higher education is often referred to as internationalisation. International linkages have been apparent for a long time and reached global coverage in the late colonial period. Due to political developments, one might say that in the post World War era this global coverage was substituted by an East-West division during the cold war. In this period the motivations for international linkages were – in addition to the inherent educational motives – mainly cultural and political in nature. In curricular issues this becomes apparent in for instance area studies, comparative studies, language studies, international law programmes, etc. Also in the international flows of students, political motivations became important and strongly regulated by scholarships and exchange schemes. International exchange of students as a political instrument was also used in the case of European integration. In a comparative study on internationalisation strategies in European countries, Van der Wende (2001, 2004) observes that in many countries a shift is taking place from political, educational and cultural rationales for internationalisation towards an economic rationale. Internationalisation according to this rationale is seen as contributing to the skilled human resources needed for international competitiveness of the nation, and foreign graduates are seen as a key to good trade relations (Kalvermark and Van der Wende, 1997: p.230). Some countries also see more direct economic benefits by attracting more fee paying students to their institutions.

The various rationales have led to an increase of international flows in higher education. This has become especially apparent through the increase in flows of students across borders. In the period from 1980 to 1998, the

amount of foreign students increased from less than a million to over 1.5 million (UNESCO, 1993; 2000). But it is not just the physical mobility of students that constitute international flows. There is also staff mobility and exchange, there are flows of (financial) resources and of information and knowledge. In particular the exchange of information and knowledge has received a substantial boost through the emergence of new information and communication technologies. These new technologies have increased the opportunities for knowledge exchange in the form of scientific knowledge and research and information on for instance different systems or management models for higher education (enabling benchmarking and dissemination of best practices), but this has also enabled the provision of distance education and 'virtual' mobility of staff and students. Following our line of thinking, the increase in flows and the opportunities for creating new channels for exchange will also transform existing arrangements and structures in higher education. These transformations (relating to deterritorialisation, convergence and cosmopolitanisation) are discussed in the subsequent three sections.

The University and the Competition State: Losing and Loosening Grip

When we consider globalisation as the erosion of territorial sovereignty, we look at how the state is losing its grip on its higher education institutions, institutions that became very national institutions in the nineteenth and twentieth century (Neave, 2001). Of course governments are not just losing grip, they are also transferring this grip intentionally, upwards, downwards and sideways. This transfer is not just a consequence of or an expression of globalisation. It also emanates from the insustainability of the welfare states as they were constructed in the decades following the Second World War. We already pointed to the fact that we were discussing notions of the retreating state well before we mentioned the process of globalisation. This also goes for the governance of higher education, where the relationship between higher education and government has undergone massive change (Neave and Van Vught, 1991: 239; see also Goedegebuure et al., 1994; Neave and Van Vught, 1994). Nonetheless, the increase of flows has touched upon the authority and sovereignty of nation states as the caretakers of higher education.

Flows in higher education can take different forms: flows of students, flows of graduates, flows of information and course materials, flows of academic labour, flows of financial resources, etc. The increase in student mobility and the international opportunities for graduates have led to an increased demand for transparency and comparability of quality, credits, certification and degrees. Also the provision of courses and programmes across national borders through online education or students physically obtaining higher education in other countries can not just be ignored by national governments. Due to these developments, their higher education policies can no longer be solely based on national circumstances or benchmarked on national norms. Global competition in the labour market diminishes the power of governments to discretely set qualification requirements or accreditation criteria. In this domain, other governments and professional accreditation bodies also play a role. Part of their control on higher education is also lost since they no longer act as the sole provider of financial resources. Confronted with a decline in revenue or the progressive growth of social expenditures, many countries, at very different levels of development, tried to restrain the expansion of the public funding of education in general and of higher education in particular (Chevallier and Eicher, 2002: 89). These budget cuts force universities to look for alternative resources (Slaughter and Leslie, 1997: 111; Knight, 2003: 95; Currie et al., 2003: 56). Universities diversify their funding bases, not just within the national domain but also internationally, through research foundations, international business, international consultancy, supranational (e.g. EU) and international (e.g. World Bank) providers of resources and by acquiring tuition fees from international students. In many countries, the government's control on 'its' higher education to a large extent was a result of their role as the provider of financial resources and as legislator. In both these core functions, national governments are transforming. Deregulation processes have taken place in many countries and have often been accompanied by a decrease in per capita funding of higher education, leading to more mixed funding arrangements, stimulating an entrepreneurial approach of universities (Van Vught et.al, 2002). Financial means can no longer be taken for granted, but rely on input-, output- and/or quality-indicators and are frequently distributed on a competitive basis.

This does not necessarily mean that governments are actually losing in this respect. Governments – in governing the competition state – are actively involved in the transfer of authority. They may transfer authority and responsibilities to higher education institutions, to regional, supranational bodies and to the private sector. They may actually need to do this to give in to the reality of the increasing claims on public funds and the decreasing proportion that is available for higher education. However, governments

also actively try to improve the international competitiveness of their economies and strife for national educational and scientific excellence. To achieve this they can act collectively (e.g. the Lisbon Convention in the EU framework or the Bologna Process) or they actively promote the competitiveness of their universities by encouraging the exploration of new student markets and introducing market type mechanisms. Furthermore, to improve or retain the national competitiveness in global markets for finance, commodities, services and labour, the quality of education and the availability of knowledge are important, especially in knowledge intensive sectors. Governments therefore want to attract qualified researchers and high quality students in order for their universities to become competitive and produce a qualified labour force, compatible with the demands of the knowledge economies. This is motivating them to open up their borders, which at the same time makes them vulnerable to foreign competition. The current GATS negotiations illustrate this paradox of the competition state, where further liberalisation can offer opportunities for increasing national strengths and national competitiveness. On the other hand, it might also present severe threats to the authority of nations over their higher education systems. What can be observed is "*a need for countries to strike a balance between pursuing domestic education priorities and exploring ways in which trade in education services can be further liberalized*" (Knight, 2003: 91)

An additional theme in the discussion on higher education and globalisation in the meaning of the deterioration of national sovereignty is apparent in the discussion on higher education in developing countries and the influence of international institutions such as development banks and the IMF and bilateral and multilateral forms of development assistance. Usually access to financial resources does come with strings attached. Action programmes on higher education, but also more general action programmes and financial rescue packages come with requirements on changes in the education sector or the public sector as a whole (e.g. strict monetary policies, privatisation, and decentralisation). Although nation states allegedly have the choice to accept these packages (including the requirements), in reality several countries are not in the position to reject such packages. This does not mean that certain principles that are usually included in such policies (e.g. greater institutional autonomy, increase of efficiency) are not compatible with the demands of higher education in developing countries. It does however constitute an implicit loss of authority of governments on their higher education policies. Whether the transfer of specific models to developing countries is effective or desirable is a major topic in this theme. Other studies focus on the ability (e.g. Salmi, 2002) or inability (e.g. Stiglitz, 2002) of international players to develop policies that fit local circumstances. Studies in this area therefore also touch upon the more cultural conceptualisation of globalisation.

Threats to Diversity and the Rationality of Standardisation

The homogenisation or convergence thesis, which is often put forward in cultural conceptualisations of globalisation, can refer to many aspects of higher education: the organisational form of higher education institutions, the structure of education systems, curricula, teaching methodology, etc. The homogenisation thesis is often centred on a fear for homogenisation of content and the export of policy and management discourses. Examples of the first issue are for instance illustrated through the spread of the use of English as a language of instruction and research, or the disappearance of particular studies at the expense of others. In the case of policy and management, models and fashions rapidly diffuse across persons, organisations and nations, which do not necessarily evaluate the promises of rationality and efficiency that typically accompany such fashions (Krücken, 2002; Currie et. al., 2003). Examples of the worldwide diffusion of policy and management discourses are abundant. We can think of the current higher education policy discourse, in which models such as the 'entrepreneurial university' are spreading world-wide. In a similar fashion, one can also refer to concepts like 'new public management', 'total quality management' or 'student centred learning', which represent culturally legitimate models. In higher education, as in many other sectors, homogenisation is often feared, while diversity is something that ought to be aspired to. In this respect there is a natural tension between the advantages of mutual adjustment and comparability of systems on the one hand and the amenities of indigenous or traditional strengths on the other. This discussion is often very normative, expressing fears of McDonaldisation of higher education or academic colonialism (e.g. Brock-Utne, 2000). In the policy and management domain, this discourse often is highly sceptical about the influence of international agencies such as the World Bank, IMF or agreements like the GATS that are seen as the actors pushing for specific models in developing countries (Altbach, 1999). For the case of GATS, others argue that the WTO's influence in a particular country depends on the commitments that its own government may make to the various agreements (e.g. Van Vught et.al., 2002). In the developed countries, there is also a concern for convergence through increasing

importance of market forces in higher education (Currie, 1998). Concerns about competition also played a role in the harmonisation of qualification structures in the framework of the Bologna process in Europe (Van der Wende, 2002). In addition to states, universities are also seen as agents in this process through the expansion of their boundaries by establishing off-shore campuses and franchise agreements outside their national boundaries.

A Question of Identity: From National Establishment to Global U?

Our final conceptualisation of globalisation as cosmopolitanisation would suggest that higher education, its institutions and their students and staff are loosing their national identity and now base their identity on features other than their nationality. In this conceptualisation, the past reality of the university is that of an institution that was born of the nation state and that had, and still has, a national regulatory and funding context, a significant contribution to national culture and an establishment that trains students to become national functionaries (Enders & Fulton, 2002: 3-4). On the policy level however, one can observe a shift in national policies on higher education where national identity is losing influence. This is related to the fact that governments are loosening their grip on higher education. Higher education has long been used as a way of 'nation building'. Universities were not just educational institutions but also protected the national cultural heritage and provided the future leaders for the national society and economy. Many (but by no means all) universities nowadays offer education as a service that is not tied to a specific locality or nation but that has become a commodity for individual investment that can be purchased either in the country of residence, in other countries or in the virtual world. Even though higher education is still used as an instrument for creating cultural, social or economic cohesiveness, this now also takes place on supranational levels, like for instance in the European Union (through the Erasmus and Socrates programmes), but also in other economic or political regional blocks. Promoting a kind of 'Europeanness' and preparing students for European identity, citizenship and employability are objectives of various developments on the European level like the Bologna Process or the Tempus programmes (see also chapter 3).

The change of character at the expense of national identity is also apparent in universities as organisations. Most universities were, and still are, very much national institutions. Some institutions however are expanding their relationships and even their organisational boundaries towards regional or global levels. Universities are engaging in several international networks and associations based on their similar identities, not their nationalities (Beerkens, 2002). Some universities (e.g. Australian universities such as Monash, Swinburne and Curtin or the University of Nottingham in the UK) even 'globalise' by establishing branch campuses in other countries. Although these foreign campuses still need to comply with national legislation with regards to curriculum content and language of instruction, governments are in some cases loosening these restrictions in order to keep students in their countries or simply because they themselves cannot provide the capacity to live up to the demand for higher education in their countries.

This 'borderlessness' of education has also materialised through the emergence of new providers of higher and adult education. An Australian study, Cunningham et al. (2000) and a UK study (CVCP, 2000) observe the emergence of new providers such as corporate, virtual and for profit universities, aiming particularly for the non-traditional student segments, but also collaborative ventures between existing higher education institutions. These are new arrangements that may operate in national frameworks, but are much less national creations than many of the contemporary universities. Whether these new providers will substantially reshape and de-nationalise higher education is a question that cannot yet be answered. Some however do see such a change in particular segments of higher education provision: "the most globalised sub-sector is fee-based training, centred on the North American universities, producing credentials with global currency … the early stages of a global university system (is) in formation" (Marginson 1998; cited in Cunningham, 2000).

It is clear that "dissolving boundaries raise issues of identity, structure, co-ordination and regulation" (Middlehurst, 2001). These changes may lead to universities losing part of their national identity, substituting it for a global identity for some, and regional or local identity for others. To what extent the loss on one side (traditional values, cultural heritage, etc.) is compensated by benefits on the other (international awareness, knowledge about cross-cultural issues, comparability and transparency) remains a topic for debate. The 'national establishment' and the 'global U' operate in different environments, and their performance in these environments depends on how well they adapt their organisation and identity to the environment in question. However, the 'national establishment' and the 'global U' are often incorporated in one single university, expanding the

opportunities but also responsibilities for universities. According to Simon Marginson (2002: 413-414) what we are experiencing is a complex inter-penetration of the national dimension and with the global dimension:
"In some industries, global corporations may detach themselves from their founding national context and operate in the same manner anywhere. (On the other hand,) universities are too context dependent for this. Even when partly globalised, they remain grounded in 'thick' and complex relations within the local societies they serve".

Globalisation and Higher Education: Concluding Remarks

The discussion of the various conceptualisations of globalisation and their applications in higher education research illustrates the broad field included under this heading. Universities are objects as well as subjects, they influence and at the same time are affected by the process of globalisation (Scott, 1998: 122). Universities become disembedded from their national context due to more intense flows. At the same time this provokes further globalisation of higher education and of other sectors. Another point made by Scott is that all universities are subject to the same process of globalisation. Although one might claim that there is an all-embracing process of globalisation (which is not a useful concept), universities are likely to be affected differently by and contribute differently to globalisation of different arrangements. It may even be the case that different groups within the university are affected differently by globalisation and accordingly, react to it in different ways. Also various themes in higher education policies and institutional strategies might be affected by globalisation in different ways. These observations only add to the complexity of the relationship between higher education and globalisation.
An important point in the use of the term globalisation is that we need to know the answer to this question: the globalisation of what? The 'what' in this question can take on a wide variety of social arrangements ranging from the abstract to the concrete. For higher education research, the main distinction is between the globalisation of higher education and the globalisation of other social arrangements. The globalisation of economic sectors, for instance, is important to higher education, but we are talking about something different than when we are discussing the globalisation of the higher education sector itself. Furthermore, we need to indicate which part, group or meaning of the university is either globalising or affected by globalisation.

Finally, a distinction needs to be made between 'globalisation' and 'effects of globalisation'. Globalisation is sometimes treated as an equivalent to managerialism, marketisation, decline of the welfare state, the collapse of democracy, commodification or to a set of business practices. Using such definitions is mistaking 'globalisation' with (potential) 'effects of globalisation'. The process and its effects thus need to be separated, not equated. In equating the process of globalisation with its effects, ideological and normative views are frequently propagated. Quoting Toulmin (1999: 906), one might say that "globalisation is both a historical fact and a political football". This is confirmed by Scott's observation (2003: 212):
The lesson drawn by many political (and university) leaders was that the way forward for higher education was to abandon collectivist public-service publicsector policies and practices and embrace the 'market'; universities must seize the opportunity to become the leading organizations in the burgeoning global knowledge economy. Not to seize this opportunity was to risk marginalization – even, eventually, extinction. The discussion of the impact of globalization in higher education continues to be dominated by this neo-liberal orthodoxy, but it is this orthodoxy (better, ideology) that must be challenged if universities are successfully to embrace the 'world', in all its problematical diversity, rather than simply the global marketplace.

Although taking a critical stance is one of the functions of academe, facts and prophecies should be presented as such and should not be entangled. We will therefore take our neutral definition and place it in the context of higher education. Combined with the definition given in 2.1.1, globalisation of higher education can then be defined as
a process in which basic social arrangements within and around the university become disembedded from their national context due to the intensification of transnational flows of people, information and resources.

In this respect, the internationalisation of higher education is seen as both a reaction to and a driver for globalisation. Internationalisation of higher education reacts to globalisation by "making higher education (more) responsive to the requirements and challenges related to the globalisation of societies, economy and labour markets" (Kalvermark and Van der Wende, 1997). At the same time, by responding in this way, it shapes cosmopolitan citizens, identifies and analyses global problems and creates a consciousness of the world as a whole.

Reading 2

Excerpts from: Jeroen Huisman and Marijk van der Wende (Eds) (2004), *On cooperation and competition: National and European policies for internationalisation of higher education.* Bonn: Lemmens

Conclusions

It is apparent from this study that internationalisation of higher education is entering a new phase. No longer is it mainly about student and staff mobility, though these remain important. Rather as a key activity in the knowledge society higher education is becoming a key player in a wide range of international relations policies. With respect to our initial research questions (see chapter 1), the main findings of our comparative studies of national policies may be summarized as follows. In general, the trend towards more economically oriented rationales for internationalisation is persisting and in the UK especially it now appears to be the dominant driver of Higher Education internationalisation policy. Most of the other countries in the study are moving in a similar direction but more slowly.

However several distinctions need to be made. First, economic rationales may be related to the aim of improving the international competitiveness of the higher education sector itself or, as a result of the importance of higher education for the knowledge economy, to the aim of enhancing the international competitiveness of the national economy. Second, different approaches and models are chosen to achieve these aims, ranging from straightforward competition to European wide international collaboration to help improve the performance of European universities generally. There are many forms of international interactions between these two extremes, for example, bilateral arrangements between countries and between universities and development assistance to third world and to transition countries. In the view of many actors, the competitive form can be related to the concept of globalisation and the collaborative form to the concepts of internationalisation and Europeanisation. Tensions between these two concepts are visible particularly in discussions of the GATS issue.

Regulatory frameworks, especially degree structures and quality assurance mechanisms are being adapted to take international issues such as professional mobility and European Credit Transfer into account. Consequently, the links between internationalisation policies and mainstream national higher education policies are becoming stronger. The impact of the Bologna Declaration on this process is undeniable though progress towards the establishment of the Bologna qualifications framework is uneven across countries and is often linked to internal political pressure to reform degree structures. A consequence is that a certain convergence (i.e. of degree systems, credit and accreditation frameworks) can be observed at system level. However, as implementation of European frameworks is a country responsibility and defined by national contexts, constraints and priorities, diversity may remain or even be reinforced.

The importance of language in international higher education policies is shown in most of the reports. In part this appears through specific links that depend, at least in part, on linguistic similarities, e.g. Greeks dispersed all over the world, Portuguese speaking countries on other continents, but also and of growing importance, the emergence of English as the principal international language. Universities in several of the countries taking part in the study are establishing programmes, especially at postgraduate levels, that are taught in whole or in part, in English.

The increasing impact of both internationalisation and globalisation is a challenge for the policy views and options of national governments. Quality assurance, funding, deregulation, (privatisation and liberalisation) need to be reconsidered while taking into account both the consequent opportunities for internationalisation of the country's own HEIs, as well as the potential effects on the position of foreign institutions in the country.

Reading 3

Excerpts from: Jeroen Huisman & Marijk van der Wende (2005). *On cooperation and competition II: Institutional Responses to Internationalisation, Europeanisation and Globalisation.* Bonn: Lemmens

Internationalisation strategies

Institutional managers and academic staff involved in the development of institutional policy, at central and faculty level, consider internationalisation activities necessary or desirable for a variety of reasons. Their responses can be placed along a continuum that ranges from the formulation of a more or less explicit, institutional strategy (or faculty, or departmental strategy) to carve a niche for itself in a competitive global

education market, to responses based on a more traditional framework of cooperation in higher education that promote activities with a predominantly, but not exclusively, European or local focus.

International activities reflect different national traditions, institutional histories and missions. The national chapters show that internationalisation is seen as related to institutional profile building and the position the institution seeks in a global, European, regional or local hierarchy. The main drivers of internationalisation activities result from the pursuit of some combination of four main goals. The weight given to each of the goals varies very considerably between institutions.

The university aims to be a global player with worldwide standing and reputation in an open and highly competitive global education market.

- The institution or faculty wishes to consolidate or raise its reputation and standing in the EU or a cross-border region.
- Internationalisation activities, especially the recruitment of foreign students, are seen as being important or even necessary for the survival of a faculty or programme of studies.
- A belief that involvement in international work, especially the attraction of international finance to the local area, enhances the reputation and standing of the HEI or faculty locally and nationally.

These drivers relate to different internationalisation strategies; they are not mutually exclusive and may coexist within an institution or a country. In the same institution one faculty may use a globally competitive approach to internationalisation, aiming to achieve world player status, while another is more concerned to enhance its local reputation. The choice of a strategy rests ultimately with the agency of academics involved in the development of the relevant activities. However a combination of broader contextual factors may influence the policy choices towards a cooperation or competition framework. A combination of factors may prompt different responses at the organisational level or boost different types of internationalisation activities, depending on the prominence of disciplines and the teaching or research orientation of the institution.

Competition: Elitism and the achievement of world player status

A few universities, mainly in the UK and Germany in the present study, aspire or have a strategy for becoming recognised global players. These universities understand internationalisation as being related to worldwide competition among elite universities for the recruitment of bright, talented students, young researchers and renowned teaching staff. The recent appearance of global university league tables will undoubtedly help to focus the efforts of such institutions to retain and improve their position. For example, in a UK research oriented university (case α), there is a perception of internationalisation as a process that encompasses the whole world. It is accompanied by an explicit international student recruitment strategy, comprising highly selective student recruitment, where international applicants are slightly more highly qualified than UK applicants since much of the institution's postgraduate work is heavily dependent on international students. The recruitment strategy is supported by a policy of encouraging local students to do part of their degree programmes in another country.

In Germany too, there are instances (cases δ and α) of research oriented HEIs that seek internationalisation and excellence on a broad scale with a touch of entrepreneurialism. Marketing strategies were designed and an alumni network was set up to promote a highly internationalised profile. Three of the German universities included in the sample have opened (or plan to open) representation or contact offices abroad (New York, Brussels, Singapore and China). Such HEIs undertake radical internationalisation and attract foreign students through specially designed programmes offered in English. The German chapter indicates that this process was linked to institutional profile building (at least of certain faculties and departments) with a view to ensure competitiveness and performance in order to export education services and become fit for the global market.

Co-operation and networking: Strengthening the regional institutional profile

The majority of interviewees involved in institutional policy-making, in all the countries taking part, acknowledge both the changing landscape and the trend towards heightened competition in education. However many consider an internationalisation strategy based on global competition as either out of reach or undesirable. The main internationalisation activities developed in most universities and colleges do not explicitly aim to

position them as global players. Many higher education institutions undertake internationalisation activities in the more traditional academic context of co-operation and networking (in research and teaching) for mutual benefit. Such universities and colleges usually prioritise the European or regional level with the aim of creating a strong profile within the European Union or regionally, especially in cross-border areas.

Much cross-border cooperation of this type is based on mutual trust, occasionally shaped by long standing links and is enhanced by geographical proximity, linguistic ties and cultural affinity. In an analogous manner cultural and linguistic affinity appear important for the development of internationalisation activities of Portuguese and Greek universities, based in the former case on the relations to Brazil and former colonies, and in the latter on relations with ethnic and migrant Greeks abroad. Networking in all disciplines or in a specific field, reinforced especially through EU policies, appears to be especially valuable for the development of internationalisation initiatives based on cooperation. Such cooperation is based on collaborative research, the exchange of practices, exchange of students and staff or jointly working on the development of programmes of study or quality assurance.

The Austrian report indicates that the location of the country itself favours the attraction of foreign students from Germany or Northern Italy, since they can still study abroad in their mother tongue. For one regional institution (δ), its location near Lake Constance is so important that internationalisation is identical with cross-border cooperation in the closer region. The importance of this geographic location, at crossroads of Germany, Switzerland, Austria and Liechtenstein, is also supported by the existence of a network of higher education institutions, the *Internationale Bodensee Hochschule*. This network, which has a strong regional orientation, is a spin-off of a political network of provinces (of the four countries) located around the Lake of Constance. It supports the establishment of joint study programmes and applied research projects.

β University in the Netherlands is involved in the ALMA network, which is a cooperation platform for four universities of the Meuse-Rhine region. The universities are aware of the unique character of their geographic location and their mutual connections and on these grounds they want to create and maintain particular forms of cooperation in the field of education, continuing education and the sector of the services to the community. The Norwegian report indicates that Nordic cooperation, which has a long tradition, is perceived as a self-sustained activity. Although the Nordplus programme is not actively promoted, participation is consistent and Nordic educational cooperation is seen as well integrated. Such cooperation is seen as more important in fields where the Nordic countries operate in related ways (e.g. law), in fields where the academic environments could benefit from a larger critical mass (of students) than the home institutions can provide, and in the natural sciences where expensive equipment might be shared. Sometimes such links are the result of historical and cultural ties rather than geographic proximity. The Portuguese report states: "…the cultural/linguistic issues play an important role in the internationalisation process of higher education… Portuguese is important to attract people from former colonies". In Greece cultural issues are prominent in the formation of policy in A Gr while in other universities research and advance training cooperation are aimed at strategically.

Internationalisation for survival

The case studies contain accounts of a number of institutions for which international recruitment of students is essential for the existence of the institution. Some of them were founded explicitly for this purpose. In one of the Austrian δ institutions, for example, nearly 60 per cent of its students are from outside Austria and about half of the faculty members come from abroad. Additionally, many of them are very active internationally, as musicians, teachers or as judges in contests. The Austrian chapter notes that in a global context, teachers (at δ) automatically see themselves as missionaries or unilateral exporters of a specific cultural product, while their graduates from abroad often seek employment in Western Europe. A somewhat different slant is provided by some of the English institutions where it is remarked that even in the α university "the viability of much of its postgraduate work is heavily dependent on the recruitment of international students; 55 per cent of its postgraduate students are from outside the United Kingdom". More generally the UK case study reports that in the γ institutions particularly "… the other and much more powerful driver at the beginning of the 21st century is to fill gaps left by weaknesses in UK student recruitment. Some departments are unable to fill their available places with UK students, and students from other countries of the European Union help them to meet their student number targets and in some cases to become economically viable. Science, Engineering and Technology were most frequently mentioned in this respect".

Internationalisation as a means of improving the institutional profile within the country

For the γ group of higher education institutions in particular, internationalisation activities often do not aim primarily at the positioning of the institution (or the faculty) in Europe or globally. Rather internationalisation is seen as a means to consolidate institutional status, increase prestige and to project an international profile locally or nationally. This appears to be the case of a teaching oriented, Greek higher education institution (γGr), operating within the technological education sector, which recently acquired university status. In this case internationalisation activities heavily depend on EU funds and mainly encompass participation in Socrates student exchange programmes and the establishment of joint Masters' programmes. A similar trend is observable in two Norwegian HEIs. For γ, the idea of becoming a university within the next 5-7 years is an important driver for the internationalisation of the college, while δ uses internationalisation as a way to market and profile the institution nationally. In the γ case studies in the UK, international activity was seen to a large extent as one way of consolidating the institutions' self image as universities. In γ South, there was much talk of the university being a gateway for the local community to a wider world. The director for international affairs in γ South stressed the regional orientation with an international dimension, rather than an international orientation as such. This is an integral part of emerging regional development policies. In γ North, the regional and international orientation were also combined: the university tendered for EU regional funds together with local councils.

Recommendations

Three main orientations from this study will guide our recommendations for policy:

- Increasing activities

The term internationalisation is covering an increasingly wide array of activities, strategies and policies. Both at the national and at the institutional level competition-type of approaches (more economically driven and market-oriented) and cooperation-type of approaches (more academically and culturally driven) can be distinguished. But as this study has shown, neither empirically nor conceptually these two approaches can be really separated; many mixed forms and types exist, at national level and also very often so within single higher education institutions.

- Growing diversity

Diversity within institutions can also be observed with respect to the level of education. Undergraduate levels are more characterized by short-term exchange, internships, etc. while at the graduate level more degree mobility, joint and international programmes (often taught in English) can be discerned, as well as activities more bound to the internationalisation of research.

- National embeddedness

Despite all the research demonstrating the growing importance of internationalisation, and even more the rethoric in this respect, higher education institutions' behaviour (including their internationalisation strategies) are (still) mostly guided by national regulatory and funding frameworks. For internationalisation in particular, historical, geographic, cultural and linguistic aspects of the national framework are of great importance.

Consequently, it is first of all impossible to formulate policy recommendations in terms of "one size fits all type of solutions". Secondly, the institutional level should not be overestimated; besides institutional strategies, many different activities and strategies are going on in different parts and at various levels of the institution. Thirdly, national policies do matter, although probably more so in the general sense than in their particular focus on internationalisation.

Institutional autonomy is key

Higher education institutions should be encouraged and enabled to develop and pursue their own distinct internationalisation profiles, based on choices that fit their strengths, particular characteristics, environment and their own steering models (e.g. more or less centralised, more or less competitive approaches). If national governments take internationalisation serious, further deregulation seems warranted (e.g. with respect to admission, tuition fee and language policies) in order to enable the institutions to be internationally active and more responsive to challenges of globalisation. At the same time, more efficient and effective management of higher education institutions is necessary. Leadership and management are more complex in an international context.

Europeanisation of policy and regulatory frameworks

A further convergence of regulatory frameworks at the European level is necessary, especially in the areas of degree structures, quality assurance, recognition, etc. The continuation of the Bologna Process will help to create the European Higher Education Area, although the process and the area itself should be better thought through for their consequences for internal and external dimensions of cooperation and competition. In which way(s) can for instance intra-European cooperation contribute effectively to global competitiveness of Europe as a whole and how does this relate to competition between EU members states? This relationship between European cooperation and international competitiveness also needs to be better understood in the context of the Lisbon Agenda. Further consideration also needs to be given to how this process of convergence at European level relates to deregulation at national levels.

Particular internationalisation policies

Policies focusing in particular on stimulating the internationalisation of higher education will be more necessary in certain contexts than in others; when incentives and conditions (institutional autonomy) stimulate institutions sufficiently in their internationalisation agenda, such policies may become obsolete. In any case, internationalisation policies should pay adequate attention to activities at the sub-institutional level (like in international research cooperation). Much of the actual internationalisation activities are undertaken at these levels. Policies should differentiate between undergraduate and graduate levels, (e.g. between short and long term mobility of students). And national governments should ensure that internationalisation policies for higher education are not hindered (negative interference) by measures in other policy areas (e.g. immigration policies).

Exercises

- After having read the different approaches to internationalisation, globalisation and Europeanisation, how would you define internationalisation, globalisation and Europeanisation in the context of higher education?

- Countries and higher education institutions can deal differently with the challenges of Europeanisation, internationalisation and globalisation, as is shown particularly in the second presentation and third reading. With the help the presentation and reading, identify and analyse your higher education systems' or institutions' response to the challenges of Europeanisation, internationalisation and globalisation. Give the six most important responses to these processes.

- The presentation and reading by Beerkens addressed the possible changing role of government in relation to globalisation. What is the role of your government in the internationalisation of higher education in this context and is its role changing?

- The CHEPS research project as presented in the second presentation and readings 2 and 3 has shown that countries have their own approach to internationalisation of higher education, sometimes explicated in specific policies and sometimes less specified. Furthermore, the connection of a specific policy for internationalisation to other higher education policies can vary.
  Is there a governmental policy for the internationalisation of higher education in your country?
  - If so, what is the main driving rationale behind it: economic, cultural, educational or political?
  - If so, how is the policy for the internationalisation of higher education linked to other policy for higher education?

- In the final reading, four strategies for internationalisation were presented.
  - Competition;
  - Cooperation and Networking;
  - Internationalisation for survival;
  - Internationalisation as a means of improving the institutional profile within the country.

  What strategy is your country or institution taking in internationalisation?

Further readings

Please see the full books from which these excerpts have been taken.
Marijk van der Wende's Inaugural lecture is also available on the CHEPS website (www.utwente.nl/cheps)

7 Quality Assurance and Accreditation

Don Westerheijden

Introduction

This chapter aims to provides readers with an overview of the state of the art and possible future developments around quality assurance and accreditation across Europe so that they are able to take a position in this debate and defend it with theoretical and empirical arguments.

Quality of higher education, as far as I can see it from where I stand, arose as an issue in policy because of a breakdown of traditional relationships of trust between higher education and politicians, representing the society. It should be observed that quality itself was not new. In the words of the eminent historian of higher education, Guy Neave: 'quality is not "here to stay", if only for the self-evident reason that across the centuries of the university's existence in Europe, it never departed' (Neave, 1994: 116). Why did politicians no longer trust higher education to work quietly in its legendary ivory tower? The answer seems to lie in the increased importance that higher education had begun to be given since the Manhattan Project and the 'Sputnik shock' in World War II and its Cold War aftermath. Once it had been realised that science was more than a game for an elite in an ivory tower and higher education more than a school for clergy and government officials, as it had been seen until then—reducing almost to a caricature eight centuries of history in this single-sentence summary—it rose on the political agenda. Which had the advantage that governments were willing to invest much more in higher education and to widen access in order to have a large well-educated work force. The massive growth of access to higher education and the consequent 'external democratisation'—or 'massification'—took place at different times in different regions of Europe: broadly speaking, from the 1960s and 1970s in the West, to the 1980s in the South and to the 1990s in Central & Eastern Europe. At first, the Western European economies in their post-war expansion had no problem funding higher education's expansion. Later though, the level of funding for higher education was so high that a ceiling seemed to have been reached. At the same time, a ceiling effect was visible all over the governments' budgets, in combination with less advantageous economic times in the 1970s and 1980s. Probably, the student movement of 1968 and afterwards did not increase society's trust in the strongholds of youth, democracy (the governance of universities was democratised after 1968, e.g. in Germany and in the Netherlands), and other little understood values like critical debate.

Moreover, the relationship between governments and societies seemed to change around the 1980s. In many countries, governments were no longer trusted to work impartially and efficiently for the common weal (which left-wing movements had denied for over a century). 'Government failures' came to balance the 'market failures' for which governmental intervention in market had been designed in the first place, leading to ideas of 'New Public Management' and to a smaller role for governments in regulating interactions in society (neo-liberalism and neo-conservatism went hand in hand in this respect). Accountability for what governments did with tax money became a general demand, also affecting higher education's (growing!) share of the state budget.

This chapter

The United Kingdom was one of the first European countries where quality assurance rose to prominence at the end of the 20th century. There were two other 'pioneer countries' in Western Europe: France and the Netherlands. A very different development was followed in Central and Eastern Europe, where accreditation was a much more prominent phenomenon. After the Bologna Declaration, accreditation became more prevalent in Western Europe too, as will be shown in the first presentation. How the combination of post-communist transformation and the new Bologna process affected Hungarian higher education institutions, will be treated in the second presentation. These presentation are followed by reading that outlines the current movements towards a European dimension in Quality Assurance and Accreditation. The chapter ends with some exercises and suggestions for further reading.

Quality Assurance
Between Bologna and Bergen
Recent Developments
in the European Higher Education Area

Don F. Westerheijden

The Bologna Declaration
Why Did Ministers Sign?

- My opinion: There were 29 Bologna Declarations
- Each country had a national agenda for reform
  - E.g. Germany: shorter time to degree
  - E.g. Netherlands: international recognition
- The Bologna Process got its own dynamics afterwards
  - Proof: it continued even though all Ministers changed after elections
- Note: it is not an EU process
  - But EU Commission later gained important place

The Bologna Declaration
Aim and Rationales

- Main aim: To establish the European Higher Education Area (EHEA) by 2010
- Main rationales:
  - Increase 'the international competitiveness of the European system of higher education' in the world
  - Promote mobility within Europe
    - Europe = all countries undersigning 'Bologna'
    - 1999: 29 countries
    - 2003: 40 countries

The Bologna Declaration
Why Did Your Country Sign?

- Was it:

  A) only *acquis communautaire* which had to be adopted, or

  B) Were there also internal reform agendas, or

  C) Were there primarily internal reform agendas for which 'Bologna' was a 'window of opportunity'?
- If B or C: What was on the reform agenda?
  - Whose reform agenda?
  - Who was against?

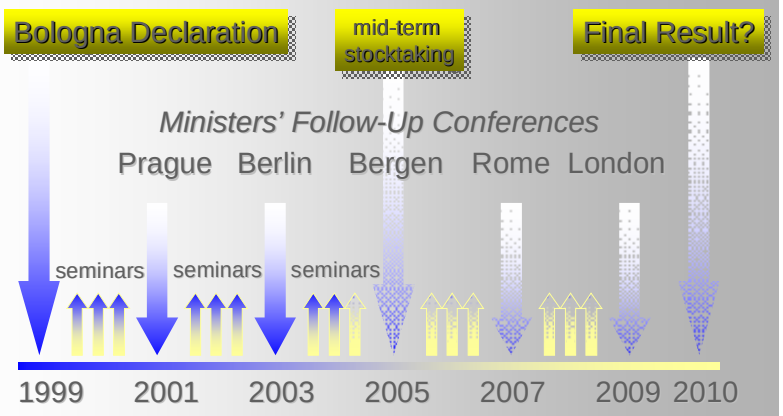
Bologna and Lisbon-2000

- Lisbon Agenda: to make the EU economy the most competitive in the world by 2010
  - 'European Research Area' (ERA)
- Development of knowledge economy
- Important roles for higher education institutions:
  - Mass education for 'knowledge workers'
  - Innovations in industry build on research
- Operational goal (Barcelona 2002): 3% of national product (GDP) to research
- 2.2005: CEC-document *New start for Lisbon strategy*: becoming 1st was over-ambitious, 3% goal maintained.

The Bologna Declaration: 6 Objectives (1-5)

- 'easily readable and comparable degrees'
  - 'also through … the Diploma Supplement'
- 'two main cycles, undergraduate and graduate'
  - 1st cycle: ≥ 3 years
  - 1st cycle: 'relevant to the European labour market'
- 'a system of credits - such as in the ECTS system'
  - 'also … acquired in non-higher education contexts'
- 'Promotion of mobility by overcoming obstacles'
- 'European dimensions in higher education'
  - 'curricular development, inter-institutional co-operation, mobility schemes and integrated programmes of study, training and research.'

The Bologna Process



The Bologna Declaration: 6 Objectives (6)

- 'Promotion of European co-operation in quality assurance with a view to develop comparable criteria and methodologies'

- Comment: Bologna Declaration is vague about quality assurance
- Role for quality assurance: it is the mechanism to provide much-needed transparency

Design Rules for Quality Assurance from 'Bologna'

- The object of evaluation has to be the degree
  - Because that is the 'passport' students get
    - to study abroad
    - to enter the European labour market
  - Programme Accreditation is 'logical preference'
  - Drawback: 1000s of programmes per country
    - Number of programmes is even doubled if reform is needed from single-cycle to bachelor + master
- Europe-wide transparency
  - What is specific, what is common to degrees from Slovenia and Holland etc.?
  - My opinion: we do not have to aim for uniform bachelors etc.

Follow-Up Conference Berlin, September 2003

- Communiqué sets operational goals until 2005
  - Comment: sense of urgency among Ministers (Darinka: that was David Coyne's influence)
- Considerations regarding quality:
  - 'quality … has proven to be at the heart' of EHEA
    - It is the 1st topic in the list!
  - 'stress the need to develop mutually shared criteria and methodologies'
    - Comment: not uniform quality of programmes!
  - 'primary responsibility … each institution itself'
    - 'basis for real accountability'

Follow-Up Conference Prague, May 2001

- With regard to quality assessment, the phrase was much longer than in Bologna…
- … but there was not much more clarity in content.
- However: designation of ENQA as 'champion' of the further process, or 'spider in the web'.
  - ENQA = European Network of Quality assurance Agencies
    - 'Europe' = European Union = 25 countries
    - Extended to all Bologna countries, in 2004

Follow-Up Conference Berlin, Goals for Quality Assurance

- 'by 2005 national quality assurance systems should include':
  - 'definition of the responsibilities of the bodies and institutions'
  - 'Evaluation of programmes or institutions'
    - internal, external, participation of students, and publication of results.
  - 'A system of accreditation, certification or comparable procedures.'
  - International participation, co-operation and networking.

Follow-Up Conference Berlin, Goals for Quality Assurance

- Responsible for action ('Berlin Mandate'):
  - 'ENQA through its members', in co-operation with
  - EUA [European University Association],
  - EURASHE [Association of non-university higher education institutions] and
  - ESIB [association of national student unions]

Between Berlin and Bergen (May 2005)

- My opinion: ENQA was given a 'mission impossible'
- Again a lot of seminars, difficult to follow what is going on
- 4.11.2004 there was an ENQA meeting to discuss draft papers on its assignments
- … and to reform itself into a membership organisation

Follow-Up Conference Berlin, Goals for Quality Assurance

- Goals of cooperation:
  - 'to develop an agreed set of standards, procedures and guidelines'
  - 'to explore ways of ensuring an adequate peer review system for quality assurance and/or accreditation agencies'

Is European Quality Assurance Needed for Students and Employers?

- Distinguish initial ß à post-initial higher education
- Initial higher education
  - Title: 'bachelor'. Functions:
  - Initiation and transformation of students
  - Mostly local or regional catch-basin for students
    - Implies: mostly local or regional information on quality needed—more efficiently at national level?

Is European Quality Assurance Needed for Students and Employers?

- Post-initial higher education
  - Titles: 'master', 'Ph.D.', 'bachelor'[!]
    … and diverse forms of life-long learning
  - These students are 'informed consumers'
  - Sometimes local/regional, sometimes European market
    - There is a need for European quality information on post-initial higher education
    - But this can include 'bachelor', *ergo* cannot be operationally distinguished form initial higher education.

Development of Evaluation and Accreditation in 20 Countries

Quality Assessment	Accreditation
1983: 0 countries	1989: Close to 0 countries
1992: Almost half of countries	1998: Almost half of countries
2003: All countries	2003: Almost all countries

Is European Quality Assurance Needed for Students and Employers?

- Users' information needs are, I maintain:
  - Robust, not esoteric distinctions
  - *Effectus civilis*, that is: What is the meaning of the degree on the labour market?
    - official accreditation and recognition regulations may be less important than …
    - … a good answer to the question how to achieve trust in degrees from different study programmes
      in the eyes of employers or society?

Some Recent Initiatives at the European Level

- 'Dublin Descriptors'
  - identification of comparable outcomes of B/M degree levels
- Tuning Educational Structures in Europe (*Tuning*)
  - identifying outcome levels for separate disciplines
- Both use competence approach
- Further tested in
  - Transnational European Evaluation Projects (*TEEP I, II*)
  - Tuning-2
  - Results remain mainly at methodology level
  - No common 'European level' of quality in fields (yet)

Limitations of Quality Assurance

- It leads to statements about study programmes or higher education institutions (faculties) …
- … not about individual graduates or students
- Moreover, credits, options, modularisation, recognition of previous work experience 'deconstruct' the idea of a coherent study programme as a recognisable unit for evaluation
- Conclusion: Diploma recognition remains important

Concluding Remarks

- Quality assurance and accreditation are instruments to provide transparency
  - Universities can operate in European HE Area autonomously …
  - … but would be helped by clear national frameworks
    - For degree structure (B/M/D)
    - For Diploma Supplement
      - and diploma recognition
    - For credit system
    - For accreditation

Concluding Remarks

- Bologna process operates without legal framework at European level
- Pro:
  - Flexibility regarding general direction ('EHEA')
  - Flexibility to adapt to national agendas
  - Fast implementation possible in national regulations
- Contra:
  - Uncertainty about meanings and intentions
  - Students have no right to mobility etc.

QUALITY MANAGEMENT IN HIGHER EDUCATION:
Case study in Hungary

Tibor Csizmadia

Some general information I.

- Student number in 2004: 409.075

- Number of HEIs in 2004
- 19 state universities
- 12 state colleges
- 5 church-maintained universities
- 21 church-maintained colleges
- 11 private colleges

Content

- Some general information
- Hungarian Accreditation Committee (HAC)
- Protocol
- Institutional QM models
- Main results of surveys in Hungarian HEIs

Some general information II.

- Main types of degrees:
- two-year vocational programme,
- college degree programmes,
- university degree programmes,
- PhD.
- Subject areas (Government Decree, 2000): 56 disciplines within 8 areas of knowledge: natural sciences, engineering, medicine, agriculture, social sciences, humanities, arts and theology.

Some general information III.

- The HE act regulates quality assurance in Hungary.
- It authorises the HAC to carry out external evaluation for accreditation, the HEIs to take responsibility for their internal quality assurance and the minister of education to oversee the quality of HEIs.

Some general information IV.

- Parliament determines
  - HE development and its annual budget,
  - establishes or closes state HEIs,
  - endorses non-state institutions,
- The government
  - establishes or closes faculties,
  - appoints HAC members,
  - and issues other decrees on HE, such as
    - national qualification requirements for degree programmes,
    - fundamental regulations concerning HAC

Some general information V.

- The minister of education
- authorises the establishment of undergraduate study programmes
- and appoints the secretary general of HAC in agreement of its president.

The Hungarian Accreditation Committee I.

- The HAC is a legal entity, an independent professional body in the service of Hungarian HE.
- Accreditation – carried out by the HAC – is the only one official form of external quality assurance for HEIs in Hungary.
- The money for its operation is ensured by Parliament.
- It consists of 30 members, in addition to non-voting members: 15 (HEIs) + 10 (SRIs) + 5 (POs)

The Hungarian Accreditation Committee II.

- The one area where HAC has decision making powers is the establishment of doctoral schools.
- Its basic authority is to 'express opinions' on various issues – advisory function (including accreditation) – and the final decision is made by the minister of education, government or parliament, as the case may be.

Institutional accreditation

- The first cycle of institutional accreditation was completed in 2001 while the second round began in 2003. The validity of an accreditation, once given, stretches 8 years.
- For institutional as well as all types of programme accreditation procedures, the HAC involves external evaluators. For institutional accreditation the evaluators make up the visiting teams.

Accreditation

- All HEIs must be accredited to be state-recognised.
- Accreditation is carried out via:
- institutional accreditation – involving all the degree programmes of institution
- preliminary accreditation – applying for licence to operate
- the approval of degree programme - being launched for the first time in the country
- the approval of new degree programmes at an institution – having to meet the standards set down in the qualification requirements.

Institutional accreditation

- all HEIs and their study programmes are accredited every eight years;
- all elements contributing to degree or diploma (the main output of HEIs) should be evaluated, so three units asked to prepare self-evaluation reports including:
  - the institution as a whole;
  - the faculty; and
  - the study program leading to degree.
- The department and any other unit contributing to a study programme (e.g. laboratories, clinics, etc.) are assessed through team visits from the perspective of how they contributed to the degree as the expected output.

Programme accreditation

- An institution granted accreditation in a discipline may run vocational or specialised postgraduate programmes in its accredited disciplines.
- So, once an institution is accredited for a discipline, only new undergraduate programmes have to be accredited.
- Doctoral schools at universities must be accredited and have to belong to one of the listed disciplines.

Future

- In the new round of institutional accreditation
- HAC will evaluate the annual reports for progress in the institutional QM and educational provision.
- It should be less formalistic than before and focus more on substance than on indicators,
- It should develop the improvement of the accreditation process and its advisory role rather than call on institutions to account for their quality,
- Its activities should be more transparent and public.

Programme accreditation

- The general accreditation requirements concerning the accreditation and preliminary accreditation of programmes set down what each type of programme must contain in terms of minimum content (teaching stuff number and qualifications, curriculum, facilities and equipment) in order to be accredited.
- There are additional criteria for programmes in particular disciplines.

Future

- The HAC will provide a detailed analysis instead of grade (four scales), it will
- examine the institutional quality management system,
- accredit disciplines instead of individual programmes by spot-checking a few programmes,
- select the programme for evaluation based on the annual quality audit reports of the institution,
- and concentrate more on process and output factors of a programme.

The protocol of MoE

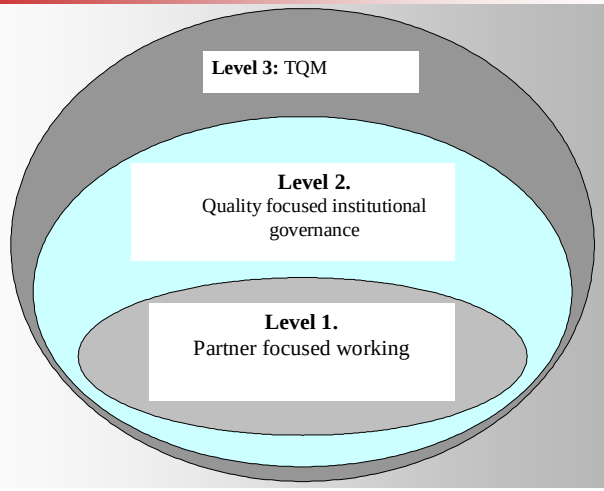
- According to the HE act the institutions have to implement quality assurance systems (QAS).
- HEIs are engaged the institutions to introduce their QAS up to the end of 2001.
- The MoE developed a protocol to the institutions that can help them to build up QAS.

Comparison of some QM models I.

0 = lowest, 4 = highest

Adequate framework	EFQM	ISO 9001	ISO 9004	Proto-col	HAC
QMS	0	4	4	0	0
Policy and strategy	4	1	1	1	1
Learning outcomes	3	1	3	2	2
Design of curricula	3	1	2	1	3
Design of student examination	1	1	2	2	3

The protocol of MoE



Comparison of some QM models II.

0 = lowest, 4 = highest

Adequate framework	EFQM	ISO 9001	ISO 9004	Proto-col	HAC
Resource management	4	2	3	1	2
Quality information system	1	1	1	0	0
Commitment of leaders	4	3	4	3	3
Satisfaction of stakeholders	4	2	4	3	3

Results of two surveys concerning QM in HEIs

- HAC: 2004, summer
- Mine: 2004, fall

- Response rate of HAC survey: 72 %

- Response rate of my survey: 68 %

Results of two surveys concerning QM in HEIs

Existence of institutional QMS

- Yes: 38 %
- On the way or planned: 51 %
- Not planned: 11 % Source: My data

The QM models used

- ISO: 14 %
- TQM: 10 %
- EFQM: 4 %
- Other: 10%
- Not yet: 62 % Source: My data

Results of two surveys concerning QM in HEIs

Institutional organisation or person who are responsible for QA

- Yes: 93.9%
- No: 6.1 % source: HAC

Students participate in institutional QA work

- Yes: 49 %
- No: 51% source: HAC

Results of two surveys concerning QM in HEIs

During the implementation of QMS – external consultant

- Yes: 34 %
- Not: 66 % Source: my data

Doing self-evaluation at least once:

- Yes: 64 %
- Not: 36 % Source: HAC

Results of two surveys concerning QM in HEIs

Who are the main stakeholders?

- Demand side: 1. students, 2. academics
- Satisfaction survey: 1. students, 2. alumni, 3. academics

Source: Both

Positive results of QMS implemented

- Quality indexes: rational regulation based on objective data
- Improvement of information flow
- Improvement of planning processes
- Comparability of academics, departments, faculties
- Transparency of processes
- Regular self-assessments

Problems realised during QM implementation

- Too much administration
- Lack of resources (money, capacity and competence)
- Spatial dispersion
- QM way of thinking
- Lack of specialised QM model for HE
- Lack of commitment of leaders

Suggestions for implementation

- Developing HE specific QM model
- Inviting external consultants with HE experiences
- Commitment of leaders
- Education for staff

Appendices: Further Information

Institutional accreditation

- At the institutional level (the same items are evaluated at faculty level):
  - Mission statement and strategic plan
  - Management and governance
  - Regional role,
  - Approach to research
  - Basic statistics concerning infrastructure

The Hungarian Accreditation Committee

- It consists of 30 members, in addition to non-voting members:
- 25 of the members are delegated by HEIs and scientific research institutions (the Hungarian Academy of Sciences and the National Committee for Technical Development);
- 5 members are delegated by professional organisations and chambers.

Institutional accreditation

The preliminary accreditation for new institution:

- data on the foreseen purpose and role of the institution,
- the professional background of its academic and non-academic staff,
- the institutional available infrastructure and its foreseen development, and
- detailed curricula for the degree programmes to be offered.

Institutional accreditation

- HAC accredits national qualification requirements. They set the framework for all degree programmes taught in Hungary. The requirements describe the expected content and outcomes, including
  - the main examinations,
  - the knowledge, skills and competences to be attained,
  - credit points of all degree programmes, …..
- New qualification requirements initiated by institutions.

Programme accreditation

The HAC conducts programme accreditation within and separately from institutional accreditation. The types of programmes are:

- doctoral schools,
- national qualification requirements,
- new programmes to be launched at institutions,
- specialised post-graduate programmes,
- and vocational HE programmes.

Institutional accreditation

Application for launching a degree programme – in which there already are accredited qualification requirements – focus on

- teaching staff and infrastructure,
- as well as the curriculum.

Programme accreditation

For study programmes:

- Broad aims, including curriculum development policies, admission requirements, the make-up of curriculum (including type of work involved, work-load, examination schedule)
- Courses and subjects including academic staff qualifications, subject content, teaching materials and related research

Self-assessment topics

- Governance
- Policy and strategy
- Education and research activities
- Resources
- Networks with partners
- Main institutional results
- QMS

Level 1. Partner focused institutional working

- Institutions should focus first of all to the demands of students, including their expectations and opinion concerning the education, teachers' performance, and infrastructure of education.
- Employers can provide useful information regarding the institutional planning and improving activities.
- The involvement of the institutional staff in the quality improving work can enhance the establishment and the implementation of institutional strategies.

Meaning of Levels in the Protocol

Level 1. Partner focused institutional working

- Further groups can be involved into the circle of partners according to the specific feature of a particular institution.
- Goal intended: Institutions should regularly collect demands and satisfaction of their partners, analyse data and information received and build them into their improving plans.
- 3 key partners:
  - Students
  - Employers
  - Institutional staff

Level 2. Quality focused institutional governance

- Goal intended: Institutional management should build quality focused view into their traditional governance tools; including
- The institutional improving plans should be partner focused.
- Basic management processes (planning, controlling, assessment) should be partner focused.
- Institutional management should continuously measure and estimate the institutional and faculty working.
- Institution should use some general and specified quality indicators that inform the management of the change of the quality of annual institutional work

Level 3. Total Quality Management

- Goal intended: The most important processes should be controlled in each area of the institutional operation. The operation should be continuously and deliberately improved.
- Institutions should define the most important working processes and their networks;
- These processes should be controlled in transparent, controllable and partner focused way;
- Processes should be documented;
- Institutions should be capable of maintaining and continuously improving their QAS.

Level 2. Quality focused institutional governance

- Institutional strategy should play as starting point to the elaboration of institutional QA.
- Management should fit their objectives with the perspectives of the staff advance system, with the institutional implementation of credit system, and with the strategic decisions concerning recruitment.
- They should define the improving areas of the institution.
- The whole activities require commitment of management and leaders.

Level 3. Total Quality Management

- TQM can be realised in the following areas:
- Institutional management;
- Relations with the partners of the institution;
- Assurance and improvement of human resources;
- Administration;
- Economic management;
- Infrastructure;
- Education/learning;
- Talent caring;
- Doctoral schools;
- Research;
- Student life.

Reading

This reading is an ammended version of Westerheijden, D.F. (2003). Movements towards a European Dimension in Quality Assurance and Accreditation. In D.F. Westerheijden & M. Leegwater (Eds.), *Working on the European Dimension of Quality: Report of the conference on quality assurance in higher education as part of the Bologna process, Amsterdam, 12-13 March 2002*. (pp. 16-41). Zoetermeer: Ministerie van Onderwijs, Cultuur en Wetenschappen

Introductory Remark

The current chapter is intended to indicate the context in which current European initiatives regarding quality assessment in higher education are operating. In this way, I aim to show some of the conceptual coherence and consistency in what may seem to be a tremendously fast-moving target. Since the publication of the Sorbonne Declaration in 1998 and especially of the Bologna Declaration in 1999, the previously rather sedate area of quality assessment seems to have entered a series of rapids, jolting it in different directions but within a strong general current of increasing European harmonisation.

This current towards European harmonisation did not start spontaneously. On the contrary, the basic policy axiom in European education—and higher education in particular—for decades had been that Europe's richness is its very diversity. Another axiom was that higher education is prerogative of national politics, not of the European level, neither inter-governmental nor supra-governmental. While these axioms are still voiced, they are no longer the self-evident mainstream. Disadvantages of diversity are becoming ever more apparent, e.g. in the practical, sometimes mundane but apparently almost indestructible barriers discouraging students and graduates to be mobile, but also in Europe's losing its traditional attractiveness to students from other parts of the world—in part the former colonies of the European powers. These developments are sometimes summarised under the umbrella term of 'globalisation'. Therefore, I start my *tour d'horizon* with an analysis of what that term could mean for quality assessment in European higher education.

The Globalisation Challenge: The WTO Agenda

The widest possible context for any phenomenon in higher education, and a buzzword at the same time, is provided by 'globalisation'. What meanings can be given to it, is a question leading to an almost endless academic debate, which I should like to cut short by focusing on one practical element of it, namely the policy developments around the World Trade Organisation, focusing on the negotiations around the General Agreement on Trades and Services. These are bound to have an impact on the way higher education will be behaving around the world in a few years from now—or sooner.

GATS: General Agreement on Trade in Services

The World Trade Organisation is discussing extending the 1994 General Agreement on Trade in Services to areas not yet brought under the regime of international trade regulation (Jouen, Fouilhoux, Fredriksson, & Baunay, 1999). The GATS agreement is an enlargement from the forerunner of the WTO, the GATT (General Agreement on Trade and Tariffs), which heralded in the era of post-World War II free trade. The enlargement consists of the addition of *services* to *trade* which apparently was focused more on the mid-twentieth-century industrial economy and its tangible goods. The two basic principles governing GATS are (Larsen, Morris, & Martin, 2001): the *national treatment principle*, which means that foreign service providers should be treated equal to national ones, and the *most-favoured nation principle*, meaning that discrimination between foreign service providers is prohibited. The relevant question from our point of view then becomes: Is education a service? The answer that should be given to this question is of the 'Yes, but…' type—the 'but' being that it is debated whether education, and especially higher education, is a public good that should be exempted from trade perspectives.

A Few Words on Economics

From an economic point of view, the answer is simple: education is *not* a public good. Public goods are defined as goods where the consumption by one individual in no way prevents others from consuming the same good (cf. any textbook on economics, e.g. Andriessen, 1980; Kreps, 1990). This includes two conditions: individuals cannot be excluded from consuming the good (*non-excludability*), and consumption by one does not diminish consumption by others (*non-rivalness*). Evidently, education does suffer from rivalry effects, as for instance German students who have to sit in the aisles for lack of chairs can testify. Even more, selection processes by universities make patently clear that individuals can be excluded from consuming education. However, there are other, sound, reasons why

education could warrant government intervention: market failures and social equity considerations. While this is article not meant as an introduction to economics of education, a brief explanation of the argument may be in order.

Market failures can be expected in education, because education has *positive externalities*, i.e. society benefits if one individual attains more education (e.g. several jobs are created through one individual's starting an enterprise, or many people can enjoy better-performed symphonies). It is difficult to integrate externalities in free market prices. Market failures can also be expected, because the benefits of education are difficult to gauge for potential students. The simplest reason for that is that benefits from education will be experienced in the long run (discount difficulties). The other reason, specific to education, is Harvey's 'transformation argument' (Harvey & Green, 1993; Harvey & Knight, 1996). He argues that the aim of education is to 'transform' or 'empower' pupils and students, which implies—paraphrasing Harvey in economic terms—that their preferences will change. In turn, this implies that they cannot estimate their expected benefits before going through the transformation process: at the end, they have different views of what constitute benefits.

Equity arguments are mainly two. First, costs of attending education should not hinder potential students (no discrimination on socio-economic background). Second, education is a so-called *merit good* (a consequence of the positive externalities), of which public authorities—benevolently but paternalistically—find that the population ought to consume more than they would do freely.

The fact that there are sound economical reasons for governments to be involved in education seems to lead to the confusion that, as public authorities are involved in providing the goods, they must be called public goods.

Educational economists tend to agree that the arguments given above apply up to secondary education. Educational economists equally tend to agree, conversely, that private benefits outweigh social benefits for postgraduate courses—tellingly called 'job training'—focusing thoughts on the salary benefits individuals may expect to gain from gaining, e.g., an MBA degree—in the US proposals for the GATS negotiations (United States Delegation, 1998, 2000).

The moot question then to be addressed is whether higher education is the borderline? The prevailing European point of view seems to be that higher education is a 'public' good. In their taking this point of view, I have the impression that European policy-makers and students—who are most vociferous in this respect—are thinking of undergraduate higher education. Or better still, they have in mind 'initial' higher education. By 'initial' higher education I mean—as customary in Dutch higher education policy, but apparently not well known in other languages—the first programme entrants into the higher education system go through. The important distinction is that this first encounter with higher education indeed has characteristics of an 'initiation', especially for first-generation entrants in higher education. It is especially, also, the first higher education programme an individual experiences that has Harvey's 'transformation' function, making the case for expecting market failures fairly strong. Yet already for initial higher education, private benefits seems to outweigh the social ones, and equity arguments are weak since students in higher education still disproportionally come from the highest socio-economic strata.

The USA-delegation to the WTO targets 'post-initial' higher education as its proposals are focused on postgraduate 'job training'. It can well be maintained that one of the functions of 'initiation' in higher education is to make young adolescents for whom many, sometimes esoteric, distinctions current in academe are meaningless into well-informed consumers, who know what the market of higher education programmes has to offer, where to get the best education. When they enter a second programme, they are much more aware of the 'service' they are 'purchasing'. At this level, then, service market mechanisms can be expected to function in a 'business as usual' manner. In conclusion, the USA-delegation would seem to have a valid ground for proposing GATS rules to apply for post-initial higher education.

However, the distinction between initial and post-initial higher education is analytical. One the one hand, postgraduate programmes by definition are post-initial. On the other hand, programmes at undergraduate levels can be students' initial experiences in higher education, but they can equally be followed by students who re-enter higher education in life-long learning (broadening rather than deepening their knowledge). It all depends on the situation of the student, not on the definition of the programme.

Accordingly, here is a legitimate argument to worry about the US proposals for GATS: is the US proposal an only apparently innocuous 'hook' by which to open all of higher education to free trade principles?

Two Other Aspects of International Regulation

Another seemingly innocuous aspect of the US proposal is that it applies only to countries where private higher education is allowed. In other words, governments can maintain control over their higher education system by declaring it fully public. However, the consequence of then having to fund all of this, including the postgraduate job training parts of higher education, is something most governments would balk at. In fact, many European governments are actively searching for ways to diminish their expenses for higher education. Moreover, with the growing supply of e-learning courses it becomes increasingly difficult to insulate a country's (life-long) students from international, private, even for-profit, provision of higher education even if a government wanted to. In all, it seems that there would be very few—if any—higher education systems exempt from some form of private provision, consequently the GATS rules would be applicable almost everywhere. However, very few other countries in the WTO have made proposals or commitments freeing international trade in higher education up to date (*Overview Of Developments In The International Trading Environment: Annual Report by the Director-General*, 2001).

A final observation in this section, intensifying the warning that governments are losing control over their 'own' higher education system even if one only looks at the formal, regulation aspects, is that if a higher education provider is allowed into one European Union country, it is automatically allowed to operate in all EU countries. At the moment, about half of the countries in the Bologna process are not part of the EU, but by the end of the process, in 2010, almost all will be. A question which at the moment I cannot answer for lack of space and research is whether allowing a higher education provider into a state implies that its certificates, diploma's or degrees automatically must be recognised as well.

The Globalisation Challenge: Who are the Actors?

The WTO is an inter-governmental organisation; in that sense, the governments are the actors on the globalisation scene. More precisely, the governmental delegations, almost invariably made up of representatives from trade and economics ministries, are the actors—ministries of education are conspicuously absent in the GATS negotiations even if they are on education. Which they are only rarely, as other service sectors are much more important for international trade. The banking sector is the most obvious example. Nevertheless, education and especially higher education are becoming major export sectors for some countries, especially for the USA, the United Kingdom and Australia (van Vught et al., 2002). Governments interact in the WTO for a typical government responsibility, namely to regulate (international) markets. Governments as a rule are not active on the global higher education market themselves as providers.

The real actors on the global higher education market are, first of all, higher education institutions (public *and* private), but also the virtual or online universities that are appearing everywhere, the corporate 'universities', and especially–obfuscating any attempt at categorising—their hybrids and co-operation networks (consortia, etc.). Increasingly, 'traditional' public higher education institutions add online programmes to their face-to-face educational offerings, sometimes within their normal organisation, but sometimes also in foundations etc. attached in some way or another to the university. And these foundations etc. sometimes function according to the non-profit rules of public higher education, sometimes however, they are clearly competing with for-profit institutes in the postgraduate 'job training' market (Westerheijden, 2000).

Anyway, it is important to observe that the actors, i.e. the higher education providers, decide autonomously to be 'global players', or not. Some higher education providers indeed are active as global players, others—including a good number of well-regarded public universities—find a decent way of survival as regional or national higher education institutions. […]

Intermezzo 1: Some Design Requirements for Quality Assessment After Bologna and WTO

With its stress on attracting students, and on mobility for students and degree holders, the Bologna Declaration implies at least two design requirements for quality assessment systems that could fulfil their role in this process (for a longer list, cf. Westerheijden & van der Wende, 2001).
The object of evaluation has to be the ***degree***. While recognising that the quality management (or synonymously: quality assurance) by the higher

education institution is an important factor in ascertaining quality education, the focus in the Bologna process—and the prime responsibility of governments as protectors of the citizens' (including students') interests—is on what students get out of the higher education system, i.e. on the degree.

Europe-wide *transparency*. The results of quality assessment processes need to be understood across the 'Bologna Area'. While this already seems to be a challenge for the professionals involved in quality assessment or in recognition of degrees across Europe, transparency is even more difficult to attain in the eyes of the external stakeholders in education, such as employers of graduates and especially the (potential) students. As mentioned before, academic distinctions may be too esoteric for external stakeholders; robust knowledge, economical to acquire, must be aimed at.
In the light of the slow and cumbersome GATS negotiations of the WTO, it may be audacious to think of design requirements resulting from them. Yet, the following two basic principles underlying the general operation of the WTO regime will have to be accommodated, whatever the final outcome of further GATS negotiations.
Fair competition. Quality assessment systems should not discriminate between national and foreign provides of higher education, nor between public and private ones.
Consumer protection against substandard programmes. In their role of guardians of the common weal, governments may feel that it is their responsibility to ascertain that their citizens (students) will not spend time, energy and money (from public funds) on 'rogue' higher education provision.

How do such design rules (or rather: boundary conditions), lead to a 'European dimension' in quality assessment? For instance, the international dimension of quality assessment systems can be sought in:

- applying internationally-agreed criteria
- including internationalisation of the curriculum in the assessment criteria
- using international units (programmes, institutions) as comparators
- involving evaluators from international background.

Rule 1, focusing on degrees, makes a methodological choice in that it is not the higher education institution that is being focused. The phrasing of 'degree' rather than 'programme' is intentional, because it implies a further focus on 'output quality' rather than 'input quality' or 'process quality', which are often at the centre of attention in current programme-oriented quality assessment systems. Politically, a focus on output quality at the degree level has the consequence that the quality assessment system is less directly bound to (national) regulatory frameworks than if input quality (funding, staffing, etc.) or process quality (curriculum matters) were being assessed. Loosening the tie between the object of evaluation and national institutional frameworks makes an international--e.g. a European--dimension in the quality assessment system more readily applicable by opening the door to application of internationally-agreed criteria.

Application of rule 2, calling for Europe-wide transparency, would go fairly directly in the direction of applying internationally-agreed criteria. (Although a weaker form, in the 'minimum interpretation' of comparability, could be envisaged as well.)

Rule 3, on fair competition, would add a European dimension in the senses of promoting international comparators and of applying internationally-agreed criteria.

The final, fourth, rule about consumer protection is not about internationalisation or Europeanisation at all. I shall return to it in the next section.

Before going to that next section, let me summarise that adherence to the other three rules would result in quality assessment systems that were prone to have a strong international or European dimension in most meanings of the term: application of internationally-agreed criteria and using international comparators. It is not connected to assessing internationalisation of the curriculum.

Intermezzo 2: Some Dilemmas in Accreditation

For many decision-makers in European higher education, accreditation seemed to be *the* answer to the Bologna challenge, without--judging on the basis of its sudden popularity after June 1999—much of a survey of alternative policy options. Let me reassure them: even after looking further, accreditation does seem to be a major option. Amongst others, accreditation has the advantage, not just to higher education decision-

makers but also to external stakeholders, of *prima facie* credibility, robustness and efficiency of information. That is due to the distinguishing characteristic of accreditation, viz. the fact that a judgement of quality is summarised in a single, simple statement, sometimes in the form of a grade ('8 out of 10') but more often as a binary ('yes/no') statement (Adelman, 1992; Sursock, 2001; Westerheijden, 2001; Young & associates, 1983).

Another argument in favour of accreditation is that it gives more transparency, compared with the (formative) quality assessment that was *en vogue* during the 1990s. This too is due, in part, to the summary judgement, which often was lacking in Western European quality assessment practices (Brennan, El-Khawas, & Shah, 1994; Westerheijden, 1997). For another part it is due to the fact that as a rule accreditation judgements are made in the light of predefined, published criteria.

A final argument in favour of accreditation is that it gives better consumer protection than the traditional Western European quality assessment, because a fixed quality threshold is put in, under which accreditation is not given. Of course, it can be debated whether the threshold is sufficiently high, whether it is relevant, and whether the higher education provision most at risk will be covered by it. Here, however, we get to the negative aspects of accreditation.

Indeed, there are disadvantages to accreditation, which should not be brushed aside lightly. First, there are methodical disadvantages associated with the predefined criteria. They would lead to increased homogeneity instead of the diversity of approaches and competencies needed in the present-day 'massified' higher education systems and in the emerging knowledge economy. Besides, adaptation of published criteria is a time-consuming process, so that accreditation continuously runs the risk of falling behind the state of the art. Then again, accreditation criteria tend to be a compromise among the participants in the decision-making process of the accreditation organisation, leading to the criteria being a *communis opinio*, but not being challenging for the development of the best programmes or units. Finally, as accreditation judgements are based on passing threshold criteria, they would tend to discourage innovation and quality improvement. Innovative approaches to accreditation criteria and processes can overcome such disadvantages at least partly, as shown, e.g., in current practices in European EQUIS (www.efmd.be), in American engineering accreditor ABET (www.abet.org/ eac/eac2000.htm), as well as in US regional accreditor WASC (www.wascweb.org).

I should like to focus, however, on two other disadvantages of accreditation. The first of these is expressed in the following dilemma: 'without the expectation of real consequences, the incentives to organise quality assessment are lacking; with the expectation of real consequences, quality assessment will turn into a power game' (Westerheijden, 1990, p. 206). With the introduction of accreditation and the very real consequences often associated with it such as recognition of degrees and eligibility for funding, the stakes of the quality game become distinctly higher than before. Accordingly, the risk of strategic game behaviour rises considerably.

The other is that because of all of this, the dynamics of the evaluation process change. First, there is a change in the role of the self-evaluation of higher education institution. If in formative quality assessment a real self-evaluation is possible (which however is already doubtful, cf. Harvey & Knight, 1996), in a strategic game to gain accreditation it tends to become pure 'self-selling' (Frazer, 1997). Weak points that could put accreditation in jeopardy would be hidden as far as possible. By the same token, the role of external reviewers changes from peers (as equals in the disciplinary field) or consultants with whom quality problems and improvements can be discussed into experts who have superior knowledge of the accreditation criteria and who must act as judges in an inquisitive process to discover the reality behind the façade of what possibly is a 'self-selling' report. Consequently, I sincerely doubt the possibility of maintaining the quality improvement aspect of external quality assessment in an accreditation system, although that is the official goal in *inter alia* the Dutch accreditation organ to be introduced shortly after the publication of the present text (Commissie Accreditatie Hoger Onderwijs, 2001). […]

National Responses: Potential Problems

[…] Now I should like to address some elements of the question if national responses as such can be adequate at all in the light of the design requirements set out above.

Transparency and Harmonisation

The first question is whether national responses lead to more transparency and harmonisation in Europe, or will only the differences among national higher education systems stand out more clearly? Earlier, I put the question what is meant by 'comparable degrees'. The answer one gives may have consequences for the answer one gives to the present question. The more one agrees with the 'minimum interpretation' that comparability means only to have dimensions of comparison, the more on may agree that articulating national frameworks for accreditation helps to make such transparency possible.

On the other hand, the more one follows the 'maximum interpretation' that sees comparability as similarity, the more one would tend to say that an agreed European framework is necessary for transparency, or harmonisation. If one takes the latter view, probably one finds that national responses will tend to bring out the national differences more clearly, but do not solve the question whether a bachelor's degree from country *X* will be accepted by an higher education institution in country *Y* for entry into its master's programme.

Will National Accreditation Lead to Less Diversity within Countries?

Another potential problem of the development of national frameworks for judging study programmes may be that they form a pressure towards harmonisation within countries. And that at a time when—as stated before—it is claimed that diversity is needed more than ever, because of 'massification' of higher education (countries are setting ever higher participation targets, sometimes much above 50% of the relevant age cohort), for different types of students have different learning needs; and because in the emerging knowledge society the roles of higher education are multiplying, leading to the need to respond in different ways to different demands. The latter point, by the way, may also point to a limitation of not only the accreditation schemes developed, but even of much of the discussion in the Bologna process. The idea of the knowledge society is closely linked with life-long learning, while for the most part, life-long learning and the new demands it sets to higher education, seems to be left out of the Bologna process.

Continuing our thoughts in that direction, one may wonder if it is useful at the national level to design accreditation schemes at all. Are the limitations to formal degree programmes (excluding much of life-long learning), and the stifling of diversity, *inherent* in accreditation schemes? However, I am not going to delve deeper in that direction in the current chapter.

Open Accreditation Systems: Are They a Solution?

Some of the disadvantages of accreditation, especially those connected with undue uniformity, could be evaded in what have variously been termed 'open' or 'multiple accreditation systems' (van Vught, 1994; Westerheijden & van der Wende, 2001). In an open accreditation system, study programmes (to remain close to the focus of the Bologna process) are free to choose an accreditation that suits their profile, e.g. research-oriented, or taught through PBL (Problem-Based Learning). At the same time, accreditors are free to offer their respective accreditations to the programmes. To prevent occurrence of a 'jungle of accreditations', a gatekeeper such as a national accreditation council could set methodical or similar barriers for market entry. Moreover, governments could set their own standards (preferably the same as those by the accreditation council) before attaching their own consequences to accreditation decisions made within the system. The German and Dutch schemes mentioned above are examples of such open accreditation systems. The freedom of accreditors to enter a higher education system in particular should ensure that for any study programme more than one option exists, so that there is not necessarily a uniformity of accreditation criteria.

International Initiatives

I should like to begin a brief account of international quality initiatives at the global level, like I did when sketching the context. Again I emphasise that this short overview aims to indicate a range of options, it is not intended as anything even approaching completeness.

First, there are review programmes aiming at international aspects of the higher education provision. One is the Internationalisation Quality Review (IQR), organised by the European University Association (EUA, previously known as CRE), in co-operation with OECD's IMHE and the Academic Co-operation Association (ACA) (cf. the EUA web site: www.unige.ch/eua). The object of evaluation is the internationalisation

policy of the higher education institution. In Europe, this could give special attention to the European dimension of education. Similarly, for some years the Global Alliance for Transnational Education (GATE) offered a review process to judge the provision of education of higher education institutions overseas (Lenn, 1998). The GATE reviews ended prematurely when the main sponsor of GATE decided to change the organisation's character in 1998.

A recent, more comprehensive initiative is phrased by (Van Damme, 2002). The world-wide quality label advocated by Van Damme is a token of quality for quality assessment and accreditation agencies operating internationally. It could be seen as a global version of an 'open' accreditation system, and is supported by the international network of quality assessment agencies (INQAAHE), by an international organisation of university presidents (IAUP), and by UNESCO (cf. also Marshall, 2002).

A major premise of GATE before 1998 was that quality assurance needed to internationalise, because the labour markets and the fields of knowledge were internationalising, especially in the professions. Indeed, in some professions accreditation agencies have been or are becoming active at an international level. Engineering would be the prime example, with the Washington Accord showing that an approach based on mutual recognition of accreditation judgements can work (*Recognition of equivalency of accredited engineering education programs leading to the engineering degree*, 1989). Business studies is another example, with both US-based AACSB and Europe-based EQUIS offering their 'kite marks' to higher education in business schools at a global scale. The EQUIS example shows that accreditation is not necessarily synonymous with US organisations. Indeed, the fear that 'the Americans are coming' does not seem to hold ground: there seems to be more international demand for accreditations from US accreditation bodies than they are willing to offer, although some are more eager to enter the international business of accreditation than others. More or less similar to accreditation agencies, international consortia of higher education institutions function to facilitate movement of students among their member institutions, in this way setting some important first steps towards breaking down barriers for student mobility.

In all these initiatives, the higher education providers are present as the main stakeholders, or at least among the main stakeholders. Mostly this means public higher education institutions, as through EUA and IAUP; in GATE however private higher education providers were present as well (and after its change for-profit private institutions were the only ones). Quality assessment and accreditation agencies play a role in the world-wide quality label initiative. These agencies often are quasi-(non-)governmental. Governmental stakeholders are represented in some of these initiatives at some distance also through UNESCO and OECD. Almost absent, except perhaps in the professional accreditation agencies, are one category of customers, viz. employers. Worse, the other main category of customers, i.e. students, are completely absent from these initiatives.

European Initiatives

From the early 1990s onwards, quality assessment was a field in which European developments were hesitant and slow. Even in the European Union the axiom then was that higher education is a state prerogative. Even the 1992 Maastricht Treaty, in which higher education was first mentioned as an area of EU activity, did not change that. Which resulted in the inventory made for the European Commission (van Vught & Westerheijden, 1993) to be no more than an inventory; the formulation of a 'general model' induced from the inventory was left to the higher education research literature (van Vught & Westerheijden, 1994). Follow-up action by the EU did not come about until 1995, when its pilot project was implemented. It took the form of programme assessments in some areas of knowledge across all EU member countries and some EFTA participant countries as well. The EU pilot project's aims remained toned down to 'spreading the gospel' of quality assessment to participating countries not yet blessed with a national system and to comparing methods used (Management Group, 1995). Further action again took more than three years to bear fruit. The pilot project was not extended to other fields of knowledge; the comparison of methods theme was given permanence in the European Network of Quality assessment Agencies (ENQA), founded in 1999 (Kern, 1998).

In the couple of years since its formation, ENQA of course could not yet move mountains. Yet it is taking a central place in a number of European initiatives, *inter alia* in the Bologna process, as has been mentioned above. Thus for instance, ENQA together with EUA and the National Unions of Students in Europe (ESIB) have embarked on a number of study projects,

in fact forming a platform to discuss issues of quality assessment and quality assurance at the European level, as proposed in the CRE study reported in (Sursock, 2001). Interestingly, in this initiative of ENQA, EUA and ESIB, students are represented; on the other hand, employers or professions are not. Getting together all types of stakeholders in a single platform apparently remains a daunting task.

The theme of cross-border evaluation pilot projects was not new when the EU embarked on it in 1995. In fact, over the last decade, a series of such international projects have taken place, starting in *ca*. 1991 with a pilot project to develop a method for judging comparative quality of economics curricula in the Netherlands, Germany and the United Kingdom (Brennan, Goedegebuure, Shah, Westerheijden, & Weusthof, 1992). To avoid the costly apparatus of many site visits in many countries, this project relied on an analysis of curricula, with a peer review team making judgements on the basis of written materials and meeting representatives of the study programmes involved in a single location. A major outcome of this project was, nevertheless, the clear distinction between the level of a British Bachelor in comparison with the German and Dutch first degrees. The latter were much more geared to (long) education in the Humboldtian philosophy educating specialists ready to enter working life, while the British bachelor was educated of much more briefly, in the Newmannian philosophy of forming individuals with generic capacities whose professional capacities mainly would have to be formed in on-the-job training. For judging the 'average' quality of higher education programmes across countries, the approach in the Brennan *et al.* project proved to be insufficiently robust. Equally, it fell short in credibility for judging the quality of the individual programmes involved. Most of the subsequent cross-border projects accordingly applied either Van Vught & Westerheijden's (1994) 'general model' with self-evaluation and peer review through site visits, or limited themselves to curriculum comparisons.

In the first strand, the International Program Review Electrical Engineering (IPR-EE) stands out for its application of relatively clearly defined standards, leading to a judgement for all participating programmes whether they merited awarding degrees equivalent to 'master of electrical engineering' (Vroeijenstijn, Waumans, & Wijmans, 1992). The twelve participating programmes were located in six Western-European countries. Interestingly, the two British programmes withdrew before the summary judgements were passed to avoid interference with their national accreditation.

Another early project in the same strand was the CHEPS/ABET study on the three fields of chemical, civil and mechanical engineering (Goedegebuure, Maassen, Phillips, & Smits, 1993). This one stood out for its scope, as it included three fields and twenty-one institutions in five Western-European countries. This study was instrumental in making the policy decision in the Netherlands to adjust the formal programme length of university engineering programmes from four to five years, as this reflected better international practice.

Sadly, more recent projects, such as the cross-border evaluation of physics programmes (*Evaluation-Report: Cross Border Quality Assessment in Physics*, 2001), do not show significant methodical advancements over the early ones.

In the second strand, I was involved in a comparison of technical programmes in higher education in the Netherlands and Flanders. This study (Westerheijden & Lugthart, 1999) introduced a method of two-dimensional graphical analyses of curricula, showing *inter alia* the different pedagogical approaches prevalent in the two higher education systems (more lecture-based in Flanders, more project-learning based in the Netherlands), the larger autonomy in educational matters in the Netherlands (shown in the higher dispersion of Dutch higher education institutions, while Flemish institutions tended to form tighter clusters), and the larger focus on research oriented subjects in the Flemish engineering programmes compared with their Dutch counterparts. Additionally, a panel of experts made a blind judgement of final thesis reports to reach relatively consensual but politically hotly debated conclusions on the professional and academic competencies of graduates from those programmes. The experts saw major parallels between Flemish and Dutch university engineers, and between Flemish and Dutch *hogeschool* engineers. The Flemish single-cycle *hogeschool* 'graduate' degrees were of a clearly different type and lower level. Among the engineers, Flemish graduates *grosso modo* showed more 'academic' interest than their more practically oriented Dutch counterparts.

The expert judgements of final level papers foreshadowed the current emphasis on competency approaches. The outstanding example of large-

scale application of a competency approach at a European level at the moment of writing is the SOCRATES-funded 'Tuning Project', called in full: 'Tuning Educational Structures in Europe'. It aims at developing bottom-up agreement in the disciplines on 'European standards', or what in the UK are known as 'subject benchmarks'.

Perhaps a major outcome of the Tuning project—even before knowing the content of the outcomes—is that apparently, academic teachers/researchers reach a high level of agreement on the competencies expected from their graduates, while previous projects focusing more on input and process indicators—which can be expressed in more objective indicators—were markedly less successful. The competency approach is promising for the European higher education area.

Equally based on a competency approach is the final initiative I should like to mention in this list, the Joint Quality Initiative. At the higher education systems level, it mirrors the Tuning project. Collected in the JQI are a small but growing number of (north-western) European countries' governments and public quality assessment agencies who share a particular approach to quality assessment. This is the focus on the programme level, and on output rather than input. Both choices are, in my opinion, in line with the intentions of the Bologna Declaration. Broader interest in the JQI's approach might thereofre be expected in the coming years. Political questions to be solved in the near future are, accordingly:

- Is JQI an exclusive club, or is it open to all in Bologna's 'European higher education area'?
- Will it strive for maximum consensus, or will it form an *avantgarde* in Europe?
- Can the countries currently active in the informal [sic] JQI go ahead on the consensus of the methodological choices (programme level, output-oriented), or should considerations of high politics be taken into account to assure sufficient political clout so that this initiative will not be brushed aside for political considerations by the major European powers (Lieshout, 2001)? Maybe higher education is sufficiently insignificant to enjoy 'benign neglect' of high politics and power considerations, but any field of 'low politics' may be elevated to high politics status in the European political arena—as agriculture continues to show already since the 1960s.

Concluding Observations

From the global 'threat' of GATS negotiations and the European 'opportunity' of the Bologna process, several design requirements for quality assessment systems in Europe have been derived. A focus on the programme level and on safeguarding a minimum level of provision, often through accreditation, seem to be warranted methodical choices in this respect. In a number of European countries, adaptations of previously existing quality assessment arrangements—sometimes marginal, sometimes radical as in Germany and in the Netherlands—could be noticed. Additionally, the Bologna process is giving rise to increased international activities in the field, of which the Joint Quality Initiative that is at the basis of the current volume, is a notable example.

If I have given, in this chapter, an overview that indicated the range of trends leading up to the current state of affairs, I have achieved my aims of introducing and synthesising the context of quality assessment in European higher education at the current moment.

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Exercises

- Why did your country sign the Bologna Declaration? (see presentation 1)

- Do you agree with the statement that 'The object of evaluation has to be the degree, because that is the 'passport' students get to study abroad or to enter the European labour market'? (see presentation 1) Why?

- Do you think that students or employers are interested in European quality assurance? (see presentation 1) Why?

- Do you agree with the statement that quality assurance is too limited, so that diploma recognition remains important? (see presentation 1) Why?

There are also a number of exercises relating to the quality assurance aspects of the three CHEPS scenarios for European higher education in 2020. These can be found at the end of the presentation in the next chapter.

Further readings

Campbell, C., Kanaan, S., Kehm, B., Mockiene, B., Westerheijden, D. F., & Williams, R. (2000). *The European University: A Handbook on Institutional Approaches to Strategic Management, Quality Management, European Policy and Academic Recognition*. Torino: European Training Foundation.

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Schwarz, S., & Westerheijden, D. F. (Eds.). (2004). *Accreditation and Evaluation in the European Higher Education Area*. Dordrecht: Kluwer Academic Publishers.

Harvey, L., & Green, D. (1993). Defining Quality. *Assessment & Evaluation in Higher Education, 18*(1), 9-34.

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8 In conclusion: the CHEPS Scenarios

Harry de Boer & Don F. Westerheijden

We thought that a good way to pull together many of the policy questions and issues raised in the last six chapters would be to include the scenarios that we developed for our 20th anniversary in 2004. The three scenarios reflect three different visions of the future of European higher education and research in 2020. After the three scenarios you will find a presentation that summarises the key features of each scenario, gives a number of questions for you to answer and raises a number of points for discussion (including on quality assurance as noted in the previous chapter).

Our aim in developing the scenarios was to contribute to a discussion about higher education's future amongst managers of higher education institutions, policy-makers in higher education ministries or agencies, researchers of higher education, stakeholders in it, etc. These groups might use the insights we could give to plan or to influence the future—or to react to it. We used two methods, a Delphi questionnaire to gain insight into experts' views, and scenario-writing to present these views to a wider audience.

The Delphi study

The modern Delphi method is designed to encourage a 'controlled' debate. It is an interactive communication structure between experts in a field, facilitated by the researchers. Ideally each individual should complete a questionnaire and then be able to receive feedback on the whole set of responses, and again fill out the questionnaire with this information at hand. Those with views significantly divergent from a developing consensus are required to explain their reasons for their views, and this serves as useful intelligence for others. The topic of the CHEPS Delphi study was 'the European higher education and research landscape in 2020'. Will a uniform study structure be implemented across European higher education systems? Will a European research council be the most important funding organization for basic research? Will academics still play an important role in university management? These and related questions were explored through consulting experts all over Europe. As a first step a team of CHEPS researchers developed a questionnaire that consisted of 49 statements on higher education and research in Europe.
The statements were organized around six themes: 1) education, 2) research and innovation, 3) funding, 4) quality, 5) higher education, society and labour market, and 6) institutional governance and management. The experts were asked to estimate separately the desirability and likelihood of all 49 statements on a five-point scale. Besides desirability and likelihood the experts were asked to provide arguments to elucidate their views. About 750 higher education experts from 24 countries and an additional 30 inter- and supranational experts were approached through e-mail. They were asked to participate in the Delphi study by filling out web-based questionnaires. Of the about 780 approached experts 164 sent in the questionnaire (21% response rate). For some countries and groups of individuals the response rates were rather low. Nevertheless, a substantial number of respondents from the different European regions (north, east, south and west) and participant groups (national policy-makers, members of intermediary organizations, members of employers/employee organizations, students, institutional leaders and individuals researchers) were included in the study. After analysing the outcomes of the first round the CHEPS research team selected the most challenging issues for a second round questionnaire. The experts of the first round were confronted for a second time, this time, however, with 15 statements (out of the 49). The 15 statements were accompanied by the results of the first round (scores and arguments). 84 respondents completed the second questionnaire. These Delphi outcomes were used as input for the scenarios on Europe's higher education future.

Developing the scenarios

A scenario, in the sense we take it, can be defined as 'an internally consistent view of what the future might turn out to be—not a forecast, but a possible future outcome' (Porter 1985). A scenario is a tool for mapping 'the uncertainties of the future'. The scenario method has been popular among strategic planners in companies especially since Shell showed how its scenario exercise had helped it to prepare for the 1970s oil crisis.

In developing our scenarios we referred to the results of the Delphi study, which had distinguished clearly between probable and desirable futures. To some extent, the desirable and the probable coincided, according to the responses, but that was not always the case. The tension between the two

could be used to give direction to our creativity. As an additional impetus to 'think out of the box', we paid attention to the open questions in the first round Delphi questionnaire, where respondents could give their reasons for agreeing or disagreeing with statements.

The main dimensions distinguishing our scenarios had to do with: State coordination *vs*. market coordination *vs*. academic autonomy; European integration and harmony; and economic and institutional developments. The stable dimensions which were kept constant across the scenarios, included amongst others: demography: greying and 'de-greening' of the European population; Economy: no major effects of conjuncture; and the degree of integration of research and higher education.

Out of this our three scenarios resulted. One would reflect the (large) majority opinions of the Delphi respondents. State coordination, European integration, harmony and large-scale organisations were to be the hallmarks of this scenario, which became 'Centralia'. Another would take the institutional and economic developments towards the network economy as its main point of departure. Presumably, this development had been undervalued in the Delphi study. It also incorporated some majority opinions in the Delphi study, e.g. about the amount of control exercised by the academic community. From this came 'Octavia'. Finally, the antithesis to the majority opinions of Centralia with regard to market coordination, small organisations, and little higher-level control or integration characterised what became 'Vitis Vinifera'.

A serious choice concerned the metaphor for the scenarios. Since we intended the scenarios to appeal to a large audience yet not make one glaringly more appealing than the other, it was important to find an overarching metaphor with three equal 'instances'.and after much thought fictional cities were chosen as a common metaphor.

Over the past 18 months we have noticed that although the Centralia scenario was built on majority opinions, in presentations of the scenarios in many parts of Europe, audiences made up of people with a profile much like the respondents were in large majority in favour of the Octavia scenario, with usually only very small minorities voting for Centralia and even smaller ones for Vitis Vinifera. This shows the value of constructing scenarios: taking majority and consensus opinions on individual statements and 'straightening out' these opinions into a fairly consistent scenario may well have brought out explicitly relationships among opinions and beliefs held by higher education experts of which they themselves were not yet aware. If in that way we contribute to the debate about the future of higher education in Europe, we will have achieved a lot.

Centralia, the City of the Sun

Don F. Westerheijden, Jasmin Beverwijk, Harry F. de Boer and Marc Kaulisch

'The greater part of the city is built upon a high hill, which rises from an extensive plain, but several of its circles extend for some distance beyond the base of the hill, which is of such a size that the diameter of the city is upward of two miles, so that its circumference becomes about seven. On account of the humped shape of the mountain, however, the diameter of the city is really more than if it were built on a plain.

It is divided into seven rings or huge circles named from the seven planets, and the way from one to the other of these is by four streets and through four gates, that look toward the four points of the compass.'

Tomasso Campanella, The City of the Sun (1623)

Jolly Old World

Europe in 2020 is the Jolly Old World. There is a greying but rich population with much leisure, living in a patchwork of small and large countries with long histories and many different languages and institutions, even though many of the countries (37 since the accession of Moldova and Belarus in 2018) are united in an increasingly strong European Union. Time travellers from 2004 would easily recognize Europe and most of its higher education and research infrastructure, though perhaps not the names above the entrances. The majority of universities and public research centres have remained as public centres of discovery and knowledge dissemination, but often as sites or campuses that are part of large (national) institutions. The big institutions regularly cooperate in international associations or consortia – often under the friendly but firm guidance of EU civil servants from Brussels.

Students and Structure in a Multi-Level Government Structure

Student numbers have declined in the last years before 2020 due to the demographic shifts already in motion at the end of the 20th century. The reduction only became noticeable in the last couple of years as the participation rate of young people in higher education simultaneously rose to over 60%. The positive trend of the first 15 years of the 21st century was reinforced by the remarkable growth in mature students, since life-long learning became the actual standard in Europe's dynamic knowledge economy. Yet that source of growth also proved to have limits, even though with 'life-long' we now mean learning until two to three years before retirement, which is 71 to 73 in most EU countries, except Italy that is still trying to catch up and stands at 68 at the moment. Yet at the same time, the working week is reduced to 32 hours for every employee above 51–56 (depending on the collective agreements in the different industries). It is this fair share of leisure that makes Old Europe so jolly. Universities have jumped in with study programmes not only for career-related teaching (usually in cost-covering contracts with employers), but also as social service to 'third age' citizens seeking to use their leisure time intellectually and creatively. In this way the European linguistic and cultural diversity was promoted in this mostly innocent sphere of life, which acted as an outlet for 'neo-arcadianism' (explained below), while most EU support went to economically more relevant areas of study. However, in Jolly Old Europe, that means not only technology and the like, but also 'quality of life' industry (health, (cultural) entertainment, tourism, etc.).

The reduction in student numbers took place notwithstanding the growing demand from students in Southeast Asia, but in the global risk society (a popular euphemism for the never-abating fear for terrorism) the EU has implemented a restrictive visa policy: only accepting students wanting to migrate to Europe permanently in order to fill in jobs in branches of industry where labour shortages are most pressing and cannot be alleviated by further 'technologization' to increase productivity, but discouraging mobility only for study. Some countries in the North and West (UK, Ireland, Sweden, the Netherlands) are slightly more open, as they have entered Vocational and Higher Education on their EU-list of official state-export products. But that does not show in the aggregate EU statistics. Registration has become necessary in the post-GATS, public, controlled-trade world. Globalisation as such has not ended, of course, but in the global risk society, free movement of persons across 'world blocs' has almost come to a standstill at least to the most integrated 'blocs', i.e. the USA and the EU. Movement of goods and especially information is where the bulk of globalisation since 2000 is to be found – those movements that

can be strictly controlled without infringement on the habeas corpus principle.

Study programmes are organized in Bachelor, Master and Doctorate levels (B, M and D). After some debate in the first decade of the century, 3+2+3 became the standard structure, although officially it is expressed as 180+120+180 ECTS. The Commission of the European Union as the ultimate authority standardized this structure, but in a brilliant dialectic move (or was it a political compromise?) made the whole x+y+z discussion obsolete at the same time: it is the graduate's competence as shown in the European Graduate Competence Test of the appropriate level (EGCT-B, -M, -D) that determines whether students get the right to be awarded an officially recognized degree. European-wide acceptance by all ministries of education of the EGCT was the main achievement of the Bologna-II process 2010-2015, which was led by the staff of the European Union Commissioner of Knowledge & Innovation Society. The EGCT itself has become another successful 'export product' of the Brussels Directorate-General Knowledge & Innovation Society (DG-KIS) to EU-associated countries such as Russia, Kazakhstan, and Northern Africa from Egypt to Morocco. The DG-KIS is an outstanding example of the new type of government organisation that has emerged: a clear and strong role for government and its programming and planning instruments along with the associated budget mechanisms, regulation and coordination among the many levels of government from the EU down to countries, regions/states and municipalities. But the DG-KIS is also apt to work in partnership with the private sector. Of course, in public-private partnerships the DG-KIS tend to take the leading role even when working with global companies, but they adapt easily to the market mores and regularly use well-designed price mechanisms as a governance instrument as well. Moreover, as the EGCT example shows, they are quite confident about the quality of their policies and engage in policy export to parties outside the EU.

Most teaching takes place on-campus and face-to-face, although 'blended mode learning' with a strong ICT component is widely used in about half of the EU thanks to the Terabyte Public European Subscription Network that (though not free!) reaches almost every home in the Northern and Western parts of the Union. Students are carefully guided through the programmes. This is not just a consequence of careful module design resulting from prior experience with online course design. With the ever-smaller age cohorts, the European knowledge economy cannot afford to lose any talent and The EU's Talent Programme has stimulated universities in this respect. Moreover, in the standard public-private partnership mode ('standard' meaning with a leading role of the public partner), the EU has enlisted the cooperation of the private sector. Companies can and do give (tax deductible) stipends to promising students. This happens anonymously to ensure fairness. Students are selected for stipends through the national and European Talent banks – online databases of all students' study results, making their study a continuous competition for these generous stipends. Next to the tax deductibility, acceptance of such stipends means that the graduates promise to work for at least three years after graduation with one of the companies in the Talent Stipend Fund. The EU's civil service is one of the main contributors to this Fund, and one of the most popular destinations for the Talent Programme graduates, because of its high salaries, cooperative work atmosphere, and important role in the European society ('you really make a difference to Europe's society', as respondents in the annual EU Graduate Labour Monitor often say).

In some EU countries, which, persisting in their national traditions have few legal barriers against foreign direct investment and foreign university campuses, there are some campuses of non-EU higher education institutions.[1] In these countries, significant portions of students (ca. 15%) take their higher education degrees in foreign operated institutions. Many of those students, once they have graduated from the more prestigious international higher education institutions, start dazzling careers in international businesses. Graduates from public universities more often enter civil service or tertiary industry (private service industry) for the European market – still not bad for a career; a higher education degree and subsequent life-long learning trajectory remains the best gateway to a good career. A minor observation – it is so self-evident: – practically all graduates make a career. In the European knowledge economy everyone finds jobs where their competences come to good use (in other words: there are no problem of unemployment or over-schooling. The career situation is less bright only for those who have fallen for the shrewd marketing of less-reputable non-European private higher

[1] The term 'higher education institution' is only used for foreign institutions of which the university status may be in some doubt. In Europe, all types of higher education institution have been re-baptized 'universities', but as will be shown below, there are significant differences between the classes of B-, M- and D-universities.

education institutions,[2] especially active in the South and East of the EU. While diploma mills have been almost weeded out through strict fraud control and accreditation, some prospective students apparently do not read the official online database. After all, not everyone has access to the Terabyte Network, however much the EU has tried to make it affordable for all even in the poorer regions of its area.

The obligatory semester in another EU country aside,[3] more than 85% of students take their B degree and 70% their M degree in their home country.[4] At the D level, the European Research Council clearinghouse ensures that the best candidates get to the best places all over the EU and that they get appropriate grants or stipends.

Which brings us to the matter of fees. The dazzling international careers of private university graduates make up for the tuition fees that are usually much higher in the foreign private universities than in the public ones – on average. In the EU countries, universities are free to set their own fee levels – within governmentally defined limits. Ranges are rather large in Northern (coming quite a long way since Sweden's 1977 reforms and Network Norway days) and Southern Europe, but narrow remarkably in the Rhinelander democracies of western continental Europe and in the East. Limits to fee ranges are argued on the ground of social justice (no barriers for entry) and to keep the governmental universal student support systems, which were introduced in all countries to facilitate EU-wide 'portability' within limits (the higher the average fee, the higher the average support per student).[5] In 2006, the European Cartel Agency decided that fee levels in any one study programme within a university must be the same for all students: same product, same price principle. European Court cases against fee differences between universities, built on the argument that uniform accreditation means uniform products, hence uniform prices, have however been rejected as they would support collusion. There seems to be a fragile balance between university autonomy, anti-cartel rules and the different governments' roles in upholding social justice. On the other hand, no means-tested exceptions were allowed by the Cartel Agency; the European Court is expected to decide on that in a test case late in 2020. Chances for the plaintiff, a young student of physiotherapy from new EU member country Albania, are expected to be slim but one never knows with the intricate multi-level European legal system.

Quality Issues

Until now, the uniform degree structure did not mean uniform higher education quality. Generally, there is a gradient with high level (D) teaching and most basic research taking place in the North and West of Europe, while universities in the South and East are more frequently limited to B-level teaching. Some universities in this latter region, however, are in higher education tiers; often those situated in national capitals. This is clear from the data of the EU's Aalto-classification.[6]

Many development and innovation laboratories are, however, located in the South and East, because of the cheaper mid-level researchers there; their high-level colleagues in the North and West are daily video-conferencing with their team members through the Terabyte Network and regularly take the (cheap) plane or high-speed train there. Some companies have shifted their R&D capacity to the South and East completely, using the lower costs of living and the pleasant climate to attract even the high-level researchers. For this reason, in recent years the Constantia-Varna Strip on the Black Sea coast of Romania and Bulgaria has become a popular high-tech area.[7]

[2] The reader may have missed private universities from the EU, but this is such a negligible quantity that it can be ignored here. Their already small number has dropped especially since in the Bologna-II process the principle that higher education is a public good has been taken seriously and national governments, with EU subsidies, have bought out most owners and integrated them in their public systems.

[3] Obligatory for EAA accreditation. It is rumoured that the EU Commission required this quality criterion when it agreed to take over 55% of the funding of the EAA (40% being funded by the national governments involved, the remaining 5% coming from industry sources).

[4] What should not be forgotten: although it falls short of the EU target of 50% mobility, it is a tremendous advance over figures at the turn of the century, when in most European countries one counted foreign B and M graduates in fractions of a percent.

[5] Student support portability facilitated greatly the obligatory Semester Abroad Programme.

[6] Aalto stands for Academic Accreditation List & Tertiary education Observatory, but it also is the name of a Finnish designer and (university) architect. His name may not be quite as famous as the American Carnegie, but the name for Europe's university classification signals Europe's pride of its culture.

[7] We could have mentioned this example also below, in the paragraph on successful (Eu)regional innovation areas.

Formally, the European higher education system has an elite D-university[8] sector with strict academic selection criteria next to an officially equally selective but in practice open higher education sector (B- and M-universities).[9]

The European Accreditation Agency (EAA) tries to impose common standards on its national or regional subsidiaries, focused on employability competences as quality criteria, but with a 20% time for 'Bildung' requirement in the B-phase (in practice mainly taken up by the training for the obligatory language test for graduates[10]), going down to 12% in M and 8% in D-phases.

But the practice is sometimes harder than the principle. A big group of D-universities from the North and West have petitioned with the Commissioner of Knowledge & Innovation Society – and lobbied in Brussels together with their national governments, which were eager to gain academic prestige for their country in the friendly yet serious intra-European competition – for a separate, higher, status, saying that the EU-quality standards 'were not a challenge' for them. They achieved such status in 2014. On the other hand, regional and national authorities in less-privileged areas of the EU and associated countries keep lobbying for local quality criteria to be accepted rather than the strict application of the immense set of EAA criteria. Luckily, only eight of the new-generation DVDs can store all the qualimetric[11] information, which otherwise would take a truckload of paper reports – or almost a whole night of online sending even through the Terabyte Public European Subscription Network (most universities prefer to use the 4thG-DVDs, as the universities' institutional managements are very strict on economy, while data-intensive corporate use of the Terabyte Network is expensive.[12] Interestingly, private accreditation agencies have not made much of an inroad in Eastern Europe, but have been able to gain market share in the more profitable up-end of the market in Western Europe, where they can give highly-esteemed (and highly-priced) additional accreditations to Europe-wide recruiting D-universities, who see the collection of multiple accreditations as a successful strategy in the race for worldwide academic prestige.

Most universities are satisfied with the current state of accrediting all programmes, but only at eight years' intervals. A long cycle proved to be necessary for accreditation agencies to reduce their workload. Originally they advocated an 18-year cycle, but this could be dramatically reduced by the qualimetric revolution and associated semi-automatic renewal of accreditation based on computerized data analysis. Site visits are only added for new programmes and in smartly sampled cases.
After all these years, there still is no clear correlation between accreditation status and student demand for places in individual universities. In the dwindling student market, large sums are therefore spent on marketing universities especially through Personal Communication Aides,[13] the Internet, on Euro-satellite TV and, in some less 'knowledge-economy intensive' regions, even in old-fashioned radio and newspapers. This may seem contradictory in the public sector, but in most national higher education systems, government funding is connected directly or indirectly to student numbers and/or graduates to keep them teaching-focused (not easy with the prospect of dwindling student numbers and the exciting earning opportunities in knowledge-economic research). EU basic grants (not the earmarked project funds, of course) in turn often match national funding algorithms. Marketing is therefore an instrument in governmental budget maximization games.

[8] A 'D-university' is a university actually teaching at the Doctorate level in at least three disciplines. D-universities have preferential access to European Research Council (ERC) funds.
[9] Compared with D-universities, they use 'equal but different' criteria of selection, more on practical or professional competences of candidates. But in practice this sector is rather open for access as the younger age cohorts have dwindled and the pool of mature students has been fully used since ca. 2017.
[10] Two major European languages (usually English, and German or Spanish – the latter also useful in contacts with the rapidly growing economies of Latin American), next to obligatory introductory courses in Putonghua (Chinese). Only countries with strong foreign language teaching in secondary schools are able to use the '*Bildung*'-compartment for 'general education'.
[11] As everyone knows, qualimetry was the great contribution of Professor Tatur & associates when the Russian presidency of the Bologna process finally settled the criteria & measurement conflict in ENQA, in 2009. Since the introduction of these HE-specific datasets and procedures, the discussion about ISO9000-2006 in higher education has petered out.
[12] For private use, it is not expensive, through an EU-controlled pricing system. However, the Terabyte Network still is not available in all newer EU countries; works on the dedicated antennae are going on though slowly.
[13] PCAs, integrating mobile phones, personal digital assistants, personal TVs, laptop PCs and the like. As one can personalise them to such an extent, the 'e' in 'aide' was added intentionally.

A little more needs to be said about student access. Next to the access of young students with secondary education diplomas (which have superseded entrance examinations, as they give higher value to social justice), access based on recognition of previously acquired competences has become very important to all universities throughout Europe; again resulting from the smaller pool of young students but also because life-long learning has become such a standard practice. Brussels has organised recognition of prior competences through its European Universal Qualifications Framework (EUQaF). The EUQaF is in 2020 still experimental, as it proved to be extremely complicated to find a common denominator amongst the more than thirty national frameworks. The EU has been working on the EUQaF since 2005, the moment such qualification frameworks had to be introduced nationally according to the Bologna process.

For exchange of individual modules there is a radical extension of ECTS for the integrated sectors of Vocational and Higher Education (ECTS-VHE).[14] This lies at the basis of the obligatory Semester Abroad, mentioned before, but also helped students to 'mix & match' course modules from different universities all across the EU. This now is a widespread practice, and almost 76% of B-students take one or more modules from universities abroad (1.12 on average), even though, again as mentioned already, most degrees are finally taken in the home country. In total 89% take some modules at other universities, including other universities in the home country. Note that in the dominant blended learning mode, taking a module at a foreign university means only a limited time abroad and much work from behind the PCA at home; local particularist value sets are only slightly influenced in this practice. Still, the increased mobility of students (and especially graduates!) clearly has helped the social cohesion within the EU (strengthening the 'neo-arcadian' trend).

But let us get back to education. In quite a few cases, B-universities in the South and East have been successful in reaching EAA accreditation standards by using standardised course modules produced by prestigious public D-universities in the North and West, which are distributed by equally prestigious commercial publishing houses from the same countries. Typically, content is made in Germany; language editing takes place in Ireland; design in Italy; software is made in Bangalore, India; then all is printed in Hong Kong, packed in Vietnam and transported back to Europe by the All-Korean merchant fleet). Still, graduates from these universities do not perform well in the European civil service concourses. These biannual concourses are the de facto quality standard in most disciplines, on top of the European Graduate Competence Test, as candidates' concourse results are used not only for access to the EU civil service, but also for other semi-independent European agencies, universities, and even by many private companies to determine eligibility for jobs. Recent educational research (Hendriks et al., 2018) suggests that the face-to-face teaching still in use in those parts of Europe cannot transmit the same type of information-age competences that are being tested in these European concourses (which of course take place online, through the Terabyte connection). TV journalists when interviewing Hendriks maintained that the large unexplained variance in her research was explained very easily by the corruption in entrance processes and examinations. Hendriks riposted that corruption to gain entrance or degrees, if any, must be on the way out now that higher education is becoming a buyers' market in the new demographic conditions. Some politicians nevertheless have picked up on these research results but been unable to gain political support to investigate corruption due to the combined opposition in the European Parliament of the last remaining populists and the 'new-arcadian parties' that have been on the rise in recent elections.

Interlude: The Neo-Arcadian Political Context

Jolly Old Europe has seen some important political changes in the years before 2020. As the Japanese News Network (JNN) recently said in a documentary about Europe, it is an area that is inward looking and friendly, but difficult to access for outsiders. The 'Neo-arcadian parties' is the label given to the collection of parties (comprising many different ones, from right to left) who have a paternalistic (or maternalistic) view on politics for European societies: focusing on common values, solidarity within Europe, an important steering role for the government, and downplaying the role of global competition (while paying lip service to the belief that competition is good to raise quality of service). 'Neo-arcadian' politics are the next step after harsh populism. Sociologically speaking, it depicts Europe as a Gemeinschaft rather than as a Gesellschaft. Yet only

[14] A result of the fusion of the Bologna-II and the Copenhagen processes. (The Copenhagen process aimed at enhanced cooperation in vocational education and training.)

insiders know that this is mainly rhetoric. Behind the gentle public political façade the 2007-2011 technocrat take-over in Brussels led to silent competition with the USA. But as usual, if two dogs fight for a bone, the third runs away with it, and East Asia is really the economic and knowledge world power by its force in numbers, however much progress the EU has made in top-level quality for the knowledge society.

In higher education and research 'neo-arcadian' politics especially means a focus on the public good character[15] of education and basic research, equal access for all income classes and all EU member state citizens, and barriers for foreigners on the European market. The 'neo-arcadian' trend expresses itself in university management especially in the regular overhaul of universities' mission statements. They all emphasize the critical role of the university in society, but according to the 25th anniversary web site of the EUA Institutional Evaluation Programme (web site accessed in October 2019), its institutional evaluation teams found the phrases were neither connected to the actual EAA quality criteria that define the study programmes, nor to the research programmes in the faculties governing basic research, nor to the University Ethics Committees'[16] control over teaching and research contracts with industry. And behind the scenes strict economy remains the bottom line of institutional management.

The EU has continued its slow but inexorable rise to importance. Around the turn of the century, about 50% of regulations were already influenced by the EU. In 2020 this has risen to more than 75%. The legitimacy in the eyes of the general public of 'Brussels' has risen much after the four-year European Governance Crisis – and rightly so – although quite fitting with the 'neo-arcadian' trend there is simultaneously a strong emotional binding with local values, languages and institutions. This governance crisis was caused by the accession of five Southeastern European countries in 2007 and led to a stalemate in all political forums (the councils of ministers, especially, did not succeed in making a single decision all that time). The crisis ended with the signing of the Dubrovnik Treaty, also called the Croatian European Constitution, because a constitution delineating powers and responsibilities in the EU is what it was, in fact. In the four years of this crisis, the DGs and their civil servants in Brussels actually gained a lot of room to manoeuvre, and they have not given up this power position in or after Dubrovnik. It was all for the benefit of Europe, as the highly-talented civil servants could move much faster when they were not hindered by the political decision-makers who were too busy disagreeing, vetoing, and placating their respective national audiences. Since then, the Bologna and Bologna-II processes picked up speed, the EAA was established, etc.

Organization of Higher Education and Research Institutions

Most higher education and research organisations have grown much in size since the beginning of the century, such as through mergers – either voluntary or 'stimulated' by national and European governments. Smaller countries now have a single national multi-campus university. In larger countries, regional governments have reached similar solutions (the federal University of Wales became an unexpectedly popular study object, but in most cases the governments preferred more centralised universities). Mergers made economies of scale possible in administration and some in the primary processes of research and teaching, but especially in development of teaching materials, which has become much more elaborate because of the careful blended learning concepts needed for the Talent Programme. The latter move has even gone further, as mentioned before, making some universities specialise in developing materials that are now used all over Europe. Another advantage of merging was that it gave a safer position (larger 'cushion'), which could be useful for global players in the North and West. We mentioned that in some EU countries, higher education and research are official export products. For this reason, the Oxbridge merger finally took place in 2013, making the two oldest British universities a powerhouse in research that could take on any competitor from the USA or Asia.

At the same time, their safe inclusion in the public sphere keeps the universities and research institutions relatively simple: enough so to be centrally managed successfully. Relations with external stakeholders are

[15] After all these years, economist Professor Jongbloed still has not managed to make clear to any but fellow-economists that only 'collective good' is a well-defined term; 'public good' remains a
– popular – rhetoric mess.

[16] University Ethics Committees (EUCs) are a structure recommended by the EUA; most universities follow these guidelines. Hard-liners saw in these UECs another sign of 'neo-arcadian' politics, others attacked them for infringing academic freedom, but the majority of academics, students and politicians see them as defenders of academic freedom and institutional autonomy against commercialisation, just like in the 1970s.

important but the border of the organisation is clear: management is on the inside and stakeholders remain on the outside. Institutional management has developed into a career path, mainly for academics that have taken an additional M degree in higher education management (most from Bath, Kassel or Valencia). Some positions in university management are given to representatives of external stakeholders (industry, but especially governmental agencies from Brussels). The continued emphasis of institutional governance by academics (albeit academics with a management-career outlook) did much to keep academic freedom a major value in the universities. Another development showing the same value orientation was EU subsidies and intellectual freedom regulations (not only education but also knowledge is a public good). The majority of scholarly journals published in Europe have been wrestled out of the control of globalise publishing houses and come back into academic ownership.

Personnel policy has grown in importance for the universities even though civil service status ('tenure') remains the dominant mode of employment. Staff mobility is considerable owing to big salary differences across countries and across universities (D-universities of course pay much more than M-universities, which are still better employers than the poor B-universities in any country), together with the transparent (since 33 of 37 EU member countries use the Euro currency) and barrier-free European labour market.[17]

The bottom-line nevertheless remains the economic viability of the laboratory or university. Public enterprises cannot afford to go bankrupt – Brussels is very strict on that after some hard lessons. Therefore, many institute directors and university presidents are economists, accountants, public administrators, or from similar bottom-line minded backgrounds.

Research

There is a clear distinction between the public-good type research ('basic research', a term back in fashion in the post-Mode-2 research era) in the public research facilities including D- and M-universities on the one hand and private R&D on the other. Private R&D is of an applied nature and focused on the interest of the company. In the last twenty years, patents and other commercial-type indicators have not increased much for university researchers. External stakeholders, the same companies that help set research agendas in public higher education and research institutions, feel somewhat frustrated because EU regulations and (prestigious!) ERC grants, such as those of the 13th Framework Programme-A (Academic; as opposed to Programme-B for Business, in public-private partnership mode) keep higher education and research institutions mostly focused on basic research. The results of this rather strict separation between the public and private spheres have been quite successful in developing some of the most advanced innovations of recent years. Both (merged) universities such as the Technical Universities of Niederdeutschland and the Netherlands (TUNN) and company laboratories such as (in the same countries) the one of Philips-Siemens have made important contributions. 'Every institution its own trade' has proven to be a successful adagio. The example also shows the importance of regional (Niedersachsen and Northrhine-Westphalia, in this case) and national (the Netherlands) governments overcoming state boundaries: cross-national mergers had not been successful before 2011. As in many cases since that time, the direct intervention of Brussels (through re-invigorated Euregios) has been a key factor in this success.

The Lisbon agenda, operationalised in the 3%-target of 2002, was partially successful. The target was reached in the EU-25 in 2012 (the newer members were not counted in the statistics for this process, but they are on a rapid catch-up track well-funded by Brussels). The European economies have become quite knowledge-intensive; the societies caught up soon after by reducing the cohesion gaps between regions and classes. An important instrument in reaching the 3%-target has been the European Research Council (ERC), which disburses large subsidies for international research projects, networks and institutions. The subordinated national research councils provide mid- and small-size subsidies for research at the national level. These national research council subsidies are only open to foreign researchers in consortia with national universities. National and sub-national governments still pay the highest share of public research (in all kinds of public research institutions), some 45% of the total research budget. The total ERC and EU contribution is about 25%. Industry contracts make up for the remainder (30%), which is a constant source of tension as industries claim they pay too much. They also have to

[17] The third factor is language: with every university graduate, let alone university teacher/researcher speaking at least two 'major' European languages and the official right to teach in higher education in a 'major' language, a dialectic synthesis has been reached: language diversity is preserved but overcome at the same time.

contribute to research through the substantial taxes they pay to national and European governments.

The positive picture sketched just now should not hide the fact that much R&D has gone out of Europe to cheap academic labour countries. These countries are in Asia, of course, but Latin America is not to be forgotten. The Southern African Development Council area is said to harbour the ‘tigers of the 2020s’. The Lisbon-2000 aim to make Europe the most competitive knowledge economy proved to be too ambitious. Accordingly, since 2011 attention has been geared more to minimising the information gap within Europe than on remaining competitive in the ‘mass innovation’ areas. Investing in the ‘quality of life’ areas proved to be a more successful strategy, especially given the amount of leisure of the most wealthy age cohorts in the European population. After all, we are talking about Jolly Old Europe, here.

Octavia, the Spider-Web City

Jürgen Enders, Frans Kaiser, Henno Theisens and Hans Vossensteyn

'Now I will tell how Octavia, the spider-web city, is made. There is a precipice between two steep mountains: the city is over the void, bound to the two crests with ropes and chains and catwalks. You walk on the little wooden ties, careful not to set your foot in the open spaces, or you cling to the hempen strands. Below there is nothing for hundreds and hundreds of feet: a few clouds glide past; farther down you can glimpse the chasm's bed. This is the foundation of the city: a net which serves as passage and as support. All the rest, instead of rising up, is hung below: rope ladders, hammocks, houses made like sacks, clothes hangers, terraces like gondolas, skins of water, gas jets, spits, baskets on strings, dumb-waiters, showers, trapezes and rings for children's games, cable cars, chandeliers, pots with trailing plants. Suspended over the abyss, the life of Octavia's inhabitants is less uncertain than in other cities. They know the net will last only so long.'

Italo Calvino: The Invisible Cities, 1972

In 2020, the idea of the University (with a capital U) as a single concept has diminished in the face of multiple missions and visions of higher education and research that have stimulated further institutional differentiation and diffusion. This unbinding of the university has strengthened the many tangible hands of networks that have become the main modes of co-ordination within universities as well as between institutions and other providers and consumers. True, the visible hand of the state and the invisible hand of the market have their role to play but 'networking' is now the name of the game. Today's society is not characterised by the triumph of one rationality over others – whether it is the 'market' that has metaphorically diffused everywhere, the 'welfare state' that has lost control while gaining in interconnectedness, scientific rationality or socio-technological relevance that are increasingly interwoven with each other and with society. What typifies society is the blurring of the boundaries between previously functionally differentiated subsystems that now search for new forms of horizontal and vertical integration via the web.

Simply speaking, universities are as much driven by these co-evolutionary processes[18] as they are drivers of them. These processes are themselves interwoven with the globalisation of the economy and the individualisation of the life course. It is this complex social dynamic that pushes universities to seek and create nodes that will link them with each other and with society in manifold 'elasticities'.

The European Policy Landscape

The EC (European Consortium) of 2020 consists of 37 member countries (including new members Belarus, Moldavia, Norway, Switzerland and Turkey) and 10 associate world-wide partners (including Argentina, Brazil, Egypt, Israel, Mozambique and South Africa).[19] Political responsibility for higher education and research is integrated into the overall policy networks for socio-economic development and innovation, and spread over a multi-layered web of local, (inter-)regional and (multi-)national institutions. This integrated approach to open coordination helped enormously in overcoming traditional sectoral departmentalism and the fragmentation of education, research, science and technology policies. Numerous ways of involving experts and stakeholders in a more systematic and participatory manner added to the legitimacy of these policy networks. However, the sheer number and shifting composition of the various networks, task forces and working groups for Strategic Development and Innovation (SDI) and Socio-Technological Inventions (STI)[20] make it difficult for the observer (and the actors involved) to identify where authority and responsibility are actually located.[21]

[18] The concept of 'co-evolution' precisely refers to a set of simultaneous developments where it is unclear which is the cause and which the effect, or if they are causally linked at all.

[19] The end of the Pan-European approach came as a relief to many, especially to those critical of the inward-looking character of inter-European co-operation (establishing co-operation amongst neighbours to counteract pressure from other parts of the world).

[20] Socio-technological inventions as used here are not matters of simple probabilities, rationally calculated by experts with the cold arithmetic of cost-benefit analysis. Rather they are woven into the very fabric of innovation within a world society that is inevitably 'at risk'.

[21] This concern is found mainly amongst political analysts. Most people are quite satisfied with the recent statement of the European Commissioner for Innovation (who is responsible for education and research): 'We do not know exactly how it works, but it works'.

The Skyline of the Knowledge Economy

On first sight, the skyline of the knowledge economy seems to be more simply structured than in earlier decades with the few big towers of global companies clearly dominant. These companies show little commitment to national or regional affairs in higher education and research. Closer to the ground the nodes and links between SMEs and the local and regional working units of global companies form the back-bone of knowledge-intensive production, service and consumption – and of the labour market for knowledge workers. The globalisation of knowledge formation and transfer and the individualisation of the life course (with shifting and multi-faceted group identities) have had a profound impact on labour markets and on forms of work. 'Standard employment' has eroded to such an extent that yesterday's exception (part-time, temporary and self-employment; movement between sectors, employers, and types of work) is today's rule. Network technologies such as the Internet under-pinned the construction of information and social webs across companies and countries. On this labour market for knowledge workers the 'credentials' of 'graduates' are just the first step in the validation of competencies in the workplace. What really counts (and differentiates members of network elites from the mass of net-workers) is social capital, cognitive mobility, qualifications for network sustainability and symbolic production.[22]

The Institutional Landscape

In such conditions of hyper-complexity, successful universities capitalise on the traditional capacities of academic and scientific networks as well as on inter- and intra-organisational networks that are based on reciprocity, trust, and long-term commitment. 'Small units, thick information and multiple webs' is a popular slogan originally coined by the University of Trullala. This metropolitan comprehensive university has de-departmentalised its structures into a holding-like matrix that comprises public, semi-public and private entities for teaching, research and service. Some (jealous) observers call it 'the spider in the web'. For example, its undergraduate teaching is integrated into the European Open University (EOU), a non-profit consortium of on-line providers from 12 countries spread all over Europe. EOU is affiliated with on-line providers on other continents with whom it shares on-campus facilities for international students. Trullala offers courseware and tutorials within the dual-mode approach of the EOU. This combines information and communication technology capacities with elements of face-to-face interaction between teachers and their (probably) more than 400,000 students.[23] The three big science & technology research units of Trullala are affiliated with the Ford-Renault Institute of Technology, a private for-profit institution that works with different basic research units to promote knowledge and technology up-take. The Institute for Metropolitan Innovation at Trullala connects a shifting number of its faculty to regional business and other public and private stakeholders interested in socio-technological inventions.

Co-operation can also lead to new institutional forms within bigger but strongly differentiated organisations. Some universities have disappeared from the landscape altogether following mergers with other universities and/or private R&D organisations. The Technical University of the Netherlands and the Bio-Medical Alps University are two examples of the conglomeration of a number of once 'stand-alone' universities with the private laboratories of multi-national companies. In this construction companies were able to outsource their R&D function without loosening their ties to related innovation capacities. In contrast other universities have decided to organise themselves around more selected disciplinary or professional clusters. The Budapest School of Governance, the Springer-Lingua University and the Institute of Cognitive Science are among the more-well known examples for such multi-disciplinary specialisations in postgraduate training and research.

In the teaching industry much attention has been given to the rise of the virtual mega-universities such as the EOU, the Anglo-Asian Academy (AAA) and the Delphi-Phoenix Program (DEPP) that operate on a global level with virtual multi-language programmes.[24] The AAA has major home

[22] Symbolic knowledge workers manipulate words, numbers, images and sounds in order to broker and analyse information and to provide meaning to information so that it can unfold its symbolic-analytical problem-solving capacities.

[23] It is now common wisdom that on-line 'stand alone' courses with all their e-learning facilities are best placed to cater for the diversified needs of a diversified international student body. By blending this approach with face-to-face interaction with teachers and (even more important) other students the EOU and others have realised further learning advantages that flow from social exchange.

[24] All courses and material are made available in English, Spanish, Chinese and Hindi – the latter language was introduced over the protest of Indian academics who argued that English fitted perfectly well with their goals. Many students make use of the Intelligent Interpretation Generator which provides electronic tools for all the possible translation permutations between over 400 major languages and dialects.

bases in the UK, Australia, China and India and serves more than 600,000 students while DEPP with some 500,000 students has its largest sites in the US, Greece and Egypt.[25] Recent figures confirm, however, that across Europe most undergraduate students still study in national or regional universities. These too offer mixed-programmes based on face-to-face teaching with some ICT-support based on interactive learning and communication. Their major competitive advantage lies in experience-based learning programmes for contextualised knowledge applications that are strongly linked to the local embeddedness of the global knowledge economy. Inter-university alliances between these universities and the many local low cost providers of tertiary education are a widespread phenomenon. Such agreements regulate the co-operation and division of work between the institutions; student, staff and program exchange; as well as contractual relationships with companies who recruit staff on the university's turf and send employees for further training on a regular basis.

In 2020, the themes of 'change' and 'diversity' dominate any analysis of the horizontally (division of work) and vertically (reputation) stratified European university landscape with its approximately 3,500 universities. A core of more visible and prestigious institutions that see themselves as European Universities are surrounded by a growing number of usually smaller more localised 'Universities in Europe'. Stratification was inevitable. Driven by quantitative (massification and internationalisation) and qualitative (complexity and interconnectedness) growth, it led to increased levels of volatility and fuzziness in the system. The fuzziness encouraged much finer-grain and flexible differentiation of institutions than those of the age of higher education institutional 'types'. Nowadays universities bundle and un-bundle their tasks in teaching, research and service, their (multi-)disciplinary profile, their geographical outreach and their embeddedness in a web of shifting organisational configurations within and beyond the institution.

Obviously, academic leadership and institutional management mean different things and assume different forms according to specific organisational profiles and context. The development and dissemination of professional and ethical standards as well as basic principles and tools for university leadership and management are two of the functions of FLUXUS, the global network of university managers.[26] 'Leadership for change' and 'management of flows' (knowledge and capital) are the names of the governance game in higher education and research – the art of sailing a ship under permanent reconstruction. Consequently, leaders and managers find themselves more involved with people than with structures that will change anyway and are perceived more as temporary enablers.[27] In this context strategic leadership (following the principles of 'distance, morality, responsibility and reform'), network management ('bring the right people together') and personnel policy ('I know my people') form the building blocks for universities' advocacy coalitions and linkages.

Learning-Working Pathways: Students and Structures

Student numbers have not changed dramatically over the first two decades of the 21st century but the composition of the student body certainly has. In Europe's greying societies, the number of younger traditional students has declined and is counter-balanced by a growing number of international students (with the most dramatic increase in postgraduate training[28]), part-timers and life-long learners. Most undergraduate students gather their credits and credentials over the course of a cross-organisational and cross-national learning journey – which makes it no simple task to count student numbers and to ascribe them to an institutional home-base.[29] ICT-networks between universities and other knowledge providers and every-day physical mobility around the globe allow students to mix face-to-face classes with online courses at universities across regions and countries. These patterns of multi-organisational affiliation characterise large parts of

[25] The biggest 'university' in the world is probably the Boundaryless Institute of Non-Governmental Organisations (BINGO) although its exact size is uncertain. Its virtual campus and several regional knowledge sites around the globe offer no credit courses or degrees but provide an enormous amount of up-to-date knowledge and know-how. (Many academics who argue that BINGO quality control is quite dubious are known to make use of it themselves).

[26] FLUXUS is financed mainly via its 'brain hunting' activities – recruiting academic leaders and mangers 'across the board of knowledge networks'.

[27] The fight between the two schools of thinking in FLUXUS – the Matthew school ('To those who have will be given') and the Robin Hood school ('Take from the rich and give to the poor') is more about the use of financial incentives in universities.

[28] It is estimated that about one-quarter of Europe's Masters-graduates and one-half of its PhD-graduates come from a non-European home country. A first tide of Asian students was followed by a wave of Latin-American students and increasingly students from Africa and the US are adding to the flood.

[29] The most reliable data and information on student numbers is found in the European Higher Education and Research Observatory founded by Professor Frans Kaiser. His data simulation model is based on the premise that you cannot know at the same time the exact numbers and the exact locations of students, graduates, and staff.

the academic professions as well. Public-private researchers, for example, hold shifting contractual relationships with different organisations within the knowledge cycle and wandering academic gypsies (part-time teachers) are usually affiliated to a number of local and regional low cost (and low salary) institutions.[30]

In 2020, some kind of Bachelor-Master structure has been implemented in all European countries and for all degrees – you cannot live without it. To enable mutual recognition, bi-lateral and multi-lateral agreements have been concluded to provide an overview of the bewildering variety of programmes and degrees that has developed within the Ba-Ma structure (3+2 years, 3+1+1 year, 4+1 year) and beyond. Short cycle programmes in under-graduate and post-graduate studies are widespread. Many of them are designed for graduates with work experience and other knowledge workers with a need for further training. Some serve a growing student body of 'life long learners' whose interest goes beyond the more immediate purposes of the job market. Others are designed to give an innovative push to the labour market to create jobs and positions that do not yet exist but that are predicted to play an important role in the near future. Information and certification services to assist (potential) students to select their 'menu à la carte' and transform it into a readable degree have become a mature business in the learning industry. The recognition of prior learning and (work) experience is also common practice and is co-ordinated by the International Student Selection and Placement Partner Organisation. Further selection is organised by the universities themselves who adopt different strategies. Some universities have opted to be highly selective to retain their institutions 'small and prestigious' status while others have chosen a strategy of attracting as many students as possible – aiming to become 'big and prestigious'.

At first glance the structures for the 2-year professional doctorate and the 4-year research PhD (usually organised in inter-university doctoral schools) look more straightforward. But the growing international and disciplinary mobility of doctoral students, students moving between professional and research tracks and between different research organisations, and the phenomenon of the so-called mid-career doctorate have all combined to create a much more colourful PhD journey.

All in all, the universities of 2020 are diversified structurally and in terms of modes of study and courses provided. Greater attention is devoted to generic competencies, social skills, and the lifelong learning function. Modular programmes designed for better integration into learning-working pathways, and practical learning beyond the class room have tended to blur the distinction between initial and continuing degree studies as well as between young adult, mid-career, and post-working life training. This trend towards 'life-span' training also reflects the enormous immigration of younger knowledge workers from Asia, Latin-America and increasingly Africa and the US, and the growing demand for the validation of competences (rather than credentials) from the flourishing network economy. In general graduates do well on the European labour market – and increasingly in careers beyond Europe. The growing virtual and physical mobility of students within global university partnerships and networks facilitates not only greater workplace mobility between Europe and the other continents, but also mobility on more equal terms.

Quality Assurance

'Quality' thus stands for supporting a diversified student body to acquire a mixture of skills and knowledge adaptable to new and changing configurations in the workplace and beyond. The European Accreditation Network (that is linked to its counterparts in other regions) works directly with the universities to assure common standards (some call them 'the smallest common denominator'). These are supplemented by international private accreditation agencies (mainly active in business studies, law and medicine where they interact with international professional organisations) some of which employ more selective criteria and promise more prestigious rewards. Many observers believe that the rise of internal quality assessment procedures has had an even stronger influence on the 'culture of quality' within the universities. Periodic reviews by inter-departmental and inter-university bodies together with the widespread use of student assessments and post-graduate labour market surveys provide rich tools for ongoing internal discussions on how to maintain or improve the quality of education.

A number of organisations provide guides with quality rankings based on information provided by the universities themselves or by expert assessors

[30] All organisations, however, are required to follow the basic standards agreed upon between the European Trade Union of Knowledge Workers and the European Association of Knowledge Producers.

in other institutions. Among these are the bi-annual rankings of undergraduate programmes conducted and published by the magazine International Higher Education, and the ranking of doctoral schools every four years by the European Research Council. The most widely used information source is provided by students and academics themselves. The Virtual University Observer is facilitated and fuelled by international student and staff associations. This platform gathers and compares statistical information and university rankings provided by the various higher education and research portals. More importantly, it provides and systematises first hand information on the profile and quality of institutions, services and workplaces in terms of criteria beyond traditional 'academic excellence'.

Funding of Learning

The system of funding for universities has certainly encouraged the various developments in higher education sketched earlier. Government remains the dominant sponsor of higher education institutions but public money now derives from heterogeneous sources for equally heterogeneous purposes. Regional, national and European governmental entities and their arm's length agencies provide some direct subsidies, in many cases designed as matching funds based on contractual relationships. The bulk of public money enters higher education via a European voucher system that covers the right of all citizens to a four- to five-year study period.[31] The vouchers can be used in any EU member state for full cycles of Bachelor- or Master-programmes as well as for certain training modules across the full post-secondary spectrum.[32] The ESB (European Student Bank affiliated with the European Central Bank) organizes the money flow and provides further loans to those students who choose more costly study programmes or longer periods of post-secondary training, and to the intake of international students.

[31] This funding system came just in time for the (student and teaching intense) social sciences and humanities disciplines that found themselves in a precarious situation during the period when innovation was perceived to be a matter of science & technology only - with all the consequences this had for university funding.

[32] Different agreements regulate if and to what extent former students will have to cover the costs of the used vouchers after graduation. Fellowship programmes for the special support of low income groups are fairly common adjuncts to vouchers.

Research Funding and Structures

Research is funded separately from teaching via the national research councils, the European Research Council (ERC, established in 2006) and various public-private sponsors and foundations. Most of the research funds are allocated to research programmes. The bargaining about research priorities is a major area of political debate between scientific elites, regional and national governments, research councils, the ERC and the European Commission. These programmes are intended 'to support research projects in designated areas of strategic relevance for innovation and global competitiveness based on peer review for scientific relevance' – a compromise formulated after the establishment of the ERC in order to integrate research money from 'Brussels' into its portfolio. The bulk of research funding for universities derives from national sources based on (another political compromise) 'semi-open' national systems of research funding. Foreign scholars from within the EU are eligible for funding provided a 'home-based' researcher functions as the principal investigator. Equally importantly, European and National Research Councils assess applications not only on scientific or technical merit but also on their wider social application – thus giving greater prominence to social utility.[33] Another problem concerning research funding arose after the achievement of the so-called 3%-target (3% of GDP on R&D spending in the former EU by 2010). While the target had already been achieved by 2009 it became clear that it was too modest to provide sufficient financial backbone for a 'Europe of Knowledge' to become the world's leading player. Various policies were adopted to increase support from public sources but the key breakthrough was only achieved when major companies changed their practices (and perceptions of investment in R&D as being a 'private loss') and started to invest in international research consortia. As importantly, access to finance became easier for SMEs as increasing numbers of regional public-private innovation networks were established to link the various actors in their clusters. The increase in private investment has been of major benefit to the research-intense universities who had already started opening their doors (and budgets) to joint industry-university activities.

[33] Extended peer review involving not only scientists but also stakeholders affected by the use of science is now common practice and is integrated into overall accountability frameworks that extend beyond traditional quality control procedures.

Most have organised their research in inter-faculty and inter-university units that are comprised of flexible and semi-permanent teams in self-organised centres with control over, and responsibility for, costs and revenues. Face-to-face contact with partners interested in knowledge transfer forms the basis for co-operation with business and increasingly with other organisations and interest groups. Strategic alliances, the in-sourcing of private R&D, and mixed university-company campuses are organisational responses to the new mix of funding opportunities, changing university research missions and novel research technologies. Academics themselves are the major players and drivers of these developments towards a greater overlap between the realms of academia and the commercial world. The major generation change within academe brought more faculty into universities who are able to balance the self-dynamics of scientific discovery with those of academic entrepreneurialism. Significantly, research-active academics now gain a considerable part of their personal income from capitalising on their know-how. (The 'money for value' declaration of the 2012 Warsaw conference of European Ministers of Innovation finally opened the door for this policy).

Nodes and Holes in Network Europe

In this brave, new world of network Europe, the struggle for hegemony has certainly not been abandoned – and it has many faces. Regional disparities across Europe are an enduring problem for institutions and policy-makers. Such disparities have only been partly overcome by the EU-subsidies for the further development of a more balanced landscape for European higher education and research. (Resources have been reallocated from the agricultural sector to knowledge-producing industries). Major concern remains over the gap between the so-called 'teaching intensive' South and East of Europe and the 'research-intensive' North and West. This concern overlaps with the realisation that some small countries (such as Finland and the Netherlands) and some cross-national regional clusters (like the 'golden triangle' on the Belgian/Dutch/German border) still get far higher returns from R&D and knowledge industries than others. By starting earlier and investing in a flexible and co-operative way in infrastructure and networks for education and research these areas of Europe were able to leave some of the 'big tanks' in Europe behind. Finally, the potentials and limits of inter-university alliances are on the agenda as well. The recent decision of the European Cartel Office not to allow a consortium agreement between the Max-Planck-Institutes, the Centre National de Recherché Scientific, the Ford-Renault Institute of Technology and a consortium of leading research universities (led by Oxbridge) has been widely debated. Some accept the argument of the Office that such a consortium would constitute a 'monopoly of excellence' that would harm competition within Europe. Others argue that such co-operation is a prerequisite for competition with other consortia on a global level.

In this debate, most academics who are not confined to local or national settings consider themselves cosmopolitan rather than European. Their main thrust in transcending the academic's traditional national emphasis is global rather than European. The policies and infrastructures chosen by universities seldom make clear conceptual or pragmatic distinctions between the European on the one hand and the international or global on the other. In the many worlds of academe, happily networking scholars search for partners wherever the knowledge is to be found.

Vitis Vinifera, the City of Traders and Micro-Climates

Jon File, Eric Beerkens, Liudvika Leišytė and Carlo Salerno

Vitis Vinifera is renowned for its trading and for the diversity of its products. Travellers come from miles around to purchase goods and services that are widely believed to enhance future prosperity and the quality of life. It has no central market as its producer-merchants prefer to trade from their homes across the city. Curiously, while bustling back and forth across Vitis Vinifera in search of the right product at the right price, the first-time visitor is only fleetingly struck by the notion of being in a city at all.

There is little that seems to hold the city together as an entity – the roofs are made of tiles of different hues and textures; the cobbles paving the divergently dimensioned streets seem cut from geological formations from the four ends of the earth – so as one turns each corner it feels as if one has entered another city; gardens display a bewildering array of botanical growth and colour – from arid desert cactus to steamy jungle undergrowth; through open windows can be glimpsed rooms, decoration and furniture that could belong to one hundred different tribes and territories; the dwellings themselves (each with their own stall or shop-front) are built from such dissimilar materials and of such contradictory design – polymer tent, log cabin, stone church, glass house, icy igloo, sand castle, steel tower, thatched hut – and of such varying dimensions – thirty metres high, barely above ground, stretching across a full city 'block', crammed next to each other on a postage stamp plot – that it is clear that Vitis (as it is known colloquially to its residents) has no city planning committee, nor a hegemonic architectural practice.

On reflection, and after the initial disorientation of the first visit, the underlying reality begins to make itself clear. It seems that the diversity of the visual experience initially blunts the other senses – for as one walks through the city one's body alternately freezes and bakes, is drenched in rain, blown off course, enters twilight and emerges steps later with the sun at high noon. Vitis is a city of micro-climates, a triumph of terroir, where each household produces and trades in a niche customised meticulously to its own environment.

With stylistic debt to Italo Calvino's Invisible Cities, 1972

Europe 2020

Europe 2020 is not dramatically different to the Europe of 2004 – geographically and politically. The UK has not drifted continentally across the Atlantic,[34] and the ongoing EU accession process has not altered the fundamental political dynamics of Europe: an uneasy cohabitation of national sovereignty and shared supra-national interests and co-ordination. In terms of economic strategy the optimism of the early years of the century has been tempered by more realism about the limits to what can be achieved by joint pronouncement, about the fact that fundamental socio-economic change requires a long period of gestation, and the recognition that the lead established by Europe's major competitors in the global economy would not be clawed back in a decade. Europe 2020 is not the world's leading knowledge economy – it remains a very serious player but has not caught up with, let alone overtaken, the USA and Japan and the economic growth of China has surprised all three.

The socio-political agenda has however changed significantly – while innovation and the knowledge economy remain important priorities they have lost some of their iconic and 'only show in town' status. The newer shows in the towns of Europe are more focused on the quality of life – longer (working) lives, travel and leisure, the environment, paramedical therapies, media and design, cross-cultural relationships, critical consumerism, urban social cohesion.[35] The economic base (largely service and knowledge based, but with significant primary and secondary production in the far North, East and South) has proved robust enough – Europeans don't wish to be wealthier than everybody else – those that do have moved to the more entrepreneurial shores of San Francisco, Sydney, Shanghai or Sao Paulo.

[34] Although its relationship with the rest of Europe remains intriguing: the BBC still reports that the continent is cut-off when thick fog descends over the channel.

[35] One illustrative indicator: in 2017 for the first time Bonsai trees outsold Personal Communication Aides (PCAs).

The market, moving like the Lord in mysterious ways, is better understood and its hand is sighted on the occasional clear day. Path breaking social science theory and research in the early years of the century has led to a far more nuanced analytical appreciation of markets as well as different economic, social, regional and geographical dimensions to them.

In a similar vein, a series of monographs produced in 2011 by CHEPPS[36] of the Universiteit Eenentwintig[37] helped many move away from some of the blunter analytical concepts in higher education policy analysis: CHEPPS staff and an increasing number of fellow thinkers no longer use terms like the university, the higher education sector, the market, and the academic profession let alone try to describe any characteristics these may have. While some may privately mourn the passing of an era when universities were universities, professors professed and students were seen and heard – it is now accepted that higher education in practice (if not always in policy) encompasses all post-school education and training. This is an enormously diverse field and most of what happens is driven by markets. Nevertheless educationalists, trainers, programme developers and researchers[38] are seldom driven to market easily and even less frequently via the shortest route.[39] It is not just these complex relationships between markets and the higher education sector that have made higher education policy studies such an interesting, challenging and respected field – for the key third triangular player, national and supranational authority, has in no sense retreated (defeated) from the field.

What did happen however was that national governments and the European Commission became more realistic and more selective about what could be achieved in a highly diverse and complex field of social life where governments have limited steering capacity and a restricted set of steering instruments at their disposal[40].

Broad Trends in European Higher Education

While there remains considerable variability across different European countries and different national higher education policy histories make fascinating reading, the trends are clear:

- higher education programmes[41] are now being offered more flexibly by a wider set of institutions to a broader range of learners (in terms of age and socio-economic background);
- higher education programmes are more responsive to the needs of learners and different economic sectors;
- institutions have more autonomy than they had 20 years ago particularly in terms of student selection, programme development and curriculum content (most national quality assurance and accreditation systems stepped back from programme level accreditation and licensing in the period 2007 – 2010);[42]
- the share of higher education accounted for by private providers[43] has increased significantly, as has the proportion of private funding within public institutions;
- public (teaching) funding of higher education programmes at public institutions is increasingly based on (targeted and competitive) student

[36] The Centre for Higher Education Policy Studies with two Ps - a famous Dutch author like Charles Dikkens with two Ks. (See Monty Python: *The Bookshop Sketch*).

[37] The Technological and Social Science legs of the University of Twente split (painfully and irreparably) in 2009 with the social science part taking the next available name: the University of Twenty-One.

[38] These are four of the 27 (EUFO) job descriptions introduced across the EU in 2009 to enable a sensible discussion about what had hitherto been described as academic staff.

[39] An experienced mid-western cattle farmer advises that the first and crucial stage in any attempt at herding buffalo is to make sure that you have a pretty darn good idea of where the buffalo wish to go.

[40] Governments and the EC appear to have accepted CHEPPS first law: Higher education institutions are by definition smarter than Ministries and coordinating agencies so effective steering is always difficult, and its corollary: Where the first law does not apply, the capacity problems in higher education make steering a hopeless cause to begin with.

[41] 'Programme' is used here in a very neutral way: most programmes are now flexible combinations of courses, modules and often work experience. Purists argue that most are not programmed at all.

[42] Apart from buffalo characteristics and the first law of CHEPPS mentioned above, programme level accreditation was defeated by logistics (100,000 programmes) and by strong arguments from the market that it was incompatible with innovation, responsiveness, renewal and mass individualisation.

[43] In most countries the line between public and private providers has become more permeable. One third of European governments now finance undergraduate studies in accredited private institutions. Ten countries have passed 'Chalmers' legislation allowing public institutions to step out of the public sector and become private foundations. On average 8 public universities declare bankruptcy each year with governments declining to bail them out - rather preferring to sell them off to the private sector, in some notable cases via management buy-outs.

enrolment at the undergraduate level – postgraduate programmes are predominantly funded only through tuition fees;

- public research funding (including that for PhDs) is highly competitive and selective – benefiting research groups that are very good and/or strategically relevant. The share of research funding distributed by national research councils has diminished as the role of the European Research Council has expanded;
- in one way or another the great majority of students now pay tuition fees, and most, if not all, institutions have the ability to set their own differential fees (within limits that vary nationally in the amount of discretion they allow);
- student support grants increasingly target the first degree level, are income contingent and only the very talented and the very poor have their full costs covered – student loans are an accepted reality across Europe and are offered by public, private and mixed 'student banks'.

Students and Study Programmes

Student participation has grown remarkably over the past two decades but the effective broadening of 'higher education' to incorporate most of the further education sector and much of the training industry makes it difficult to precisely quantify the change.[44] In this broader definition most European countries now have participation rates exceeding 70% of the traditional age cohort but the most pronounced growth has been in 'adult', 'mature' or 'life long' learners.

The age range of students has also increased enormously – major groups include the immediate post-school cohort (for Certificate, Diploma and Bachelor programmes – typically publicly funded but with a high loan component), early and mid-career working people (for second Certificate, Diploma or Bachelor programmes or a Master – typically self or company funded) and increasing numbers of post 45-year-olds for interest or for second career purposes (self funded, but with some government retraining funding and increasingly tax credits). The recognition of prior learning is common place in the majority of HEIs other than the few 'collegiate' institutions that have retained the development of a critical and responsible citizenry (from 18 – 21 year old young adults) as a core part of their mission.

Higher education institutions, Brussels and EU member states all recognised that a minimum level of shared understanding of qualifications was essential if a diverse higher education market place was to be effective in meeting the diverse higher education and training needs of a diverse Europe and its diverse markets. The Bologna process was expanded to include sub-degree qualifications. The Certificate, Diploma, Bachelor, Postgraduate Diploma, Master and (research and professional) Doctor structure of 1, 2, 3, 1, 2 and minimum 2 years duration, sub-divided into 80 ECTS credits per year is now standard across the EU, and almost standard in other European and neighbouring countries. Training programmes of less than a year, but of at least 10 credits, are also registered by the EU's Higher Education and Training Authority (HETA). Although it is not mandatory for them to do so, it is estimated that 98% of public institutions and 80% of private and non-European providers register their qualifications voluntarily given the extensive use of the HETA database in the market places for 'graduates'.[45]

HETA is neither an accreditation nor a quality assurance agency. Rather it is a data-warehouse for HE programmes with a limited audit capacity to verify the information provided via random checks (mainly on programme duration and entrance requirements). HETA is widely perceived in the HE industry as a body not to be messed with: the sanctions for fraudulent reporting are severe. Beyond this rudimentary system of registration, quality and relevance are widely believed to be matters best left to the markets to assess. A minority of member states have national accreditation procedures for public HE programmes but the dominant model is one of multiple accreditation possibilities that are chosen strategically by HE providers – often on the advice of highly paid marketing professionals.[46] The diverse markets for Europe's HE 'graduate output' have surprisingly sophisticated methods of assessing the skills and competencies of

[44] Professor Kaiser of CHEPPS estimates the full-time equivalent growth in Bachelor registrations in EU member states at 18% over the period 2007 to 2017, and that for Masters candidates at 25%.

[45] The nice Anglo-Saxon distinction between **graduates** and holders of lesser qualifications has fallen into such disuse that **diplomate** can no longer be found in the Complete Oxford Dictionary.

[46] Governments without their 'own' accreditation agencies decide which agencies they will accept for institutions to qualify for public funding.

graduates, and the 'quality' of programmes – these vary enormously by economic sector, 'profession' and region.[47]

There is however increasing public concern about declining and/or differential higher education standards across Europe. Political leaders and higher education executives have been fairly pragmatic about this – conceding that there is more variety in the system by design, arguing that more information is available to prospective students and pointing to comparative international research by the University of Malta that suggests the 'aggregate quality range' within European higher education has increased enormously but still remains less diverse than in the USA.

Student Mobility and Internationalisation

Despite all of the hopes of the Socrates and Erasmus programmes and some of the underlying motivation of the Bologna process, cross-border student mobility at the first degree level within Europe remains limited – some 10% of students complete a Bachelor's degree in another European country and a further 10% take a semester away. Most analysts attribute this to the persistence of mother tongue instruction at the undergraduate level and the unexpected social trend in the 2010's of late adolescents wanting to remain in their parental home. Mobility at the Masters level is far greater both within and across countries (almost half of Masters students take their degrees at a different university – and a third of these in a different country) reflecting the trend of more and more Masters programmes being taught in English and European parents drawing a line under extending hospitality to their offspring.

Higher education has become one of Europe's most important trading commodities. While the pattern varies across different countries, higher education is one of the top ten service sectors in many European economies. The UK, Netherlands, Sweden and (northern) Italy are the most successful, but the levels of flexibility and international responsiveness shown by sectors of the Polish, French and German university systems would have been unimaginable a decade ago. Europe continues to attract more and more international students and is cutting significantly into the market shares of both the USA and Australia.[48] Within countries, internationalisation has become one of the most important dimensions of system diversity – some institutions have embraced it to the point of specialisation while others have deliberately excluded the international dimension from their niche.

Institutional Landscape

Most countries have abandoned institutional differentiation by type (university, college, and polytechnic) and only philosophers and historians retain any real interest in the question of what a university is. Politicians, prospective students, the general public and markets are content with the pragmatic position that a university is what it does. Europe's universities (and alternatively baptised HEIs) do very different things.

Europe's 6,000 higher education providers have considerably more than 100,000 programmes registered with HETA. Of these providers fewer than 800 would be recognisable to a 1990s alumnus as traditional comprehensive universities, and fewer than 400 offer PhDs in more than five fields. The modal HEI offers 10 study programmes at the C, D, B and M levels in two or three broad fields of study.

The diversity across Europe's universities is as vast in terms of focus as it is in programme offerings. Most have opted to be (or have accepted a compelling business case to remain) a combination of national, regional and local institutions with close relationships to proximate stakeholders and their needs. Only a minority aim to be international and trans-European centres of (mainly English language) learning and scholarship. Research is increasingly concentrated in (Western and Northern) Europe's elite universities – claimed to include four of the ten best in the world – but surprisingly these elite institutions seldom have their undergraduate programmes assessed as being the best. The most selective programmes (with the exception of Doctorates) tend to be at small specialised institutions, both public and private. The different niches that higher

[47] See the guides published periodically by 'WHICH' – particularly instructive are it's *Where to find the best training in…* Floristry (May 2009), Tourism from China (June 2009), Green Architecture (July 2009), Feng Shui (April 2010) and Polymer Engineering (Sept 2010). Note the emphasis given to inter-personal and life skills in each case. CHEPPS researchers have found that guides of this nature and Lonely Planet's 'Best European student cities' are far more influential among prospective students than HEIs own marketing materials and the various 'university rankings' published annually by major European newspaper groups.

[48] Saatchi and Saatchi's celebrated advertising campaign 'We have culture, we have no flies and you can drink the world's best beer and wine at 18!' is seen by many to have been a decisive intervention.

education institutions have chosen are reflected in their student bodies (age, national origin, full or part time, contact or distance mode), in the accreditation they seek, in their language policies, in the tuition fees they charge, in their mix of funding sources and in their staff profiles and reward systems (see below).

One-third of higher education providers are private but most focus on shorter cycle certificate and Diploma programmes, often at the post-graduate level. Only a minority operate in the first Bachelor degree market. These are mainly in Eastern and Southern Europe. The trend has been for this minority to receive public financial support for Bachelor (and often Certificate and Diploma) students provided that they are nationally accredited. The private university sector has grown significantly particularly in the MBA and ICT fields, many new providers (and more and more traditional ones) offer educational services via broadband interactive web-streaming technologies, while the market share of the European campuses of US and Australian universities has dropped significantly from its 2005 high of 2%.

Funding

The funding mix varies according to institutional profile and (decreasingly) its public or private status. Most public institutions are dependent primarily on government grants linked to student enrolments at the initial Certificate, Diploma and Bachelor levels and on tuition fees. Fewer and fewer governments fund institutions at the same level for all of the students they enrol. The most talented, those in areas perceived to be strategically important and under-represented groups tend to come with higher prices attached thus making targeted student recruitment a very competitive and potentially lucrative business. The average public university now receives 57% of its funding through direct grants from national government but the range is considerable. The entrepreneurial University of Warwick receives 15% from this source whereas many locally orientated non-technological universities continue to receive over 80% of their funding via this channel. In general terms, most governments now see their subsidies to institutions in 'prices for services' terms and not as 'contributions towards actual costs incurred'.

Tuition fees vary from 280 to 28000 Euro per year for a Bachelors degree.[49] Higher education institutions decide for themselves what tuition fee levels to set for each programme but national framework legislation sometimes sets limits on this, as do national student financial aid policies which have maximum tuition fee levels for loan/grant recipients. CHEPPS research indicates that most institutions charge what they think the market will bear but that the popularity of the programme (some receive over 100 applicants for each available place) and the perceived level of competition with other programmes (and the fees charged) are important factors. Tuition fees are paid through a wide variety of sources – students, parents, employers and the government itself for some first degree students (the very talented, students in undersubscribed but important fields, and the very poor) in some countries.

Less than one in ten HEIs receive public (basic) research funding (see below). More than 50% receive contract R&D and/or training and consultancy funding from public and/or private sources, including regional innovation and development agencies and (crucially) service sectors of the economy in which the HEI is active as a player in education and training. (Between 2007 and 2017 there was a significant reduction in the proportion of private and public sector[50] training and R&D resources spent in house – this has been the major new source of income for the HEIs.)

One interesting new development has been the launching of effective alumni associations and professional fund raising campaigns by a number of small prestigious universities. While it is too early to tell what degree of success will be achieved, there is far more talk and far more action in the area of donations and endowments for universities than there has ever been in Europe.

Research

On average Europe's expenditure on research, technological development and innovation comfortably exceeds the 3% of GDP target set two decades ago. This can be partially explained by rising private sector expenditures (often contracted to higher education institutions) and partly because Europe's shifting socio-economic priorities and its changing markets for goods and services have broadened the range of fields where these

[49] The cheapest is a Norwegian Regional University near Tromso while Switzerland's leading hotel school is the most expensive (***The Economist***, March 23, 2019).

[50] Government ministries, public service sectors and state research institutes.

resources are spent. Innovation in particular is highly valued and is no longer a wholly owned subsidiary of the science and technology disciplines. Many of HE's major research role models are not Nobel prize winners but innovators, and the programmes they contribute to are some of the most selective in Europe.

As was indicated earlier fully half of Europe's higher education institutions receive significant 'third stream' applied R&D funding and the sector is now responsible for much of the R&D activity previously undertaken by government, business and industry themselves. These developments have had a major impact on the 'applied research landscape' and on the mix of activities within the higher education sector.

Research and (research) PhD funding is highly selective at the European level: some 35% of Europe's total public basic and strategic research funds are distributed by the European Research Council, and at the national level (where national research councils have developed innovative ways to enhance national capacity and priorities in a context of competitive Europe-wide tendering). While each nation state possesses at least one research 'flagship' there is no doubt that a substantial research function is now the preserve of the few, and that the few are not evenly distributed across Europe – the Western and Northern European universities house most of Europe's leading research centres. 'Big science' is increasingly undertaken by cross-national tailor-made consortia that draw on top university based researchers and their counterparts from the public and private sectors. Despite a number of expensive ERC programmes to encourage European research networks, the self-perception and scientific practice of Europe's leading centres continues to be unashamedly international. Exclusive European networks are seldom those at the cutting edge.

Most national ministries have introduced targeted funding to help train, recruit and secure the next generations of university based researchers – but these are now recognised to constitute only a small proportion of the nation's 'academic profession'. The modal 'academic' is an expert in a particular field: a skilled teacher, entrepreneurial in outlook, a talented team member in joint projects with external stakeholders, not active in fundamental research and does not wish to be.[51]

In retrospect it is clear that the research agenda of the past two decades has increasingly been developed in consultation with external stakeholders (who fund most of it). This has meant that research fields not relevant for business and industry are weaker than they were in 2005 although once again Europe's changed socio-economic priorities have meant that business and industry's own interests are far broader than they were.

Higher Education Leadership and Management

European higher education institutions operate in an environment far less stable than that of only a few decades ago. They enjoy more independence from government. Student selection, determining tuition fee levels, setting staff salary policies and deciding independently which programmes to offer are all now routine aspects of the inner business life of universities. The range of strategic choice and possible activities to focus on has broadened. Levels of competition for students, staff and contracts have increased fairly dramatically. More liberal operating regulations entail greater financial autonomy, wider opportunities and deeper risks. Flexibility and responsiveness are expected by a wider range of stakeholders.

The typical higher education institution is managed in a business-like way, stressing efficiency and productivity. Methods of strategic, financial and human resource management are by and large similar to those encountered in the private sector. Higher education management in general and its 'sub-disciplines' in particular[52] have developed into recognisable professional careers. This professionalisation is evidenced by the fact that it is common

[51] Many were liberated from the burden of unfulfilled research expectations by the major changes in HRM and salary policies that swept across the European higher education space in 2008 and 2009. Academic salaries continue to differ vastly across countries, but within countries a wider range of performance areas are rewarded. More and more staff see themselves primarily as members of the teaching profession – long holidays with no associated research requirement are attractive. Part-time studies by HEI staff in androgogics and project acquisition are both growth areas.

[52] The European Association of Higher Education Managers has thirty professional tracks at its annual conferences grouped into twelve major fields: academic management, research management, HRM, marketing and corporate communications, scholarships and student recruitment, assets and real estate, law and contracts, governmental relations and lobbying, strategic planning and risk management, student life and Brussels scouts.

practice for institutional executives and managers to move from one institution to another over the course of their careers. There is an extensive range of educational programmes to prepare higher educational mangers and to enhance their skills. Moreover, executives and managers are well paid (at least in higher education terms). As always there are distinct national flavours and differences relating to the nature of the institutional mission. Regional education, training and consultancy-focused institutions are more likely to have a chief executive drawn from outside the HE sector (there is far greater job movement in and out of higher education) while leading research institutions tend to have presidents with a traditional academic background but supported by highly professional management teams.

After a period at the end of the last century when the higher education sector seemed gripped by merger fever some spectacular failures of mega-institutions around 2010 have noticeably dampened enthusiasm for mergers and amalgamations. If big was once beautiful, European higher education in 2020 has real doubts about the manoeuvrability of university super tankers (let alone fleets of them) and many of the most successful institutions are small and specialised.

Postscript: on the Loss of a Sector

Like our imaginary Vitis Vinifera,[53] European higher education 2020 has a coherence problem. It feels less and less like a sector and more and more like a loose collection of institutions with a shared common denominator no more significant than having one or more of the words teaching, learning, research and development in their mission statements. In terms of governance and of the big interrelations of state, market and academia this is more than a feeling. Sector-wide organisations are struggling to deal with higher educational diversity, Rectors Conferences are ridden by factionalism and competing interests, European consortia and clubs of similarly visioned institutions have proliferated, (a) higher education policy is becoming a contradiction in terms and the would-be developers of the European Carnegie classification have gone into early retirement muttering that some things are just unclassifiable.

By 2030 historians will have demonstrated that the loss of sectoral coherence was a trend with origins extending way into the previous century when Europe took its first faltering steps down the road from elite to mass higher education. A seminal work by CHEPPS on the occasion of its 50th anniversary will conclude that the alternative scenario – a harmonised, homogenised higher education system with near universal access – would have been, like wooded chardonnay for all in a Europe rich in terroir, a future too ghastly to contemplate.

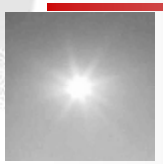
[53] This is the botanical name for the vine species, native to Europe and Central Asia, from which all of the world's finest wines are made - including those of California and Australia. (Admittedly it had some help from Vitis Labrusca, the American vine, whose resistant rootstocks enabled Europe's vines to recover from the phylloxera epidemic at the end of the 19th century.)



The CHEPS Scenarios

Centralia, Octavia and
Vitis Vinifera

Centralia Landscape



- **Organized diversity: B- M- D- model is leading**
- **Stratification: D- in the North/West, B- in South/East**

- **Fairly large institutions**
- **Predominantly public**

- **Blended mode learning, life long learning**
- **Research and teaching: basic versus R&D**

Scenarios in short

Centralia:
- **Hierarchical co-ordination**
- **Power is centralised: Muscles from Brussels**

Octavia:
- **Network co-ordination**
- **Power is spread throughout the network**

Vitis Vinifera:
- **Market co-ordination**
- **Power lies with the individual institutions**

Centralia Governance & Management

- **Strong "Brussels": co-ordination, regulation, budget**
- **Professionalizing but <u>academic</u> management**

Centralia Funding

- •Funding of HE is a 'public' responsibility
- •EU-regulated competition and student protection

- •Teaching funded on basis of student numbers
- •Lisbon (3%) target reached in 2012 thanks to EU

- •Tuition fees kept within government-imposed bounds
- •Talent Stipend Fund awards scholarships to talented

Centralia Research

- •European Research Council focuses on basic research, i.e. back to Mode-1?

Centralia Education

- •EU-wide, uniform 3+2+3 degree structure
- •With more emphasis on competences

- •Students are carefully guided
- •Standardised course modules

Centralia Quality

- •Obligatory accreditation by the European Accreditation Agency:
  - •Employability is the main criterion
  - •Re-accreditation is semi-automatic

- •Uniform EAA quality standards, but universities lobby for exceptions.

Octavia Landscape

- A great variation in continuously changing networks
- Teaching concentrated in South/East Europe; research in North/West Europe

- Inter- and intra organizational networks
- Public, private and hybrids

- Teaching in learning- working pathways
- Research in public private innovation networks

Octavia Funding

- Public-private partnerships/ networks/ cont(r)acts
- Heterogeneity in funding sources and purposes

- Teaching funded on basis of vouchers, used flexibly
- Lisbon (3%) target reached in 2009 thanks to PPP

- Tuition fees to 'top up' vouchers
- Students 'protected' by multitude of access options

Octavia Governance & Management

- Multi-level governance: supra/national/ regional
- Institutional leadership concentrates on change and the management of flows

Octavia Education

- 3+2, 3+1+1, 4+1 degrees, … and short-cycle programmes

- Higher education is a cross-institutional, cross-national journey, with diversified, modular programmes

Octavia Research

•Research organised in flexible teams with control over and responsibility for costs

•Research takes place in university-industry-research council networks

Vitis Vinifera Landscape

•Anarchic diversity: HE too complex to classify
•Much diversity within, less across systems

•From small niche players to mega-universities
•One-third HEI is private

•All modes of learning
•Basic research and R&D

Octavia Quality

Internal quality assurance has led to an internal quality culture

Many ranking guides, with criteria that go beyond the traditional criteria (quality of services and workplaces)

Diversified student body
Mixture of skills and knowledge
Quality continuously tested in the workplace

Vitis Vinifera Governance & Management

•No dominating (supra)national authority
•Very strong emphasis on institutional management

Vitis Vinifera
Funding

- Stressing private/business-like approach towards HE
- Education is a marketable commodity

- Teaching funded on basis of undergraduate enrolment
- Lisbon (3%) target reached thanks to private sector R&D expenditure

- Fees vary across institutions within national bounds (if any)
- Student support for 1st degree level, based on need/merit

Vitis Vinifera
Research

- Role models are innovators, not Nobelists

Vitis Vinifera
Education

- Degree structures: B, M, D plus first and post graduate diplomas:
  "some things are just unclassifiable"

- Private HE: often web-based and very strong in short cycle programmes

Vitis Vinifera
Quality

- Few national quality assurance or accreditation schemes left at programme level

- Market demands innovation, responsiveness, renewal and mass individualisation

- Public concern about declining/differential quality
- Still less diverse than the USA

Which scenario do you personally think most probable in Europe 2020?


Centralia


Octavia


Vitis Vinifera

Which scenario do you think most desirable in Europe 2020 for a student from your country?


Centralia


Octavia


Vitis Vinifera

Which scenario do you think most desirable in Europe 2020 for the Ministry or accreditation agency in your country?


Centralia


Octavia


Vitis Vinifera

Discussion

- Which scenario do you think is most consistent with your country's national higher education policies:
  - in general?
  - on quality assurance in HE in particular?
- To what extent is your country's
  - higher education system
  - quality assurance model

  ready for the future (and which future)?

Additional copies of this resource book can be downloaded free of charge from the CHEPS web-site (www.utwente.nl/cheps).

If you would like to use any of these materials in workshops, seminars or training programmes we are happy for you to do so provided that you acknowledge CHEPS as the author. For access to our PowerPoint presentations for these purposes please contact the CHEPS secretariat (CHEPS-Secr@bbt.utwente.nl).