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EUROPEAN PLATFORM  
HIGHER EDUCATION MODERNISATION

## HIGHER EDUCATION GOVERNANCE REFORMS ACROSS EUROPE



EUROPEAN CENTRE FOR STRATEGIC  
MANAGEMENT OF UNIVERSITIES

## HIGHER EDUCATION GOVERNANCE REFORMS ACROSS EUROPE

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**HIGHER EDUCATION GOVERNANCE  
REFORMS ACROSS EUROPE**

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# TABLE OF CONTENTS

The MODERN project	P 7
Introduction: The European policy context	P 8
Governance: major themes and perspectives	P 10
External governance trends	P 10
Internal governance trends	P 11
Recent studies	P 15
Postscript	P 15
References	P 16
<b>Appendix A:</b> External governance. A selection of country examples with respect to governance reforms across Europe (1995-2005)	P 17
<b>Appendix B:</b> Internal governance. Selected examples of internal authority within universities across Europe	P 25

# THE MODERN PROJECT

European higher education institutions need to modernise their governance and train their leaders to operate in increasingly complex sets of interactions at the institutional, regional, national and European level. European policies call for universities to play a strong role in the Lisbon Agenda and in making Europe a strong knowledge-based economy. Although the need to train university leaders is so obvious, the supply of management support to higher education institutions, their leaders and managers is highly fragmented in Europe.

The MODERN project, European Platform Higher Education Modernisation ([www.highereducationmanagement.eu](http://www.highereducationmanagement.eu)), aims to create an open platform as a key instrument for innovation, state-of-the-art knowledge, dissemination of good practice and joint action on university leadership, governance and management for the professionalisation of the sector. MODERN will contribute to raising awareness in European higher education institutions on the strong need to invest in people, to support potential leaders, and to encourage management training at all levels (junior and senior, academic and administrative staff), with as background the aim to ensure their competitiveness to respond to external challenges.

Under the leadership of ESMU, the European Centre for Strategic Management of Universities, MODERN is a consortium of 10 core and 26 associate partners joining forces through a Structural Network under the EU Lifelong Learning Programme (ERASMUS). All project partners are institutions and associations active in the field of higher education management.

During the three years of the project (2008-2011), MODERN will map the supply of management development programmes and its adequacy to the demand, leading to the creation of a European portfolio of the provision of short and long term training programmes in higher education institutions and European associations.

The present report is the first in a series of five thematic reports which will be published on key issues related to current priorities in higher education management for each MODERN conference on these themes: governance, regional innovation, quality assurance and internationalisation, funding, and knowledge transfer. This first report provides an overview of the state-of-the-art of governance reforms in European higher education, looking both at internal (institutional) and external (system level) governance reforms. The report was written by Harry de Boer and Jon File, CHEPS, Center for Higher Education Policy Studies, University of Twente, MODERN project partner.

The MODERN project will further respond to the need for training in higher education by conducting a series of peer learning activities. These will serve as pilot initiatives to develop new offers for both higher education institutions and their individual leaders.

I would like to thank all our partners in the MODERN project for their valuable contributions in the initial stages of launching our European platform. It is with their strong support and significant expertise that we will together, during the three years of the project, build a powerful tool to support the modernisation agenda and the further professionalisation of higher education in Europe.

**Frans van Vught**  
*ESMU President*  
*MODERN project leader*  
15 May 2009

# INTRODUCTION: THE EUROPEAN POLICY CONTEXT

Nowhere today is higher education undergoing more substantial change than in Europe. As countries pursue policies designed to integrate their economies, political systems and social structures under a broader, more powerful Union, it is becoming increasingly clear that higher education, research and innovation are critical components to fully realising the potential gains stemming from the changes ahead. This very idea has been espoused in several high-level European-wide processes and communications from the European Commission and has given rise to a series of ambitious goals and objectives designed to ensure long term European pre-eminence as both a knowledge producer and transmitter.

European higher education has shown itself to be no stranger to change: for the better part of three decades the sector has been included in the much broader Western and Eastern European reforms. Since the late 1990s though the rate of change has accelerated to unprecedented levels, largely on the shoulders of two key developments: the Bologna Declaration (1999), whose objective is to make the European higher education systems more competitive and attractive and the EU's Lisbon Strategy (2000), which seeks to reform the continent's still fragmented higher education systems into a more powerful and more integrated, knowledge-based economy. Though the diversity within European higher education is regarded as one of its major strengths, at the same time a common path towards transparency, quality, growth, efficiency and excellence is regarded a prerequisite for making Europe one of the strongest education and economic leaders in the world. The Modernisation Agenda (2007) highlights that education, research, innovation and the modernisation of higher education institutions are important pillars of the Lisbon Strategy. Appropriate governance structures and processes are frequently regarded as a precondition to achieve these goals.

In such a context, the European Commission has increasingly emphasized the role of universities in contributing to the knowledge society and economy (EC, 2005a: 2003) 'Europe must strengthen the three poles of its knowledge triangle: education, research and innovation. Universities are essential in all three' (EC, 2005b). The Commission found that governments have increasing difficulties to match the rising costs of science and providing quality education and excellent research. Lack of competitiveness has been one of the major challenges for European universities noted by the Commission since 2003. The major criticism lies in European universities failing to use their full potential to stimulate economic growth, social cohesion, and improvement in the quality and quantity of jobs. The European Commission identifies the following problems: the tendency of uniformity and egalitarianism in many national higher education systems, too much emphasis on mono-disciplinarity and traditional learning and learners; and too little world-class excellence (Dill and van Vught, 2008). Despite these difficulties the Commission believes that the quality and attractiveness of the European universities need to increase, human resources need to be strengthened, and the diversity of the European higher education system needs to be combined with increased compatibility (ibid). These improvements entail governance reforms in higher education.

Therefore, on 23 November 2007, the Council of the European Union adopted a new resolution on "Modernising universities for Europe's competitiveness in a global economy". Stressing education, research and innovation as pillars of the Lisbon Strategy, the resolution echoes earlier European Commission Communications:

- > *Investing efficiently in education and training: An imperative for Europe (2003);*
- > *The role of universities in a Europe of knowledge (2003);*
- > *Mobilising the brainpower of Europe: enabling European universities to make their full contribution to the Lisbon Strategy (2005b);*
- > *Delivering on the modernisation agenda for universities: Education, Research, and Innovation (2006a).*

The resolution emphasizes once again how modernising higher education and research is needed to increase European competitiveness. Still several economic obstacles will need to be addressed if any success is to be achieved making European higher education a "world reference".



Obviously the Sorbonne and Bologna Declarations, Lisbon Strategy and the Modernisation Agenda have not been the only influences on European higher education institutions. In many (Western European) countries a series of reforms were already underway in the 1980s and many current reform initiatives have their origin in this period. The changing role of the state vis-à-vis higher education institutions (i.e. in the form of enhancing institutional autonomy and stressing quality assurance and accountability) are well-known themes of the last two decades. This for instance has been convincingly demonstrated in Neave's article on the rise of the evaluative state (Neave, 1998: 1988), or Eurydice's 2000 study on two decades of higher education reform.<sup>1</sup> Globalisation, internationalisation and privatization have all done much to shape the current situation. Some examples are the growing importance of international profiling, international consortia, tuition fees, external research funds and the emergence of private higher education institutions. If, however, one seeks a common thread that links these larger developments to the current state of European higher education reforms, then few would disagree that it is the growing recognition that higher education sectors are both remarkably complex and not immune to the pull of the market.

Behind the policy initiatives above considerable attention has been given to the adoption of more market-type mechanisms and modern types of governance. Keywords like accountability and New Public Management or network governance ('state supervision', 'the evaluative state') are gradually replacing the traditional focus on state control and academic collegial governance. State control is giving way to more institutional management in the name of efficiency and responsiveness to society's diverse needs, proven through new processes of accountability including quality assurance. Institutions are being encouraged and some would argue forced to increase their capacity and willingness to become engaged in the production of useful knowledge and relevant teaching. Through competition and greater institutional autonomy higher education institutions are stimulated to become more sensitive to their varied consumers' demands for relevance. The role of governments is evolving into sometimes elaborate systems of incentives and sanctions that allow governments to continue utilizing their higher education sectors by 'steering from a distance' in order to redress 'government failures' (Wolf, 1979) of the past. At the same time, the pace and reach of the changes now taking place raise the possibility that policymakers are fixing one problem by creating another. Markets breed 'market failures' and economists are quick to point out that universities are fundamentally different from the ideal-type firms that shape standard economic textbook theories (Winston, 1999). If Europe is to succeed in its efforts to create both a Higher Education and Research Area that will drive its economy in the years ahead then striking a balance between these types of failures will be crucial.

Teaching and research have similar problems and challenges lying ahead. While education is seen as critical to supporting and maintaining economic growth, so too is research and development (R&D) investment considered essential to ensuring that Europe remains at the forefront of technological innovation. Such goals however must be met in the context of increasing global competition for scarce academic talent and financial resources. Universities and other providers of higher education, as well as governments, are well aware that they play a major role in the "Europe of Knowledge" and of their responsibility to deliver the economic, social and cultural services expected from them. The regulatory environments and the governance structures and processes, combined with the material and human resources at their disposal, play a crucial role in the degree to which universities and colleges effectively provide these services locally, regionally, nationally and internationally.

In Europe, governments remain the primary funding source for higher education institutions. The figures and trends show that European investment in education and R&D, especially from private sources, is not pushing Europe towards parity with places like the U.S.A. but instead the gap is widening. This has prompted the European Commission to call on member-states to nearly double aggregate R&D investment and increase the share of industry-sponsored research from 56% to 66% by 2010 (EC, 2002: 2005c). This is easier said than done, as continued economic fluctuations have made it difficult for governments to provide incentives and subsidies that are capable of encouraging private investment in research and development. In the area of teaching, predominantly

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<sup>1</sup> According to the Eurydice 2000 study 'Two decades of reform in higher education in Europe: 1980 onwards', one of the most significant reforms observed has been the increased autonomy given to higher education institutions, especially universities, in most European countries and the move away from the 'interventionary state' towards a more 'facilitatory state' in the terminology of Neave and Van Vught (1991). This process has often entailed the releasing of higher education institutions from detailed control through legislation by giving them the right to pass their own statutes in the broadening area over which they have autonomy

national policies towards cost sharing are sometimes met with scepticism due to fears of a decrease in access to higher education (Vossensteyn and Mateju, 2008).

In many ways the higher education systems of the newer member states of the EU and the non-EU signatory countries in the Bologna Process face an even harsher economic situation than the 15 old EU member states. Any effort at integrating higher education into a European Higher Education Area will invariably need to accommodate an increasingly rich variety of systems with regard to cultural norms, economic policies, organisational structures and GDP levels. Nevertheless, due to the considerable national power in shaping the regulatory frameworks and incentive structures, national governments still shape higher education systems and institutions as they see fit. Whether the envisaged performance improvements will take place will be the result of the dynamics of the incentive structures and the responses of the actors involved. As such, institutional responses, as well as the reactions of students, academics, industry and other stakeholders are crucial to the extent and direction of higher education reforms initiated by governments or the EU and for the impact of such reforms.

## **GOVERNANCE: MAJOR THEMES AND PERSPECTIVES**

Governance is a highly contested concept that concerns the exercise of collective control towards common goals. It relates to arrangements in which public as well as private actors seek to solve societal problems or create societal opportunities, and essentially care for the institutions within which governance activities take place. It is about interest articulation and goal realization. It raises core questions about who decides when on what. It concerns both the internal (institutional) and external (system) governance of higher education institutions. Internal governance refers to the institutional arrangements within universities (e.g., lines of authority, decision-making processes, financing and staffing) whereas external governance refers to the institutional arrangements on the macro- or system-level (e.g., laws and decrees, funding arrangements, evaluations). Higher education governance is thus understood as the external and internal coordination of higher education and research. This coordination may have both formal and informal components. Eurydice (2008: 12) uses the following useful definition: “governance refers to ‘the formal and informal exercise of authority under laws, policies and rules that articulate the rights and responsibilities of various actors, including the rules by which they interact’”. A plethora of comparative studies on higher education governance share the underpinnings of such a definition (Braun and Merrien, 1999; Clark, 1983; Currie, et al., 2003; de Boer, et al., 2006; Eurydice, 2008; Goedegebuure, et al., 1994; Kehm and Lanzendorf, 2006; Kogan and Hanney, 2000; Kohler and Huber, 2006; Leisyte, 2007; OECD, 2008)

## **EXTERNAL GOVERNANCE TRENDS**

Until recently the higher education governance policy focus has largely addressed the relationship between institutions and the state. However, since the 1990s shifts in system governance are evident. In terms of system coordination one can witness growing recognition that relationships are not only more complex and dynamic but involve more actors from various levels. This overall shift has been termed ‘from government to governance’, which further reinforces the position that it is not just the state that rules. Authorities and powers have been redistributed across the various policy levels. In many countries, coordination has changed from a classical form of regulation dominated by a single actor, the state, to forms in which various actors at various system levels coordinate the system (‘multi-level multi-actor governance’) (e.g. van Kersbergen and van Waarden, 2001). Coordination increasingly takes place through interconnected policy levels with a substantial number of actors influencing agenda setting, policy development, policy determination, policy implementation, and evaluation (de Boer, et al., 2007).

The changing role of the state in governing higher education ‘from government to governance’ has also been addressed with respect to the state delegating its powers to different levels. In particular, research shows that state power is being dissipated in three directions (Pierre and Peters, 2000). One is an upward shift as policy agendas, strategic choices and rule structures are increasingly made at the supra-national level (e.g. the European Union – despite the principle of subsidiarity – or organizations like the World Bank).<sup>2</sup> A second is a downward shift as provinces, local governments and higher education institutions themselves are granted greater operating autonomy. The third shift has been outward: traditional tasks of the state are moved to the periphery, such as to NGOs, or even privatized.

In higher education the state’s new role may be called facilitative as it creates a higher education environment in which the state controls the outcomes at the state level without much detailed interference. In some countries one can speak of the state as steering the market (Texeira, et al., 2004). The role of the state as a market engineer is central to the notion of market governance. This concept refers to the use of the market mechanism of supply and demand in governance processes. In this governance mode, government interventions are focused on the shaping of a level playing field, which facilitates self-regulation (de Boer, et al., 2008: Jongbloed, 2003).

New steering devices have been introduced; output funding and multi-year agreements with the (individual) higher education institutions provide illustrative examples. Former state responsibilities have not only been transferred to the institutions but to other organizations such as research councils, funding councils and quality/accreditation agencies. New actors at the national level (e.g. ministries of economic affairs) are entering the higher education scene, especially given their interest in the emerging knowledge society and technology transfer. In this respect the state’s role, via ministries of education, has become one of a network manager (‘steering through networks’).

The notion of ‘less government and more governance’ is strong and supported by several factors (de Boer, et al., 2006). One is financial; high public expenditures for continuously expanding higher education systems are demanding new steering instruments. Another factor is the ideological shift towards the market as a coordinating mechanism. Today in Europe it is evident that higher education increasingly functions in quasi-markets, where governments still play an important guiding role (Texeira, et al., 2004). Third, globalization, internationalization and Europeanization have all challenged the national boundaries of higher education systems and pose new questions to governments and higher education institutions (‘a game without frontiers’). For example, the European Union’s Framework programmes have proved to be an effective instrument for encouraging higher education institutions to engage in large scale partnerships across national boundaries, which have resulted in different networks and consortia and the emergence of supra-national research agenda setting. Fourth, empirical evidence suggests that the New Public Management (NPM) organizational approach has been influential in “modernizing” public services. Some European countries increasingly treat their public service sector organizations as corporate enterprises with the goal of increasing their efficiency and effectiveness by giving them more autonomy and at the same time asking for more accountability (Pollitt and Bouckaert, 2000).

## INTERNAL GOVERNANCE TRENDS

The European university landscape is primarily organized at the national and regional levels and is characterized by a high degree of heterogeneity that is reflected in organization, governance and operating conditions, including the status and conditions of employment and recruitment of teaching staff and researchers. The European Union seeks to preserve this diversity, but preferably in a more coherent and compatible framework. Despite Europe’s heterogeneity, several general observations with respect to internal higher education governance can be made.

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<sup>2</sup> Higher education has historically been a national affair, particularly since the creation of the nation state in the nineteenth century. Consequently, there is much diversity in the governance of European higher education systems. The principle of subsidiarity somewhat preserves this, while at the same time, states and other stakeholders have not been ignorant of EU-level developments, views and initiatives. Thus, while each country has specific institutions and is responsible for organizing its own higher education sector, it is clearly drawing on inspirations and successes from abroad.

Deregulation in the form of enhancing institutional autonomy has probably been the overarching governance trend in European higher education over the last two decades.<sup>3</sup> The prevailing policy belief is that universities in Europe should be freed from over-regulation and micro-management while accepting in return full institutional accountability to society at large for their results. Another policy belief is that more autonomy within the higher education institutions will improve the performance of those institutions and of the higher education systems overall. The rationale for this rests on the autonomous higher education institution being able to control and steer its outcomes and performance.

Autonomy at the institutional level in higher education can be understood as procedural and substantive to use Berdahl's terminology: "Substantive autonomy is the power of the university or college in its corporate form to determine its own goals and programmes- if you will, the 'what' of academe. Procedural autonomy is the power of the university or college in its corporate form to determine the means by which its goals and programmes will be pursued –the how of academe" (Berdahl, 1990). Substantive autonomy can also be referred to as 'academic affairs' and the degree of control of policy, while procedural autonomy is distinguished as 'institutional management' and the degree of control of practice (Braun and Merrien, 1999: McNay, 1995). In concrete terms, substantive autonomy would mean the authority of higher education institutions to determine academic and research policy such as deciding on research areas, awarding degrees, curriculum design, student selection and programme offerings. Procedural autonomy refers mainly to the authority of institutions in non-academic areas such as financial management, human resource management and budgeting.

It is persistently argued that the most significant governance trend in higher education has been the widening of institutional autonomy, both substantive and procedural, such as increased institutional discretion over the use of financial and physical capital to greater authority over personnel matters (Eurydice, 2008: 2000: OECD, 2008). Generally speaking, in the areas of staff management and recruitment, and particularly with respect to student selection, further progress seems possible, whereas in funding – lump sum instead of line item budgeting – institutions clearly now have more room to make their own decisions. This has opened new possibilities for higher education institutions. Institutions have engaged more in strategic behaviour not only internally, but also in their external environment. Higher education institutions are increasingly seen engaging in different kinds of partnerships at all levels. International arrangements have proliferated over the past decades under headings such as associations, networks, alliances, consortia. Based on disciplinary, geographical, historical and institutional ties and similarities higher education institutions have grouped together under the assumption that this is the way to survive and influence the competitive higher education environment. Similar groupings and arrangements can be seen also at the national and regional levels (Beerkens, 2004). Higher education providers also appear to move more and more into public-private partnerships with organizations outside the field of higher education.

The changing relationship between the state and the institutions intended to enhance institutional autonomy has been accomplished through substantial legislative reforms. In many countries national laws of higher education have become 'framework laws', i.e. providing general instructions or guidelines for HEIs that leave significant leeway for HEIs to make their own choices within this framework. In the Netherlands for instance such a framework law was introduced in 1993. More recent examples are Austria in 2002 where universities ceased to be state agencies and became independent legal entities within public law; Greece where the 2007 law provides among other things extensive autonomy for the administrative and financial governance of universities; and Lithuania where the government in 2006 adopted a Higher Education System Development Plan (2006-2010) which provides for substantial changes in external and internal governance.

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<sup>3</sup> Looking at the increasing degree of autonomy of the higher education institutions in the European higher education systems two remarks must be made. First, there are countries where autonomy has been granted primarily to the individual faculties instead of the institutions thus giving autonomy a different meaning and having different consequences for institutional management. Second, in some countries the state traditionally played a less visible role in steering higher education institutions. In these cases, with England as the obvious example, institutional autonomy has traditionally been higher than in Continental European countries.

Enhanced institutional autonomy has meant higher levels of accountability as well as more stringent and detailed procedures for quality assurance at the state as well as institutional levels ('the rise of the evaluative state'). Opponents of this trend speak of an audited society or evaluation disease, hinting at an overkill of monitoring and reporting requirements (for institutions as well as within institutions). Greater accountability also means that higher education institutions have to redefine the ways in which they inform their stakeholders about their performances. Additional demands are placed on the academic leadership, which in turn requires new modes of communication with and assistance from the decentralized units (faculties, schools, institutes, departments). The oversight of the higher education institution's primary activities has been increasingly centralized within the institutions, with new lines of reporting and new rules and procedures for academics to ensure the quality of the higher education institution's primary processes –teaching and research. In many cases this has led to a further rationalization of higher education institution's decision-making structures and in many cases also has implied putting in place new 'hierarchies' in which institutional leadership holds a central role. For example, there has been a considerable increase in the number of mid-level management positions in European higher education institutions in the past two decades as well as the establishment of quality assurance mechanisms and systems within the higher education institutions (Kehm and Lanzendorf, 2006). Generally speaking, what one sees is the devolution of authority from the state level and at the same time centralization tendencies within higher education institutions when it comes to accountability measures such as quality assurance. In many respects deregulation has become re-regulation at another level within the higher education system.

Across the board, the main trend has been the strengthening of higher education institutions as organizations (de Boer, et al., 2007). One of the consequences of reshuffling authorities and responsibilities between the various levels within the higher education systems is that many powers have settled at the top level of the institutions. This has often meant a strengthening of institutional leadership, particularly in those higher education systems where traditionally the institutional top level was relatively weak. Another trend in this respect is that institutional leaders are in many cases being selected (appointed) instead of elected, often making it possible for leaders to be appointed 'from the outside'.

In many countries, the position of the Executive head (rector, president or vice-chancellor) has itself changed significantly as a consequence of granting more autonomy to the institutions. This is particularly true for their formal powers. However, in reality executive heads do not always have the possibilities to fully exploit their enhanced powers. As Weber (2006: 72) argues "even if the formal decision structures and processes may give a different impression, most university leaders (rectors, presidents) are hardly in the position to make repeated important decisions." Nevertheless there is a clear general trend of formally strengthening the position of the executive head across Europe.

There are various ways used to select executive heads. In some countries rectors are elected by internal stakeholders. In Slovenia for instance academic staff and students elect their rector. This is also the case in Greece, where other internal stakeholders such as administrative staff vote as well. In other countries the executive head is appointed for instance by the governing board or council (e.g. Denmark and the UK). Also in the Netherlands and in Austria the executive head is appointed by the supervisory board. (In the last two countries, the supervisory board consists of external stakeholders only while in the UK and Denmark these bodies have a majority of external members.) In some countries the executive head is appointed by the ministry or the institution's proposed candidate needs ministerial approval. In some cases different mechanisms are used within a country. In Norway for example the individual institution decides how to select its leader. In the majority of Norwegian institutions rectors are elected, but not in all of them. Clearly, different mechanisms are used to select the executive heads and different stakeholders are involved. There is no general picture and clear trend.

The strengthening of institutional leadership has also had an impact on leadership styles within the institutions. Traditional notions of collegiality and consensus-based decision-making have increasingly come under pressure, making room for 'business-like' management and the 'professionalization' of administrative structures. Borrowing instruments from the private sector, institutions have tried to enhance their possibilities to streamline the organization in order to cope with an increasingly complex environment. Developing institution-wide policies – always problematic because of higher education institutions' fragmented character – strategic planning, and 'identity-building' are now regarded as essential survival strategies. Higher education institutions are increasingly seen as 'corporate actors' that act strategically not only within their own organizations but also pro-actively engage with their external environment.

Another consequence of recalibrating university governance concerns the positions and roles of governing bodies of universities and the role and extent of external stakeholder representation within them. Many existing university governing bodies have been changed, and some new governing bodies have been established. One of the bodies that have been instituted rather recently is the 'supervisory board'. The composition and role of these 'top-level bodies' differ across the European institutions. In some countries the role of this supervisory body is clearly separated from the executive's role, while in other countries the supervisory board has clear decision-making powers. In some countries institutions are obliged to have such boards, while in others this is not the case. The composition of these bodies ranges from external members only to a mix of internal and external members.

The general purpose of many supervisory bodies is to safeguard the interests of the institution and to ensure that the institution complies with national laws and regulations. It usually has to approve important (accountability) documents of the institution such as annual reports and financial reports. They may also have to approve the strategic plans and the budget of the institution. Frequently they are involved in appointing the executive head. However, they do not 'lead and manage' the institution. An example of such a supervisory board can be found in the Netherlands (introduced in 1997).

In other countries the supervisory body also acts as the decision-making body and bears responsibility for institutional strategic planning (e.g. in Ireland, Cyprus, Sweden, Norway). In Austria the supervisory board shares some decision-making powers with the senate for instance when it comes to strategic plans. Estonian, Spanish and Hungarian institutions have advisory councils at the top institutional level that serve as mechanisms of external guidance and bring external perspectives to bear on issues related to institutional governance. They should facilitate the relationship between the ministry and the institution; encourage the relationships with society and advise on strategic priorities. They do not officially monitor the institution and they do not have to approve strategic decisions. In some countries – e.g. Latvia, Poland, the Netherlands and Slovenia – such bodies are optional.

In Austria, the Czech Republic, the Netherlands, and Slovakia (amongst others) the supervisory board is composed of only external stakeholders. These governing bodies clearly indicate external guidance and external stakeholder involvement. In other countries such as Denmark, Ireland, Italy or Sweden the majority of seats in the supervisory board are taken by external stakeholders, but internal stakeholders participate as well. In Lithuania, Portugal, Slovenia and Norway there is parity or internal stakeholder dominance. These governing boards combine an external and internal perspective.

A final general tendency associated with the strengthening of the executive positions in the institutions (executive heads at the central level and deans at the middle level) and a more important governance role for external stakeholders is that this has happened at the expense of academics and students and their representative bodies. In most countries institutions are legally obliged to have bodies that represent internal stakeholders (such as academics, students, non-academics). In some cases external lay members are part of such representative bodies (e.g. France and Malta). Norway is the only country in which such a representative academic body is not a mandatory part of the structure; the institution decides.

## RECENT STUDIES

Recently there have been a number of large scale studies mapping the above mentioned higher education governance trends in Europe. All of them show a tendency towards a precarious balance between the autonomy and accountability in higher education systems and the strengthening of managerial governance. The findings of the OECD Thematic Review of Tertiary Education (2008) reveal a reduction of direct state control of higher education and the introduction of new forms of supervision and influence through accountability mechanisms in twenty-four countries (out of which twelve are EU member states). The reported effects include: a strengthening of the power of executive authorities within the higher education institutions, a concomitant loss of power and influence by existing collegial (representative) bodies and an increase in the participation of external stakeholders in the internal governance of higher education institutions (OECD, 2008).

In similar vein the 2008 Eurydice report on Higher Education Governance in Europe has reported on the changing governance arrangements in terms of structures, funding and staff policies in the EU member states and the three EFTA/EEA countries: Iceland, Liechtenstein and Norway. Their findings reveal that diversity in higher education governance remains the major “hallmark of European higher education”. In terms of structures, they report that university governance structures try to balance autonomy and accountability. As regards funding policies, the increase of financial autonomy is an important trend in higher education governance in Europe that goes hand in hand with a variety of performance-based funding models and different forms of quality assurance mechanisms.

Similarly, the CHEPS consortium study (2006) of governance reforms in thirty-two European countries commissioned by the Directorate-General for Education and Culture of the European Commission has shown that there has been visible change in higher education governance across the countries and that the changes in governance are highly heterogeneous. Higher education is largely a national/regional affair and thus the intensity, implementation and timing of reforms differs greatly across the thirty-two countries. The report has revealed the emergence of multi-level and multi-actor governance with an increased emphasis on competition, new funding arrangements and increased attention paid to quality assurance in all countries. Governance by means of objectives and performance is developing across Europe. Such higher education governance trends have been also confirmed by a four country study (Austria, the UK, Germany and the Netherlands) funded by the German Research Foundation in 2003-2006 (de Boer, et al., 2006; Kehm and Lanzendorf, 2006).

These and other studies clearly show the trends in higher education governance policies in European countries. They reveal the complexity of the governance reforms which cover many different areas including the structure of higher education, management and control, financing, quality control and evaluation, course planning, access and internationalization. They also show the range of governance reforms across Europe, not only in terms of content but also in terms of timing. Some countries introduced higher education governance reforms much earlier than others. And given their different backgrounds and political realities countries have developed their ‘own versions’ of the very same tidal wave. At the level of rhetoric (‘talk’) there are clear similarities across Europe, but at the operational level (‘action’) diversity reigns. However, success and failure in the implementation of governance reforms and its implications for the performance of European higher education systems is still largely unknown.

## POSTSCRIPT

CHEPS is currently the lead-partner in a second European Commission funded project on the impact of governance reforms on system performance in 33 countries. The results of this research will be available in early 2010. Nevertheless to give more of a detailed flavour to the trends outlined above and also to the diversity of governance reforms we have included two appendices of interesting reforms of external and internal governance respectively. These appendices consist of extracts from country surveys from the 2006 CHEPS consortium project.

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# APPENDIX A: EXTERNAL GOVERNANCE

## A SELECTION OF COUNTRY EXAMPLES WITH RESPECT TO GOVERNANCE REFORMS ACROSS EUROPE (1995-2005)

### AUSTRIA

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In this period a wave of reforms fundamentally changed the architecture of the Austrian HEI-sector. First of all a non-university sector (*Fachhochschulen*) was established in order to provide a new educational profile (short-term studies, clear vocational orientation). The Austrian *Fachhochschulen* are based on the model of the former British polytechnic sector. In contrast to universities, the 18 *Fachhochschulen* are private organisations governed by a professional management. This market-driven HEI-type is successfully operating in the Austrian higher education area. The number of study places grew constantly to 23,400 and the demand is still increasing. Compared to the Austrian university-sector, however, the *Fachhochschul*-sector is a small segment.

The 22 Austrian universities are public institutions comprising 196,000 study places. During the last ten years the universities had to cope with two big reforms. The first cautious step towards more institutional autonomy was done with the University Organisation Act of 1993 (UOG 1993). As a consequence new types of actors emerged: the new rectors ('presidents') and deans who became much more powerful. Some members of this group were actively involved in drafting a new Organisational Act (UG 2002) which was passed by the Parliament in 2002. The objectives of the reforms were similar in comparison with the objectives of the German reform process (building entrepreneurial HEI, deregulation, performance-based funding, internationalization), but were implemented more consequently. It means universities ceased to be state agencies and are acknowledged as a 'full' legal entity instead. However, universities will not be privatised; they remain in the domain of the public law as 'legal persons under public law'. But this new status allows universities to decide their affairs on their own and act more as entrepreneurs.

### BELGIUM (FLANDERS)

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Because of the Belgium State Reform in the beginning of the nineties, (higher) education is a responsibility of the governments of the Communities in Belgium (Flemish, French speaking and German speaking). The Flemish Community is responsible, roughly said, for the Dutch speaking part of Belgium. Two new laws (universities: 1991; '*hogescholen*': 1994) established this situation.

Flanders signed the Sorbonne and Bologna declaration quite early and changed its laws accordingly. The so-called Structural Decree of April 2003 covered all forms of regular higher education and introduced the two-tier structure, accompanied by accreditation and the formation of associations. Due to the rapidly changing situation, other laws were also discussed and accepted. The main topics were flexible learning paths, APEL and the participation of students (which was mainly realised at university level since 1991 but is now also fully implemented in the '*hogescholen*'). A new all-round decree is foreseen for 2007. One of the results of the transformation process since the 2003 Decree is the officially registered co-operation between a university and one or more *hogescholen*, known as 'association'. Its purpose is to evolve into co-operating entities on education and research and the development of fine arts.

### BULGARIA

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In the past decade (current Law passed in 1995) Bulgaria has experienced little change with respect to the governance of higher education. Since 2002, it is mandatory for HEI to establish their own quality assurance systems with external quality assurance procedures to validate them. In the current governance regime issues such as tuition fees, setting up or closing faculties, and student admission are decided by Government (Council of Ministers and the National Assembly). The autonomy of HEI is determined by law; institutions have the right to decide on issues such as academic (profile and number of programmes, and curriculum – dependent on external accreditation in professional areas) and financial matters (the lump sum budget received from the Government can be reallocated internally). HEI are free to raise their own funds, build up reserves, borrow money, and decide on staff levels (although the recruitment of professors takes place as a result of a contest and election by a national

body). In 2006, a process has been initiated to developing a new law on higher education. The objectives are to improve the quality of higher education and align the Bulgarian HE-system to the Bologna process. In this process it is also expected that: universities will be given more autonomy in deciding on their internal structures; a more output-oriented funding system will be developed; and competition is stimulated throughout the system. At national level, changes are expected in the field of quality assurance and accreditation and improvement in the access to higher education.

## **CROATIA**

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The most important developments in higher education governance are the following:

1. A new Science and Higher Education Act was passed by the Parliament in July 17, 2003 and some further amendments were made by the end of the year 2004. The new act provides a framework for the planned higher education reforms and for the implementation of the Bologna process in Croatia. The three major anticipated changes are: 1) the transformation of studies into three cycles (BA-MA-PhD), 2) the provision of greater autonomy to universities (governance) and a functional integration of previously independent units; 3) the introduction of a lump sum funding system.
2. Between 2004 and 2005 all Croatian universities adopted New Statutes.
3. The Agency for Science and Higher Education has been established in February 2005. This agency is responsible for the process of accreditation and quality assurance procedures for higher education institutions together with the Ministry of Science, Education and Sport, the National Council for Higher Education, the Croatian Rectors' Conference and student associations.

The new legislations implied considerable change in university governance, particularly aiming at a stronger integration of independent units. Until the new Act in 2003, universities were loose associations of strong faculties with considerable legal autonomy. By 2008 the faculties will have to pass on their legal entity/status to the university level.

## **CZECH REPUBLIC**

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The most important changes were contained in the Act on Higher Education Institutions No. 111/1998. The work on drafting the Act started already before 1995 and took into consideration the new national conditions and the international developments in which the CR participated and which required legislative changes on a larger scale. The 1998 Act took into account positive experiences gained during almost ten years of development (from 1990) and laid down several important changes, which all influenced, directly or indirectly, higher education governance and which can be summed up as follows:

- > a significant institutional and programme diversification;
- > the possibility of establishing private HEI
- > transfer of state property to the ownership of HEI, which was connected with a change in the status of HEI from state to public;
- > new arrangements for the financial management of HEI aimed at supporting diversification of their financial sources, including the introduction of what were termed study-related fees;
- > obligatory accreditation of all study programmes and the granting of new competencies to the Accreditation Commission;
- > changes in the organization of units of public HEI aimed at promoting institutional integration, with the only legal entities henceforth being HEI, not faculties;
- > changes in the competencies and responsibilities of governing bodies of public HEI, including the establishment of Boards of Trustees, new bodies composed completely from people outside the HEI;
- > obligation on the part of the Ministry to prepare a Long-term Plan of Educational and Scientific, Research, Developmental, Artistic or Other Creative Activities in the Area of Higher Education Institutions, and of the HEI to prepare their own Long-term Plans, including annual updates of plans at both ministerial and institutional levels.

## **DENMARK**

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The Danish higher education system has undergone a reform in 2002 and the universities are now regarded as “independent institutions under the public sector administration and supervised by the Ministry of Science, Technology and Innovation”. The reform should ensure greater openness, increased academic self-determination and the freedom for the university to decide on its own internal organisation within the legislative framework. A new University Act in 2003 established a Board as the supreme authority at the universities. The majority of the members of the Board must come from outside the universities, and the Board has to be chaired by one of the external members. In addition the Board comprises representatives elected among the students, the academic staff and the administrative staff. Furthermore, the law stipulates that university leaders and managers shall be appointed on the basis of both their scientific and their managerial skills.

The Danish universities have just finished their second round of Performance contracts with the Ministry, a contract that is meant to “maintain focus on strategic development, the priorities of the Boards and exact, quantitative objectives (performance indicators)”. The progress towards achieving the goals of the performance contract is reported annually to the Ministry in the university’s Annual Report.

## **ESTONIA**

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In 1995 the Universities Act was adopted, which is in some sense a crucial year for Estonian higher education. It has been modified 23 times since then and for several years there has been a discussion on a new law. Institutions of Applied Higher Education Act and the Private Education Institution Act were adopted in 1998 and have also been amended frequently.

Estonian public universities are rather autonomous. In addition to organising the academic life of the university, the competence of universities extends to opening new curricula, establishing admission conditions, approving the budget, deciding about internal structure, approving the development plan, electing the rector and making restricted decisions in matters concerning assets. Institutions of applied higher education are legally more restricted in their activities.

In the structure of higher education quality assessment the leading role is performed by the Higher Education Quality Assessment Council (HEQAC) with its final decision making powers and the Higher Education Accreditation Centre that organises accreditation procedures. The Higher Education Quality Assessment Council was founded in 1995. An active assessment of curricula began after foundation of the Accreditation Centre (AC) in 1997.

In 2004 an important development process in higher education was started with the creation of the higher education strategic development plan. This plan includes a clearer definition of what a university is, changes the higher education financing system and reforms quality assurance.

## **FINLAND**

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Comprehensive reforms of the steering and governance of the Finnish higher education system were initiated in the late 1980s, and further accelerated as a result of the economic crisis of the early 1990s. A new national reform strategy aimed at making Finland a leading ICT country. Universities and polytechnics were given major roles in the implementation of the new policy. Agreements (contracts) between HEI and the Ministry of education were developed, new internal evaluative (quality access) procedures were introduced and the autonomy of HEI to run their own affairs was strengthened. Funding mechanisms shifted from detailed line-item to lump-sum budgeting. Efficiency measures were given a high priority through the shortening of learning (graduation) cycles and the professional management of internal institutional affairs.

An important new development concerns the emergence of new institutional mandates/missions, stressing the institutions’ contribution towards nation-wide innovation effort. Mechanisms to enhance the international profile of Finnish HE are key components of the new governmental plan for the sector (2003-08).

## **FRANCE**

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The French higher education system has a dyadic structure: universities provide for education and research, “Grandes Ecoles” and “Ecoles Polytechniques” offer elite and vocational training. The higher education system is largely controlled by the government. But the relationship between HEI and the state has slightly shifted towards more institutional autonomy. For example new means of governance are implemented, such as four-year contracts between ministry and HEI. The role of rectors/presidents seems not to be *strongly* strengthened. In the French HEI-sector rectors/presidents present an administrative guidance rather than a top management leadership. Furthermore HEI got the right to create independently more educational diversity by designing new ‘learning paths’. On the whole higher education policy became more important during the last ten years. HEI are seen as key-factors for social cohesion and economic success. Accreditation is under direct control of the state but supplemented by self-evaluations of HEI. Ex-ante evaluations for study programs are introduced before giving HEI the authorization by the state to offer recognized degrees (‘habilitation’- procedure). This gives HEI a certain amount of freedom to design their own programs while taking quality standards into account.

## **GERMANY**

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The period of 1995 to 2005 was one of substantial change of governance in the German higher education system. The objectives of the reform aimed at building entrepreneurial HEI, deregulation, performance-based funding, internationalization; the implementation of these reforms differed between the sixteen states/*Länder*. The federal system produced some kind of competition between the *Länder* with the consequence that every state has now its own approach, documented in different HEI-acts. Most *Länder* followed the same trend so that a number of general changes can be identified: 1) Autonomy of HEI has been strengthened. There was a shift of operational decision-making powers from ministries to HEI; 2) Coordination between the *Länder* and the HEI moved to jointly negotiated agreements on objectives and towards performance based funding; 3) The pressure from external stakeholders such as industry, local politics and social environment on HEI increased; 4) A complex system of private accreditation agencies came into being.

## **HUNGARY**

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After the regime transformation the first ‘new’ higher education institution appeared in the early nineties. In 1993, the first Act on higher education in Hungary with Western European standards was created. This Act was amended in 1996 to increase the flexibility of institutional management. In 2000, the number of state-funded HE institutions was reduced by integrating the institutions in a given city.

In 2005 a new Act on HE was created. It regulates higher education irrespective of sectors. It grants broad rights to establish higher education institutions, but at the same time it also sets out the rights and obligations that all higher educations are entitled to / must comply with, irrespective of the identity of their maintaining authority. The basic principle of the Act is a clear definition of decision-making levels. As institutions are no longer maintained by the State only, it was necessary to separate the roles of the State depending whether they are exercised as part of public authority functions or by entities acting as maintaining authorities.

The autonomy of higher education institutions has grown relative to the provisions in force. Higher education institutions have full decision-making rights within the scope of their deeds of foundation in terms of their operation, the scope of their education and academic research activities and the issuing of internal regulations. The Act grants considerable financial independence to all higher education institutions.

## **ICELAND**

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The main developments in higher education in Iceland during the last decade can be characterised by attempts of integration and diversification. Integration has been sought accomplished by the introduction of framework laws (in 1997 and 2006) on higher education, replacing individual act for each institution. However, diversity and division of labour between institutions should simultaneously be accomplished by separate performance-related contracts with individual institutions (starting in 1999), specifying state contribution but also institutional responsibilities in terms of outcomes and “deliverables”. This contract system is still under development.

## **ITALY**

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It has been argued that Italian universities have been impermeable for a long time. A strong centralized system (with a government having not too much interest in higher education) accompanied with strong academic self regulation have blocked reforms for years. Since the late 1980s this started to change. Initially 'crises' in Italian higher education created a momentum for reform, later the idea of 'keeping up with the rest of Europe' was a key driver for change. Meeting European standards became increasingly important.

Basically, two major reforms have been taken place. First, there was the 1989 law to increase the autonomy of universities, second the 1999 curriculum reform. Both comprehensive reforms were followed by many other, related reforms. The principle of institutional autonomy for each individual university grew progressively, together with the concept of evaluation of academic performance. Beyond enhancing autonomy, many other legislative and administrative measures have been taken to simplify administrative procedures and to upgrade university research and teaching by providing relevant services and facilities. It concerns legislation with respect to access and guidance, the right to education, the planning of development of university education, adjustment of services and infrastructures, appraisal of performance, training of researchers, recruitment of university professors and researchers, the reorganization of representative institutions and of the ministry itself.

## **LATVIA**

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After a period of *laissez-faire* state policies in the early 1990s, a new Law on higher education passed in 1995 that determines the relationship between the state and the higher education sector. Important issues addressed by the Law were the concept of academic freedom and student participation in governance bodies, the autonomy of higher education institutions, and the recognition procedures of foreign qualifications. The law has later been amended several times (1996, 2000, 2004 and 2005/06). Most important changes include: sharper specification on the typology of higher education institutions (what constitutes a university), the personal responsibility of the Rector about the quality of teaching and learning, a contractual relationship between the state and HEI, increased demands related to the set-up of new private higher education providers, and more autonomy for HEI creating new and independent organisational entities (for commercialisation, etc.).

In 2005, a new project on preparing a new Law on Higher Education was initiated. Its discussion and further advancement continued in 2006. This law project includes several important governance innovations: increment of the individual responsibility of the rector and the administrators, transfer of the proprietary rights to the HEI, and increased involvement of external partners in the inner governance of HEI.

## **NETHERLANDS**

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The national Act on higher education, the Higher Education and Research Act (WHW) entered into force in 1993. Since then major changes in the WHW are among other things related to the introduction of the BaMa structure, quality assurance, funding and the internal governance structure of universities, real estate and human resources management.

In 2003, the National Accreditation Council (NAO) was established. The NAO is organised along the bachelor-master model. In September 2003 the Flemish and Dutch government decided to closely cooperate and to merge their national accreditation agencies into the Accreditation Organization of the Netherlands and Flanders (NVAO), being responsible to guarantee the quality of higher education in the two countries. Despite these changes self-evaluations and external visitation (peer review) are still main components of quality assurance. Also the quality assurance of research has changed. Nowadays research institutes at universities have to evaluate themselves every three years. Every six years these internal evaluations are complemented by external peer reviews.

Another significant reform concerned the introduction of a new internal governance structure in 1997: the 'modernisation of the university governing structure' (the MUB). The MUB directed towards optimising the governance of universities, improving the quality of teaching and research, whilst also granting more autonomy to the institutions. It certainly has strengthened executive powers at the institutional and middle level; this goes at the expense of the formal powers of representative bodies. Also a new governing body has been introduced: the supervisory board, made up of external stakeholders only.

## **NORWAY**

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A new common Act on Universities and University Colleges was introduced for the first time in Norway in 1996 regulating all *public* higher education institutions. This was the fulfilment of the mergers in 1994 of about 100 higher regional education institutions into 26 state University Colleges. In 2003 another comprehensive reform took place in Norwegian higher education. The Quality Reform was implemented at all higher education institutions in Norway from the autumn of 2003, a reform that covers many aspects in HE. From August 2005 a new common law for *both public and private* higher education institutions was introduced. Both the reforms and the new acts implied changes in the governance structure for higher education institutions. The institutions have strengthened their autonomy and the boards are given authority to decide how the institutions shall be organised and to a large extent define the internal leadership and governance structure of the institutions. A quality assurance agency (NOKUT) has also been established in this period and all accredited Norwegian universities and university colleges must have a quality assurance system.

## **PORTUGAL**

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In the period 1995-2005 there have not been major reforms in the governance of Portuguese higher education. Higher Education Institutions have been able to defend their autonomy against the governmental centralisation pressures during this period. A series of laws were directed at deepening and consolidating the administrative and financial autonomy of public universities and, to a lesser extent, polytechnics. These concerned detailed aspects of human resource and financial management as well as the right to set tuition fees within a prescribed limit, as the Portuguese Constitution sets a principle that education must fit a tendency to be free of charge. Nevertheless, the State continues to regulate many important elements of universities and polytechnics. Lately the Bologna process is the leitmotiv to reorganise courses and programmes and the administration of HEI.

## **ROMANIA**

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Main changes in legislation took place from 1999 onwards, aiming to increase the autonomy of universities (incl. lump sum budgeting), to implement formula funding - based on negotiated student numbers and performance criteria, to introduce the concept of lifelong learning and to take steps to enhance cooperation between universities and between universities and the research sector. The last reform in 2005/06 concerned the introduction of a two-level quality assurance system with a national agency and institutional responsibility for quality management. In general the governance mode has moved towards decentralisation, introducing buffer institutions responsible for recommendations in funding mechanisms, monitoring, research funding, and quality assurance.

## **SLOVAKIA**

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A major reform was carried out in Slovakian higher education in 2002. According to a new Act on higher education institutional autonomy has increased. This means that universities are becoming self-governing and self-organised entities, run by an externally appointed (by the Ministry) Board of Trustees. However, the Board of Trustees has limited competences. It gives its opinions on different matters and its consent is needed only in some economic issues. The aims of the new reform were to implement Bologna principles, to change economic conditions of HEI, and to strengthen the link between higher education and society. The Ministry still creates the conditions for development of higher education through its annually up-dated long-term strategy for the sector. Based on this, higher education institutions create their own profiles and strategies accordingly through a process of negotiations between the individual institution and the Ministry.

The trend towards increased institutional autonomy is expected to continue. Public higher education institutions were given the legal right to own property in 2003, and can take up own loans since 2002 (they have lost this right since 2005 again). At present, there is a weak legal framework for public-private partnerships (The Board of Trustees at HEI must only provide consent to establish other legal entities).

Concerning stakeholder involvement, and especially with respect to development of new study programmes, the role of lay members of board and councils internally at HEI have been strengthened, and the role of national advisory bodies is also more significant in these processes.

## **SLOVENIA**

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Major reforms of the Slovenian HE system were introduced with the new Higher Education Act (HEA) in 1994 which has been amended for several times since then. Most important changes were introduced in 1999, 2004 and 2006.

According to the 1999 Amendments of the HEA the concept of *University's autonomy* was fully implemented. HEI got the right of ownership over the patrimony acquired through either public or private sources. The new *lump sum financing system* was adopted in 2004 under which a university or independent higher education institution is only entitled to financial payments from the State and then is on university to distribute the money between its constituent parts, i.e. faculties or other higher education institutions. Higher education institutions, members of a university (faculties, colleges) or independent ones had to set up a new internal body – the academic assembly – composed of all faculty staff and at least one fifth of its members are composed by students' representatives. The assembly elects the Senate of the faculty and prepares proposals for the dean of a faculty to its senate. Students also have their representatives in university and faculty senates and the right to vote for a new rector.

Because of the 2004 Amendments of the HEA the *quality evaluation* became an important issue. Special authority was conferred to the rector to reach consensus with the university senate on the criteria for assessing the quality of the university, study programmes, scientific research, art and professional activities and at the same time the competence for monitoring, assessing and assuring the quality (self-evaluation of University). Since 2004 the managerial board of HEI should be composed of the representatives of the founder, academic staff, other employees and students.

For the development and consultant activity in Higher Education and in order to ensure the functioning of the quality assessment and assurance system the *Public Agency for Higher Education* was established. It was abolished before it started to operate. Its competences were fully transferred to the Council for Higher Education of the Republic of Slovenia.

## **SPAIN**

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In 2001, the Parliament approved a new Universities Law (Ley Orgánica 6/2001). The new law slightly changed the university governance system. The basic change was that Rectors now will be elected through a direct voting system including students, academics, and staff. Previously Rectors were elected by the University Council (“el claustro”). In addition, the Rector has received more competences in the new Law, because the Senate is now oriented to play a role in strategic matters, and the Rector has extensive executive power. Due to the change, the University Council, that used to be the biggest and most important university decision making body with in some universities up to 500 members from the academic and student communities, lost most of his powers. Its competence now is basically restricted to the approval of the university Statutes. The new Law still leaves a lot of power to the academics, but in a leaner and more operable structure, concentrating the basic authorities in the Rector and the Senate.

Recently the new (centre-left) government started to prepare a new Law, but it is not expected to really change the internal governance structure.

The governance challenges will be influenced by new funding systems that are currently prepared in most of the 17 Spanish regions. The new funding systems include objectives and performance indicators that could have an important influence on universities' strategies as they will change the map of “incentives”, degrees conferred, student completion rates, research results, and the implementation of the Bologna process.

## **SWEDEN**

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A major reform in 1993 allowed for much institutional autonomy concerning governance and internal reallocation of resources, but later developments have also shown an increase in government regulations in areas such as the right to provide new study programmes, quality assurance, and on specifying the aims and objectives of higher education (e.g. teacher training). Attempts to raise stakeholder involvement in governance have been launched through strengthening government appointed chairpersons of HEI boards, and with an increased emphasis on the 'third task' (relevance) of HEI (collaboration with society a mandatory requirement since 1997).

## **TURKEY**

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No significant changes took place in the last ten years. For public universities the buffer institution Higher Education Council is a key player in quality assurance, strategy (but controlled by the state). In financial and HR issues the government has the final say. In private universities the boards of trustees have developed a stronger role. State universities' financial autonomy is limited or even declined: expenditures became subject to ministry of finance approval, own revenues might be withheld by the state (in fact more than 50%).

## **UNITED KINGDOM**

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Major reforms in the UK, e.g. the introduction of local funding councils, took place before 1995. Within the last ten years, the devolution of responsibilities to the parts of the UK has increased, e.g. resulting in a differentiation of student financing and tuition fee systems. The pressure for accountability of HEI has also increased, leading to more awareness of the costs of laws and initiatives in this field. Therefore the processes of external institutional audit and subject assessment merged in one quality assurance agency. There are a lot of activities in order to reach the political goal of enhancing access; one example is the foundation of the English "office for fair access" keeping an eye on institutional access strategies (linked with the implementation of variable tuition fees). Throughout the UK strong executive management structures have been introduced at HEI, the quality of institutional decision-making therefore is believed to be improved. There is a trend towards simplification of external quality assurance systems, assuming responsibility for QA lies within the HEI and external control tests the robustness of institutional approaches. In the field of finance the trend leads to full cost recovery systems, especially for research. In HR management there is a tendency towards pay harmonisation to meet equal opportunity requirements.



# APPENDIX B: INTERNAL GOVERNANCE

## SELECTED EXAMPLES OF INTERNAL AUTHORITY WITHIN UNIVERSITIES ACROSS EUROPE

### AUSTRIA

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#### Mission/strategy

Since 2002 mission and strategy of Austrian universities are determined by rectors, senates and boards. Governing boards are established and have a lot of influence on the strategy of a university. In the Austrian Fachhochschulen mission and strategy are set by the management in cooperation with the regional stakeholders, for example the local economy or the government of the Länder. Länder's influence is limited to Fachhochschulen, whereas universities are financed by the federal government.

#### Internal governance and Management

In universities the rectors' position was strengthened. The rector is elected by the governing board from a proposal by the academic senate. The executive board (Rektorat) consists of a rector and up to four vice-rectors. The decision making power of central and middle management substantially increased at the expense of senate. The influence of the federal science ministry on the internal governance of universities is strongly reduced. In contrast to that the new university-boards were established as powerful steering committees. The size of the governing bodies varies between five and nine members. Half of the members should be elected by the academic senate and the other half is appointed by the Minister.

### CROATIA

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#### Mission/strategy

With the new HE Act (2003) an overall national strategy was determined with strong involvement of the Ministry of Science, Education and Sport.

The national research council, national advisory bodies, and central and middle management of institutions are to a large degree involved in defining institutional missions, statutes and bylaws. To some degree supranational governance structures, lay members, advisory and visiting bodies participated in these processes.

#### Internal governance and Management

The new legislations implied considerable change in university governance, particularly aiming at a stronger integration of independent units. Until the new Act in 2003, universities were loose associations of strong faculties with considerable legal autonomy. By 2008 the faculties will have to pass on their legal entity/status to the university level. According to the new Act the university is governed by the Rector, the Senate and the University Advisory Board. Some changes at these governance bodies have been introduced.

The Senate, which is one of the most important governance bodies of a higher education institution, has been significantly restructured. From 2003 onwards, the members not longer come only from academia but also from non-academic staff (up to 5 %). The proportion of student members has been increased from 8% to 15%. Representatives of the Union of Higher Education are allowed to participate at Senate sessions but without a right to vote.

The University Advisory board is a new body with high level responsibility that consists of the representatives of university members and external stakeholders like from the local/regional/national community and business. The University Advisory Board is responsible for the further development and strategy of a university, it ratifies the decisions of the Senate, and it supervises the rational use of university resources. The number of members depends on the size of the university. It is composed of up to 50% of academics; the other members are coming from the parliament, Chambers of Commerce, and municipalities.

## **CZECH REPUBLIC**

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### **Mission/strategy**

HEI are able and at the same time required by law to determine their own mission and strategy which are expected to reflect upon the priorities set on the state level (by the Ministry of Education, Youth and Sports). In practice, it means that since the 1998 Act each HEI (public, state and private as well) has a long-term plan that is negotiated with the Ministry in terms of its long-term plan for the system. The increasing percentage of funding distributed on contract basis (projects) gives the Ministry more space to implement state priorities than before. Within the HEI Academic Senates and the Rector are the key strategic decision makers although considerable autonomy still exists at the faculty level. Research funding is increasingly merit-based and this is a major determinant of strategic decisions in this area.

### **Internal governance and Management**

Key internal public decision-making structures (Rectors/Deans, Academic Senates and Scientific Councils at institutional and faculty levels) have their composition and powers set in national legislation. The 1998 Act introduced Boards of Trustees composed only from external members with an important role in property questions but also with the right to express its views on strategic questions. Detailed management and decision-making processes are prescribed by internal regulations.

## **DENMARK**

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### **Mission/strategy**

According to the 2003 Act the Board is the highest authority of the university. The Board shall safeguard the university's interests as an educational and research institution and determine guidelines for its organisation, long-term activities and development. Also the executive leadership and management group, the deans, the middle-management and the Academic councils are involved.

### **Internal governance and Management**

The 2003 Act gives more authority and power to the appointed leaders (Rectors, Vice-Rectors, Deans, Heads of Departments and Study Directors). For the universities there is some space to manoeuvre in determining the actual governance structure. Several Danish universities have established an Executive Management team (with Rector, Vice-Rector, Deans and Head of the Administration).

The new University Act in 2003 established a Board as the supreme authority at the universities. The majority of the members of the Board must come from outside the universities, and the Board has to be chaired by one of the external members. In addition the Board comprises representatives elected among the students, the academic staff and the administrative staff. Furthermore, the law stipulates that university leaders and managers shall be appointed on the basis of both their scientific and their managerial skills.

## **ESTONIA**

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### **Mission/strategy**

HEI are able to determine their own mission and strategy but within a policy framework that determines the core business of the university and institute of applied HE sectors. Universities Act states that "the University Council shall adopt university strategic plans and present these for information to the Minister of Education and Research." Thus, the formal power lays at the University Council that mainly consists of academics (and 20% students). The process of writing the development plan is decided by each particular university as well as the partners who are included in this process. During the last 5 years it has become good practice to include representatives from industry and other employers' organisations.

### **Internal governance and Management**

Key governance structures are defined by the Universities Act that defines the responsibilities and powers of the Rector and the University Council. More specifically the tasks of the rector, vice-rectors, university council, university board and area directors are defined by the University Statutes that are adopted by the University Council and registered by the Minister of Education and Research. The number, kind, role and tasks of administrative and support units are defined by the rector. University Council can have external members if this is defined by the Statutes,

but as a rule they have not. External members are included to the University Curatorium which is a counselling body (evaluating the university at least once per year) ; its members are appointed by the Government of the Republic.

## **FINLAND**

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### **Mission/strategy**

In the case of the universities the senate (chaired by the rector) has to approve all major institutional plans and strategies. In the case of the polytechnics the body representing the owners (either foundation or local municipality/municipalities) determines the institutional mission and strategies.

### **Internal governance and Management**

The main governance body of the university is the senate, chaired by the rector, and including representatives of the core academic staff, other teaching and research staff and other personnel, and students. The governance structure of polytechnics depends on the ownership nature.

## **FRANCE**

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### **Mission/strategy**

According to the law the mission of HEI is to offer a wide range of study programs for a number of target groups as large as possible. Profile-building of HEI plays an important role in the state's assessment of HEI. With the introduction of contract-management, financial target-management of HEI has gained more autonomy in proposing independently designed HE provision.

### **Internal governance and Management**

Rectors/Presidents of HEI have always been the strongest actors in HEI. However, with the establishment of 'Orientation Councils' there is an attempt at changing management structures. In a democratic process presidents of HEI are elected by representatives of three Councils consisting of scientific and administrative staff, students and external stakeholders.

## **GERMANY**

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### **Mission/strategy**

HEI began to diversify by fostering their special profiles and defining mission statements. Strategic management is strengthened. Every HEI made efforts to implement suitable steering instruments like contracts between rector and faculty. On average the influence of external interest groups on the strategy of HEI is still low. An exception is the private sector, whose requests are playing an increasing role in decision making processes of HEI.

### **Internal governance and Management**

Presidents and rectors became top-managers of the HEI with extensive power. At the level of faculties the authority of deans was also strengthened. But deans have difficulties to play a powerful management-role because of their 'missing professionalism'. The main reasons for their lack of influence are their short periods of office and the poor funding and staffing of the faculties. In contrast to the strengthening of the management positions, bodies like senates, councils and faculty boards lost competencies. Governing boards were introduced. Their power ranges from being purely advisory up to taking over supervisory functions from the Länder-ministries.

## **GREECE**

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### **Mission/strategy**

HEI are legal entities under public law, with self-administration under the supervision of the Ministry of Education. Hence, every HEI develops its own strategy and mission, but it is the Ministry of Education (YPETH) that has the main responsibility for reshaping the Greek HEI-system. Since 2005 the National Council of Higher Education is also involved in defining the mission and strategies of the HEI-system.

### **Internal governance and Management**

Greek HEIs have by law four distinct levels of internal organizational structure. These four levels are a) Institution; b) school; c) department; d) division. Departments correspond to a university discipline area and are the principal academic units in each HEI. Departments covering related discipline areas may constitute a school, which

has mainly coordinating responsibilities to its departments. The important bodies in the internal government and decision making processes are: The rector (responsible for the governance of the institution), the Senate (main decision making body at the level of institution) and the Rectorate Council (main executive body). No noteworthy change in the HEI internal management system occurred in the period 1995-2005.

## **IRELAND**

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### **Mission/strategy**

Irish HEIs are asked to develop strategic plans. These are increasingly a key component to compete successfully for bids from the research, infrastructural, access and strategic innovation fund. Generally the involvement of interest groups such as academic trade unions and external political stakeholders such as the Industrial Development Authority has increased and reached a high level.

### **Internal governance and Management**

Several universities are currently (2006) revising their organisational and management structures and decision making processes. The main reason for this is the general competitive pressures raised in the context of the OECD review. Every HEI now has a governing body responsible for the strategic development of the institution. This governing body should also be reorganised, with the reduction in the number of members, and these members should be lay people. Student representatives in all Irish HEIs have an important position in decision making processes, especially in the governing body.

## **ITALY**

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### **Mission/strategy**

The guidelines of university strategy are defined by the Ministry (MUR). In order to carry out its tasks, the Ministry is supported by some Bodies such as the National University Council (CUN), the Italian University Rectors' Conference (CRUI), the National Council of University Students (CNSU) and the National Committee for the Assessment of the University System (CNVSU).

The central management (Rector and academic senate) of the university has the authority to make strategic choices and set strategic directions within the ministerial guidelines. Such choices are made in interaction with regional and local bodies.

### **Internal governance and Management**

The law n°168/89 stipulates that universities are to a large degree autonomous in determining their own governance structure, as long as they comply with some general rules of the Ministry in this respect. Each university must for instance have a rector (rettore), an academic senate (senato accademico), and an administrative council (Consiglio di Amministrazione).

The Rectors of the state universities chair the academic senate and the administrative council. They monitor on the working of the university infrastructure and services, establish external collaboration agreement, plan the training and research activities of the university. The rector is elected by the academic staff of the first level.

The academic senate – composed of the rector, faculty deans and other representatives of the academic community elected on the basis of the statute – establishes the guidelines of the activity and defines the planning of the university development. It approves the university normative and coordinates the training activities, exercises planning, programming and monitoring authority in respect to the university autonomy.

The administrative council supervises the administrative, financial, economic and patrimonial management of the university, the management of the technical and administrative personnel, approves the final balance of the university. It is composed of the rector, the administrative director and other representatives of the academic community and the economic world identified on the basis of the statute.

With regard to the autonomy principle, each university can define its organisation independently, through its own statute and regulations. The statutes define the composition of the government body (academics, non-academic staff and students) and its competence.

## **LITHUANIA**

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### **Mission/strategy**

Short-term and medium-term strategies are set by the institutions, but the short-term one has to be drafted according to the Ministry of Education and Science methodology

### **Internal governance and management**

There is a strong role of central management and academic staff, there is some involvement from middle management and students.

## **MALTA**

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### **Mission/strategy**

The University of Malta Council and the Malta College of Arts Science and Technology (MCAST) are involved to a large degree. The Commission for Higher Education has just been established and is expected to be involved in the mission and strategies of all HE institutions.

### **Internal governance and Management**

There is a strong role of central and middle management, academic staff, students, church representatives, ministerial appointees on Council. The Council (University) and the Board of Governors (MCAST) have external members from industry and local community. The biggest change during this period was the emergence of a Board of governors at MCAST that includes experienced educational administrators and many representatives from the industrial sector.

## **NETHERLANDS**

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### **Mission/strategy**

Institutional strategy is determined by the Executive Board (three persons including the rector) and is approved by the Supervisory Board (five external stakeholders). University Council (representing staff and students) is consulted, as are in practice the deans. Over the years the importance of strategic profiling has grown, partly as a consequence of the government's policy of enhancing the institutions' autonomy.

### **Internal governance and Management**

There is a role for the government who sets the framework for the internal governance through regulation. The institutions, with a strong role of the executives, have discretion to make choices within this framework and create by-laws. The discretionary room of institutions to design their own structures has grown after 1997 (introduction new Act on internal university governance). Executive powers have grown at the expense of representative bodies. The main bodies at the central level are the supervisory board, the executive board, the university council, and the deans.

## **NORWAY**

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### **Mission/strategy**

On the system level the institutions' main goals are given by law. The institutional board decides the strategy, normally after a broad process within the institution with stakeholders both from student organisations, different staff organisations and external partners.

### **Internal governance and Management**

In 1995 the Ministry of education determined internal governance and management for higher education institutions. Since 2003 and 2005 the law gives the authority to determine internal governance to the institutions themselves. Since 1996 external members have had seats in the institutional board, and since 2003 academic leaders could be appointed rather than elected.

## **POLAND**

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### **Mission/strategy**

Strategy on the different levels is determined top-down: the ministry's general strategy is binding for the HEI and the decision of the governing bodies of the HEI sets the framework for faculty strategies. Internal stakeholders participate in representative bodies.

### **Internal governance and Management**

Legislation fixes the senate as the governing body of public HEI and allows a council. The governing bodies need to have representatives from the internal groups (academic staff, non-academic staff, students, doctoral students). Senate decides on internal organisation in public HEI (in some cases also the minister).

## **PORTUGAL**

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### **Mission/strategy**

HEI are able to determine their own mission and strategy but within a policy framework and set of regulations that constrain their choices, mainly because the public funding has been reduced progressively. The overall function of universities and polytechnics is set in legislation, with research and PhD education being the preserve of the former, and the primary role of polytechnics being professional education. Numerus Clausus limits are set by the government for all study programmes but sometimes it does not follow the university proposals. Research funding is increasingly merit-based. Little change over the decade.

### **Internal governance and Management**

Key internal decision-making structures (Rectors/Presidents and various Councils at institutional and faculty levels) have their composition and powers set in legislation. There is considerable variation in the degree of autonomy of faculties across different institutions. Little change over the decade, but with the consolidation of the capacity of governance and management of the HEI.

## **SLOVAKIA**

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### **Mission/strategy**

The rector, who is elected by academic senate and appointed by the President of the Slovak republic, develops and presents the long-term strategy to the academic senate (since 2002). Deans, who also are appointed (by the rector and elected by the academic senate of faculty), do the same at the faculty level (since 2002).

### **Internal governance and Management**

The senate (consisting of academic staff, administrative staff, and students) approves Rector's proposal for members of the Board of Trustees (since 2002). The important bodies are: the senate, the rector (statutory body), and the scientific board.

## **SLOVENIA**

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### **Mission/strategy**

The Council of HE and the Government prepare the Master Plan of HE, the National Assembly adopts it and HEI implement it. Ministry of education Science and Sport was replaced with the Ministry of Higher Education, Science and Technology. Students are involved to some degree.

### **Internal governance and Management**

There is a strong role of the rector, the university and faculty senates, the dean, the managerial board of university and faculty. Decisive role has also the rector's conference. The composition of senates changed with students' representatives. Managerial boards are composed of representatives of founder, academics, students and other employees. Students represent one fifth of Academic Assembly, one seventh of university's and faculty's senate. They have right to vote for a new rector.

## **SPAIN**

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### **Mission/strategy**

The strategy of universities is largely determined by the national and regional Ministries of Education as they mainly developed the new 2001 higher education Law. In addition the European Union has had a strong impact as the Bologna process brought a deeper concern about the EU guidelines. Universities, as collegiate organisations in which the consensus decision system makes it difficult to focus on goals, follow normally the lines drawn externally.

### **Internal governance and Management**

There is a strong role for the national and regional Ministries of Education to determine the internal governance and management structures of universities. The Board (Consejo Social) has some role on this issue as it supervises the university's financial development. Also important is the Head of Administration (Gerente), who is a professional administrator and by law is in charge of economic and administrative matters.

The new Law still leaves a lot of power with the academics, but in a leaner and more operable structure, concentrating the basic authorities in the Rector and the Senate. The Senate has a maximum of 50 members of whom 30% are appointed by the Rector, 40% by "el claustro", 30% by the Deans and Academic Department Directors, and 3 representatives of the Board (Consejo Social).

The Board is composed of 40 members of whom approximately 85% are external members designated by the regional government, and 15% represent the university. Of this latter group 3 members are designated by the Council (3), and also the Rector, the Head of Administration and the Secretary General are members. The main task of the Board is supervising the financial situation of the university. This is a difficult task as the majority is external members who generally have little involvement in real academic matters.

## **SWEDEN**

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### **Mission/strategy**

Institutional leadership (rector/board) is central in this process, while consulting different bodies within HEI. From 1998 the chairperson of the Board is no longer the Vice-Chancellor but a lay person appointed by Government.

### **Internal governance and Management**

The roles of the Board, the Vice-Chancellor, Faculty Boards and Programme Committees are prescribed by Law. There are directives on the existence of some boards and committees, still there is much freedom concerning how to organise the institution. Little change since 1993.

Attempts to raise stakeholder involvement in governance have been launched through strengthening government appointed chairpersons on HEI boards, and with an increased emphasis on the 'third task' (relevance) of HEI (collaboration with society a mandatory requirement since 1997).



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