

A Comparative Perspective on Changes in University Governance in Europe

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Since the 1980s the mode of governance has changed considerably in the public sector of many countries. ‘New public management’ (NPM) has been the keyword, and the university system has been subjected to it, just as the health care system or public transport. ‘Less state’ and ‘more market’: These are the superficial neo-liberal slogans often associated with NPM.

GB was the forerunner of NPM-inspired reforms in the university sector, relatively soon followed by the Netherlands. In these two countries changes took root in the late 1970s and early or mid 1980s. In Austria and Germany, on the other hand, governance reforms were discussed and implemented in dribs and drabs in the 1980s, if they were implemented at all. In Austria changes were relatively marginal up to the turn of the century when all of a sudden Austrian universities were shaken up by massive policy changes. Finally, in Germany the arrival of changes in the configuration of governance is visible only very recently.

In my presentation I will concentrate on the two latecomers: Austria and especially Germany—because I assume you are very familiar with the GB situation, and the case of the Netherlands has also been presented on the international scene quite often.

I will proceed in three steps:

- 1 analytical tool: governance mechanisms and regimes, characteristics of NPM
- 2 Germany and Austria:
 - a. Traditional governance regimes
 - b. Austria: bold jump forward
 - c. Germany: still hesitant
- 3 Put these two cases in perspective: Overall European developments

1. Five Basic Governance Mechanisms and NPM

What we need first is an analytical conceptualization of university governance which can be used for comparative purposes. Elaborating former concepts from Burton Clark, Dietmar Braun and others, we distinguish in our project five mechanisms: state regulation, external stakeholder guidance, academic self-governance, managerial or hierarchical self-governance, and competition:

- *State regulation* means top-down regulation by directives; the government prescribes in detail what universities have to do under particular circumstances.
- *Guidance by external stakeholders* concerns activities that direct universities through goal setting and advice. In public university systems the government is usually an important stakeholder, but not necessarily the only player in this respect. It may delegate certain powers to guide to other actors, such as intermediary bodies or representatives of industry in university boards.
- *Academic self-governance* concerns the traditional role of professional communities within the university system. This mechanism is institutionalised in collegial decision-making within universities and the peer review-based self-steering of academic communities, for instance in decisions of funding agencies.
- *Managerial self-governance* concerns formal organizational hierarchies within universities. Here the role of university leadership—rectors or presidents on the top-level, deans on the intermediate level - in internal goal setting, regulation, and decision-making is at stake.
- Finally, there is *Competition* for scarce resources—money, personnel, and prestige—and for students within and between universities.

We conceive of a governance regime as a specific mixture of these five mechanisms at a particular point of time. Very broadly, each of them can vary between ‘high’, or very important in shaping activities at universities, and ‘low’, which means that it has only marginal shaping force.

Thus, we can model a governance regime by the analogy of an equaliser. An equaliser is an electronic device that allows attenuation or emphasis of selected frequencies in an audio spectrum. It can be used to alter the relative balance of frequencies to produce desired tonal characteristics in sounds. Thus, in our equaliser model each of the five governance dimensions can be turned up or down independently from each other.

To summarize the program of NPM in terms of the equalizer:

An increased competitive pressure within and among universities, produced by various institutional mechanisms as well as by an increased scarcity of available financial resources, will result in a new emphasis on efficiency and quality of research; in addition, an intensified external guidance of universities insists on extra-scientific relevance of research; deregulation in the sense of getting rid of externally imposed bureaucratic strait-jackets is one of the pre-conditions to master these changed external circumstances; another one is the strengthening of a hierarchical self-management of universities by strong rectors and deans and a weakening of academic self-governance. All this amounts to the building-up of a university as a corporate actor capable to prevail against the increased competitive pressure.

2. Governance Changes in Austria and Germany

Now I come to my two cases. Very briefly, how did the traditional governance regime in both countries look like? Minor differences aside, it was rather similar, so I will concentrate on Germany. But you can apply everything I tell you here roughly to Austria.

The Humboldtian university idea of ‘solitude and freedom’ was implemented by an authoritarian state, nineteenth century Prussia, which granted scientific autonomy and other privileges to universities—more precisely, to professors—for the price of their political subordination to state authority. This ‘historical compromise’ went along with the duty of the state to finance universities. In a very strong path-dependency, the German university system is characterized up to the present day by this combination of undisputed alimentionation and regulation by the state, on the one hand, and a simultaneous respect of the ‘freedom of teaching and research’ which is even constitutionally granted.

In legal terms, this amounts to a dual nature of universities as institutions of public law as well as autonomous corporations. Accordingly, Clark (1983: 140) portrayed the German university system as a *combination of political regulation by the state and professional self-control by ‘academic oligarchies’*.

Academic self-governance is of special interest here. A closer look reveals the strong individual position of each professor—especially the full professors holding a chair. They are still the most important pillars of a ‘chair-based organization’—and since there are usually hundreds of chair-holders at a university, the overall structure of the German university system looks like ‘small monopolies in thousands of parts’ (Clark 1983: 140). With each chair as a highly sovereign organizational unit, academic self-governance is very decentralized. Chair-holders are similar to small businessmen with a number of subordinates. But as civil servants, professors also enjoy the respective rights, especially the right that they cannot be dismissed. Thus, to put it in a nutshell, chair-holders are small businessmen who cannot go bankrupt.

From the point of view of each chair-holder, the university as a whole and the respective department to which he belongs is a local corporation of academic colleagues—the other chair-holders—among whom a basic equality of rights and opportunities exists. In the mode of collective decision-making, this is institutionalized as a *collegial association* (Parsons/Platt 1973: 124-129) which installs for all chair-holders a direct participation of those affected by particular decisions in the making of these decisions.

Formally, majority decisions have to be arrived at within universities and faculties. No strong hierarchy exists. University leadership—rectors and deans—cannot disregard the majority of the chair-holders. In practice, it turns out that most decisions are taken unanimously. Academic self-control on the level of chair-holders is informally ruled by ‘cooperativeness’. Each one of them can normally expect that no decisions will be taken which violate his interests. *Implicit non-aggression* pacts transform the majority rule into a structure of veto-powers of each chair-holder—and this veto-power is usually used to defend one’s own interests.

These non-aggression pacts result from a number of considerations of each chair-holder about the reactions of others to be expected if he did not act ‘cooperatively’. Firstly, one would create emotionally disturbing conflicts with persons whom one often meets daily. Secondly, the solidarity of the faculty or university against threats from outside—especially from state authorities—would be weakened. Thirdly, to mobilize a majority for one’s particular interests would amount to an enormous effort to build up and maintain

fragile coalitions of interests. Fourthly, even if this could be achieved and a majority decision for one's own and against someone else's interests could be reached, one would have to fear in future that others would try the same, and one could not be sure to be always on the winning side. In most cases, a mixture of these considerations motivates a chair-holder not to take such 'uncooperative' initiatives.

It is no wonder, then, that academic self-regulation among chair-holders shows a marked tendency to preserve the organizational status quo. Especially state authorities have criticized this for a long time as the central cause of German universities' inability to reform themselves—among other things, to reallocate resources according to performance criteria and considerations of profile-building. As a remedy, many observers propagate 'more market!', meaning higher competitive pressure on universities and professors, and 'stronger leadership!', meaning more hierarchical organizational self-guidance by deans and rectors. Both suggestions are often seen in tight connection. Only higher competitive pressure, culminating in threats to organizational or departmental survival, could strengthen university leadership against the non-aggression pacts of academic self-control; and only by rigorous leadership which builds up a strong 'corporate identity' a university could achieve competitiveness.

Austria

Before going on with the German story I would like to interrupt it by a look at the surprising developments in Austria. Until the end of the 1990s there existed basically the same governance regime with the same strong forces of status quo maintenance in Austria as in Germany. However, then things started to change very rapidly. As in Germany, political debates within the political parties and the ministries had turned in favour of NPM. In both countries, there were no strong differences between what the two big political parties—conservatives, on the one hand, social democrats, on the other—wanted with respect to university reforms.

However, one decisive difference exists with respect to the political responsibility for universities: In Austria, central government is the only one responsible state actor whereas in Germany 16 federal states ('Laender') are primarily responsible, the central government having only weak competencies. In Austria, one determined actor—the federal ministry—could initiate and put through radical changes. In contrast, the German constellation is characterized by, firstly, permanent vertical conflicts among central state and 'Laender', secondly, permanent horizontal conflicts among the 'Lander'; and these conflicts do not cease even if one and the same political party (the Christian democrats) is in power in the majority of the Laneder as well as in central government.

For these reasons, from the point of view of German political actors, 'tu felix Austria' is a quite understandable reaction. Now, what did the Austrian university reforms achieve? With respect to *state regulation*, the present situation is characterised by strong deregulation. Nowadays, under the Universities Act of 2002, all Austrian universities have adopted full legal capacity and thereby have become independent public entities. In addition, the universities' heads of administration are now responsible directly to the rector and not to the Ministry any longer. As a corollary, the Ministry will soon limit its role to a supervising function with respect to the structure and the results of universities'

activities. This means, among other things, that university budgets are no longer part of the government budget but are transferred to the individual universities themselves. Since 2004, universities receive public funds in the form of global budgets. Universities are also free in the way they spend the tuition fees they collect. Moreover, each university now is the employer of its staff under private law contracts.

Universities did, however, not have any choice with respect to their new legal nature and status. The state had scheduled the process. All universities had to undergo a parallel process of re-constitution, leading to an identical legal status.

As regards external *stakeholder guidance*, the comprehensive deregulation that is taking place in the Austrian university sector has not led to total autonomy of universities. Through mission-based contracts the government retains an important influence on university development. The size of university budgets is linked to performance evaluations and subsequent bargaining with the ministry. Furthermore, some of the former supervisory functions of the ministry were transferred to university councils that are staffed with persons who do neither belong to the particular university nor to the ministry. Heads of universities now have to reach an agreement with council members about university development before they get into the negotiations with the government about mission-based agreements. Overall, these relatively small and technocratic councils can primarily be understood as guardians of institutional profiling, organisational efficiency and flexibility.

To increase *competition* up to now has played a minor role in Austrian reform activities. None of the provisions in the Higher Education Act does directly refer to inter-university competition. Nowadays universities have to define their individual institutional profiles. From recent discussions on the implementation of this aspect of the new legislation the impression arises that institutional profiles are not really meant to enhance competition between universities but rather to support the Ministry's country-wide development planning.

As far as intra-university competition is concerned, regular evaluation mechanisms were installed in order to achieve transparency with respect to the performance of the different units of universities. Rectors conclude performance contracts with deans, but it is not really clear up to now if, and to what extent, the resources of individual departments depend on actual performances.

As regards *academic self-governance*, current legislation leaves the decision about the future role of academic bodies up to the individual universities. Common features of the new internal governance models designed by the universities are the reduction of competencies of committees at departmental and institutional level to an advisory function.

Recent reforms introduced central elements of *managerial self-governance* by regulating the staffing, the authority, and the tasks of those positions that make up central university leadership. The rectorate made up by the rector and up to four vice-rectors and managers represents the university and elaborates drafts of the main organisational documents (university statute, development plan, organisation plan, annual reports). In addition, it

supervises all organisational units of the university, negotiates and concludes performance agreements with the Minister, acts as superior of all university staff, and conducts the appointment negotiations with new professors. The position of the deans has been strengthened as well. They now need a double legitimacy from 'top' and from 'bottom'. They will have to conclude performance agreements with the rector for their departments and also with the heads of the institutes that belong to their departments. They will also have to distribute the available resources according to the performance of the institutes and develop strategic plans for their departments.

It remains to be seen whether the deans will act according to this new role or go on behaving as before. Some doubts are plausible because it can hardly be expected that deans take tough decisions during a relatively brief period of office when they have to return to the 'rank and file' professoriate afterwards. In sum, these changes, taking place within very few years, are a remarkable achievement after a long standstill.

Germany

Coming back to Germany: It was not later than Austrian to begin debates about NPM and university reform; however, until the present day Germany has produced mainly 'talk' from which not much 'action' has followed. The German picture is especially difficult to draw because the Länder differ considerably in their actual, mostly quite modest policies of university reform.

With respect to *regulation by the state*, the present situation is that all Länder have implemented those aspects of deregulation expected to bring about efficiency gains.

They have given some more room to manoeuvre to universities and professors with regard to financial resources by abandoning many features of traditional cameralistic public budgeting, introducing, instead, lump sum budgeting. One major reason for granting more financial autonomy to the universities may have been to shift blame for cuts from the ministry to university leaders.

In five Länder, universities can choose their legal status. They may remain public institutions, but can also opt for becoming foundations of civil law. This opens additional flexibilities in financial and organizational matters, even though universities remain bound to the public sector salary structure and its rigid employment categories.

The approval of study programmes has been delegated from the ministries to newly founded agencies of accreditation, where academic peer assessment and quality criteria have a stronger role than before. However, it is still up to the ministry of a particular Land to decide whether a given programme at a given university fits into the overall planning of that Land.

State authorities are still reluctant to relax regulations relating to the structure and size of faculties and to the appointment of professors. A few Länder have done away with the ministry's right of approval of the appointment of professors, and have delegated this decision to rectors.

Regarding *stakeholder guidance*, since the late 1980s Länder have set up commissions to assess universities and their overall teaching and research performance. These commissions have initiated redirections in study programmes and research priorities. Recently, ‘management by objectives’ has become institutionalized, in the form of mission-based contracts between ministries and universities. In theory, such contracts should not contain concrete recommendations, but only goal statements; in practice, this flexibility is often not granted to universities, allowing ministries to revert to regulation under the guise of NPM. For example, instead of formulating the goal that the share of female students in certain study areas shall be increased by x percent over the next six years, leaving the actual pursuit of this goal to each university, ministries prescribe detailed and uniform procedures as well as organizational structures of ‘gender mainstreaming’.

The influence of external stakeholders within newly created university boards varies widely with regard to influence and position. It remains to be seen whether Länder authorities are really willing to accept their recommendations. There has always been an important element of *competitive pressure* among individual researchers at universities, which has become stronger with increasing dependence upon funds from the Deutsche Forschungsgemeinschaft, the Federal Ministry of Research and Education, the EU, and industry. Recently, in order to increase the worldwide competitiveness of the German university system, the Federal government suggested the creation of ‘elite universities’, which it wanted to support generously with extra money to improve conditions for research as well as graduate training. Although the Länder desperately need these additional resources, they continued blocking this initiative because they feared that it will lead them into a destructive competition. It soon became clear that Germany has to have at least 16 ‘elite universities’—one in each Land. This absurd prospect was not accepted by federal government. Finally, a much watered-down compromise was reached so that now some graduate schools and some centers of excellence may profit for some years from additional funding by the federal government.

With respect to teaching, in January 2005 some Länder won a lawsuit at the constitutional court against the Federal government’s prohibition of study fees. Thus, it is to be expected that all Länder will introduce rather modest study fees in the next two years. For instance, at the maximum 1000 EURO per year in Northrhine-Westfalia. This might result in increased competition for students.

Meanwhile, other measures to increase competitive standing include a new salary scheme for professors, laid down by the Federal Government and allocating about one third of salary according to performance.

Because most markets within the university system are but ‘quasi-markets’ evaluations of research and teaching are necessary in order to ascertain the relative position of a university, a faculty, or an individual professor. All Länder have begun evaluations; in some, eg in Lower Saxony, evaluation agencies have been established. Evaluation methods and criteria differ considerably. In most cases, some kind of peer review is established; but there are also examples of indicator-based formulas, mechanically used to distribute parts of public funding to universities.

Turning to *managerial self-governance*, during the 1990s the formal powers of rectors and deans increased in all Länder. Many issues can now be decided without a majority in the university senate or the faculty council. In six Länder deans now allocate financial and personnel resources on their own - excluded are resources personally dedicated to individual professors. Terms of office for these positions have been extended. Deans who were traditionally elected for two years now serve four. In five Länder, deans now need dual approval—not only from their faculty but also from the rector. They begin to be seen as important ‘men in the middle’ who represent not only their faculty’s interests to the rector but are also supposed to implement the rector’s policies within their faculty—if necessary, against the will of the majority within their faculty council. All in all, the system is acquiring elements of hierarchy.

Still, *academic self-governance* stays alive in a more informal way. At the moment, most measures to build managerial self-governance remain incomplete. The consensus-oriented culture of the academic profession compels many in leadership positions to act as if they had no new powers. Thus, formal competencies remain unused, and consensus, at least among professors, is still sought by rectors and deans. One reason for this is that those in leadership positions know that one day they will return to the ‘rank and file’, and they do not want to make enemies among those who may come into power after them. But the more important reason for ‘cooperativeness’ is that many have internalised the traditional organizational culture of consensus during their long academic socialization.

3. Comparative Conclusions

Using our governance equalizer to put all four countries for comparative reasons into one picture (see end: Figure 1), several conclusions can be drawn.

First of all, the *degree of change* varies between countries. Metaphorically, the lengths of the arrows differ. The most profound changes have apparently taken place in England and in Austria. Significant shifts in England are no surprise because the Thatcher regime in the 1980s was known for its drastic measures in the public sector. Moreover, the English system has been confronted with the massification of higher education rather late. The Austrian degree of change is, however, remarkable after years of standstill. The Dutch have by and large a middle position, and Germany seems to be the most ‘conservative’ country, except for an increase in competitive pressures. The differences between the countries become also visible if we take into account that their points of departure have been to some extent identical.

A second observation is that quite some *variety* can be found for each of the dimensions of the governance equaliser among the four countries. Austria is, for instance, not always ahead of the Netherlands. Especially as regards strengthening competition in the university system change in Austria is not very profound, whilst rather severe in the Netherlands.

A third observation is that besides the differences between the countries there exist *similarities* as well. The governance of universities in all four countries has undergone substantial change, in most respects rather gradually; and changes are going into the direction of NPM. However, at present there is a complex and somewhat disorderly jumble of the five governance dimensions in all four countries. It remains to be seen whether these

are simply snapshots of an intermediary state of affairs, or whether hybrids of national-specific traditional configurations of governance with NPM elements will permanently stay as path-dependent results of current reforms.

Fourth, it may appear that *academic self-governance* is the main loser of the changes described. The developments in all four countries look like a zero-sum relationship at first sight: whatever new powers the university leadership and external stakeholders win, the academic profession loses. But contrary to common belief this is by no means a logical necessity. Within a university, one can imagine a coexistence of strong leadership with a strong professoriate; and certainly universities in the United States come closer to such a relationship.

Moreover, we see that academics continue to play their part in the governance of the university system. The *individual* academic's influence and power to defend his own status and autonomy has weakened, as well as the *formal collective* power of academics in intra-university collegial bodies. But especially through mechanisms of *peer review* an *elite* of academics has a clear and growing collective impact on policies and decisions of resource allocation; and this impact will grow even more because competitive pressure on 'quasi-markets' depends on peer review. Thus, the internal stratification of the academic community increases strongly.

Conclusion: Effects on research?

In our project, we are well aware that our descriptions of the four countries so far have been confined mainly to the *macro* level of analysis. Here I have described and interpreted political decisions and only here and there tentatively processes of implementation. Our bird's eye view cannot adequately capture what happens on the *meso* level of implementation of these decisions within universities. Perhaps there is such a strong resistance on this level that reforms are blocked; perhaps only facades of reform are erected on the front stage whereas on the backstage everything remains the same.

Finally, identifying the real effects of implemented reforms on research as well as teaching means stepping down even further to the *micro* level of the day-to-day work of individual academics and research groups. It may be that big changes in the governance configuration have only very small effects on research conditions; or the other way round, small governance changes perhaps show strong effects on research. In our further work, we will try to find out what has happened on the meso and micro level, as we also try to do in the comparison of Australian and German modes of research financing at universities which I work on together with Jochen Glaser and Grit Laudel (ANU: REPP).

In both projects, we do expect that there are significant effects of governance changes on research; moreover, we expect that some of these changes go in the directions which are pointed out by alarmed scholars especially from GB or Australia. More specifically, NPM, especially if competitive pressure is switched too high, might lead to a weakening of long-term curiosity-oriented research, to a driving-out of unorthodox, non-mainstream research, and especially the humanities might suffer. But we would like to go beyond anecdotal evidence and general speculations and identify more precisely what happens when NPM conquers universities.

Figure 1: Shifts in university governance of the four countries compared

