



Report on “*University Governance*”

**European Union
Education and Training 2010 Work Programme**

**Cluster
“*Making the Best Use of Resources*”**

**Peer Learning Activity
Copenhagen, April 19 - 21, 2006**

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Introduction

On April 19, 20 and 21, 2006, there was a Peer Learning Activity (hereinafter: PLA) on “*University Governance: Autonomy and Accountability*” organized in the Danish capital of Copenhagen. This was done in response to the need expressed by the participants of the cluster “*Making the Best Use of Resources*” (as a follow-up to the activities of Working Group E in the frame of the Work Programme: Education and Training 2010).

Denmark was an appropriate choice for a PLA on University Governance, as the Danish Universities recently experienced major changes in their system since the introduction of the new Danish University Act in 2003. Extensive information about the Danish Reforms was provided by site visits to two Universities and by some presentations from Danish key actors. In addition, there were presentations from all participating countries, followed by discussions between policy-makers, practitioners and other key actors with regard to the issue of “*University Governance*”.

Participants were asked to send in full descriptions of the situation in their own country beforehand, taking into account the following themes:

- A. ***Overall governance*** - the participation and responsibility of stakeholders will be discussed as well as the role of the boards regarding autonomy and accountability.
- B. ***Internal governance of universities*** - the discussions will focus on the features and the implications of internal governance.
- C. ***Universities and government*** - the participants will exchange views/opinions on the extent of regulation (and deregulation) policies and instruments.
- D. ***Universities and society*** - the issue at stake is the cooperation between universities and the private sector and the way universities deal with their public responsibilities.

In order to provide delegates with information about the participating countries and some other EU countries before the PLA, including trends and recent developments, a synopsis on “*University Governance*” was prepared by the Commission Consultant. This synopsis or overview study referred to - amongst others - Communications from the European Commission, studies by the OECD, the Council of Europe, the European University Association and recent reports of CHEPS (Center for Higher Education Policy Studies, Enschede, The Netherlands)¹, all available up to April 2006.

This report is subdivided into 4 sections. Section 1 provides an extensive outline of the Synopsis on University Governance, that also takes the abovementioned four themes into account and that can be considered as an introduction to the theme. Section 2 is about the PLA programme and provides outlines of the presentations, site visits and discussions, including comparisons between the key messages from the presentations and the key findings of the synopsis.

In Section 3, the main reflections from the discussions, that were held during the three days of the PLA are summarized, whilst the Evaluation and Recommendations on the working of the PLA are reflected in section 4.

¹ The CHEPS ‘International Higher Education Monitor’ is an ongoing research project aimed at the monitoring of higher education systems and higher education policies in ten (Western) European countries and Australia.

Table of contents

Section 1

- 1. University governance in Europe**
 - 1.1 European universities at the heart of the Europe of knowledge**
 - 1.1.1 Approximate definition of university governance**
 - 1.2 European trends in governing universities**
 - 1.2.1 Trends in governing European universities**

Section 2

- 2. The Peer Learning Activity in Copenhagen**
 - 2.1 Framework**
 - 2.2 Program 19 April 2006**
 - 2.2.1 Comparisons and conclusions**
 - 2.3 Program 20 April 2006**
 - 2.4 Program 21 April 2006**

Section 3

- 3. Main reflections**
 - 3.1 Overall and internal governance of universities (theme A and B)**
 - 3.2 Relationships between the universities and the government and society (theme C and D)**

Section 4

- 4. Evaluation and recommendations on the working of the PLA**

Annex

European landscape on 'University Governance'

Section 1

Outline Synopsis on “*University Governance*”

**European Union
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1. University Governance in Europe

1.1. European universities at the heart of the Europe of knowledge

Within the next 20 years, the economic paradigm of Europe will change fundamentally. The manufacturing base will continue to shrink, future growth and social welfare will rely increasingly on knowledge-intensive industries and services, and ever more jobs will require higher qualified personnel.

Europe needs excellence in its universities, to optimise the processes which underpin the knowledge society and meet the target, set out by the European Council in Lisbon, of becoming *‘the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion’*².

European universities are crucial in achieving the Lisbon goals, but across the EU they are not yet in a position to deliver their full potential contribution.

“Knowledge and innovation are the engines of sustainable growth in Europe today, and universities are crucial for achieving the goals set out by the [...] European Council. However, [...] there are important weaknesses in the performance of European higher education institutions compared to those of our main competitors, notably the USA. Although the average quality of European universities is rather good, they are not in a position to deliver their full potential to boost economic growth, social cohesion and more and better jobs. The European Commission invites national decision makers to set out measures that would enable universities to play a full role in the Lisbon strategy”.

Ján Figel², European Commissioner for Education, Training, Culture and Multilingualism.

Governing universities in the knowledge society

Europe’s universities face formidable challenges and ever-growing global competition. Far-reaching reforms are needed to enable European universities to meet the challenges of the knowledge society and of globalisation. Without a change in the governance and leadership of their institutions and systems, the European universities will not be able to deal with all the current technological, economic and demographic challenges. Universities need not only be *responsive* (to adapt to the changing environment) but also to be *responsible* for the common long term interest of society (outside and inside the institutions)³.

In 2005 the European Commission urged for prioritizing the modernisation of the European universities. The universities call on one hand for a fundamentally new type of arrangement (or *“contract”*) with society, whereby they are responsible and accountable for their programmes, staff and resources, while public authorities focus on the strategic orientation of the system as a whole. A majority of universities feel on the other hand that their national regulations do not currently allow them to undertake the changes necessary for their future.

² *“The role of the universities in the Europe of knowledge”*, European Commission, COM(2003) 58 final, Brussels, 05.02.2003.

³ *“University governance in great need of change”*, Luc Weber, Vice-chair CDESR, Council of Europe, Conference on *“Higher Education Governance between democratic culture, academic aspirations and market forces”*, Strasbourg, 22-23 September 2005.

In an open, competitive and moving environment, autonomy is a pre-condition for universities to be able to respond to society's changing needs and to take full account for those responses⁴. In short, alternative ways of governing universities are looked at in order to adapt (faster) to the current changing environment (and not to undergo it).

1.1.1. Approximate definition of university governance

The 'space' of governing universities is defined by democratic culture (philosophies), academic aspirations and market forces. Within this triangle, the interplay between academic aspirations and market forces attracts much attention and is often accompanied with certain uneasiness. The concept of university governance therefore is not a 'neutral technical matter'.

In Europe there is a wide variety of "social contracts" defining the political will and trust from major stakeholders regarding governance of universities. The diversity in the European higher education system is the reason that there is not a single model of governance that is better applied to all European universities⁵. University governance cannot be *uniform, finished, non-problematic and non-disputable* as the concept is founded on different types of institutions and/or systems. There is no "one-size-fits-all"-model⁶.

(Good) higher education governance may be defined as:

- that institutional set-up and those processes at strategic level of both higher education and research institutions and of national and international systems,
- which are concerned with the identification, validation, and realisation of those prerequisites and consequences and of that culture and those steering devices which pertain to institutional autonomy and individual freedom in their contexts with public responsibility of the institution to be governed, and which must be described and developed for the sake of maintaining and enhancing benefits,
- with regard to the well-being of individuals and society, traditional academic values and objectives, quality and quality assurance, institutional positioning, effectiveness and efficiency of mass higher education and advanced research in democratic societies,
- based on expert competence, on inclusion and participation, on the rule of law, on the freedom of ethically responsible individuals, and on mutual respect, and
- to add the notion of "good" governance to the definition of governance of higher education as such - serves these objectives best and at least to an optimum of compromise between conflicting aims and devices.

Prof. J. Kohler offered an approximate 'definition' of university governance at the Council of Europe's conference in Strasbourg (22-23 September 2005).

⁴ "Mobilising the brainpower of Europe: enabling universities to make their full contribution to the Lisbon Strategy", European Commission, COM(2005) 152 final, Brussels, 20.04.2005.

⁵ European Universities: Enhancing Europe's Research Base, Report by the Forum on University-based Research, European Commission, Brussels, May 2005.

⁶ "Reconsidering Higher Education Governance", Pavel Zgaga, University of Ljubljana, Council of Europe, Conference on "Higher Education Governance between democratic culture, academic aspirations and market forces", Strasbourg, 22-23 September 2005.

1.2. European trends in governing universities

The European university landscape

In the EU there are some 3,300 universities; approximately 4,000 institutes in Europe as a whole, including the other countries of Western Europe and the candidate countries (accession states).

The European university landscape is primarily organised at national and regional levels and is characterised by a high degree of *heterogeneity* which is reflected in organisation, governance and operating conditions, including the status and conditions of employment and recruitment of teaching staff and researchers.

Conceptual shifts in university governance

European universities have for long modelled themselves along the lines of particularly the ideal model of the university envisaged nearly two centuries ago by Wilhelm von Humboldt in his reform of the German university, which sets research at the heart of university activity and indeed makes it the basis of teaching.

Today the trend is *away* from these models, and towards greater differentiation. The heterogeneity can be seen *between* countries, because of cultural and legislative differences, but also *within* each country, as not all universities have the same vocation and do not respond in the same way and at the same pace to the current changes⁷.

The rearrangement of the public sector as a whole - '*less state*' and '*more market*' - can be considered the most blatant political impulse to the debate on universities. In essence the reshuffling means a switch from traditionally legalistic steering mechanisms of top-down implementation of normative formulae to a more economically driven steering system based on contractual consent on objectives to be achieved.

Universities are challenged in all aspects of their activities; the nature of their students, the way they deliver knowledge and do research, the way they interact with the civil society, business, the state and other universities, and the manner in which they manage their main asset, their human resources⁸.

The greater reliance on market signals brings a shift in decision making power not just *from government*, but also *from educational institutions* - and especially from the faculty - *to the consumer or client*, whether student, business, or the general public⁹.

⁷ "The role of the universities in the Europe of knowledge", European Commission, COM(2003) 58 final, Brussels, 05.02.2003.

⁸ "Governance and Capacity for Change", Luc Weber, European University Association, Brussels, 2004.

⁹ The Financing and Management of Higher Education: A Status Report on Worldwide Reforms, D. Bruce Johnstone, The World Bank, Paris, 1998.

As Luc Weber writes¹⁰, in many countries, universities are hard pressed to deliver more at a lower cost; their financial sponsors - the state or the private sponsors - want them not only to be accountable, but also to serve more directly their immediate needs. In order to maintain and improve their leading position, as well as to secure their role as main guarantor of cultural heritage and of societal values, Universities and other Higher Education institutions are increasingly focussing on the development and dissemination of knowledge.

As a result of this he concludes it has become imperative that change occurs on:

1. *Relationship with the state* - In many countries, the rules imposed by the state, as well as its permanent temptation to politically micro-manage the institution, are putting a serious brake on the willingness and capacity to change. As this constraint lies outside the decision sphere of the institution, there is not much the institution can do in the short run. However, emphasis should be placed on convincing the state that the lack of real autonomy is counter-productive in the long run.
2. *Internal governance* - The traditional organisational structures and systems of university governance restrain them from adapting rapidly enough. The great majority of universities have always been governed according to what is referred to as a system of *shared governance*; decisions are made collectively, mainly between faculty, directors, deans and President (or Rector). Shared governance has apparently served universities well for centuries. However, this decision-making system now appears to be less and less adequate for the new environment, which requires strong leadership in order to realize future-orientated decisions, that cannot always count on the consensus of all involved. To make the decision process as efficient as possible, it is important to state clearly which body or person is making the decision and is responsible for it, which body(ies) must be consulted before the decision is made and which body is validating the decision. This question of checks and balances is very important and justifies setting up a board above the presidency to force the latter to always be accountable for its decisions to another body, preferably not the state.
3. *Management tools* - In a university where the presidency has more decision-making power than in a traditional system of shared governance, the main difficulty for the former is to enforce its decisions. One of the main challenges of governance is to find the right means or tools to secure the effective participation of the people concerned by a policy change and to encourage them to spontaneously take initiatives in line with the general policy. The main tools are strategic plans, budgeting and financial management, development of a quality culture and improved communication.

¹⁰ “*Governance and Capacity for Change*”, Luc Weber, European University Association, Brussels, 2004.

1.2.1. Trends in governing European universities

The governance of universities is undergoing change in most European countries. Although governments retain a firm grip on their education sector by a wide range of accountability measures, universities do appear to be gaining more autonomy.

The degree of change varies between countries. Some are frontrunners; others are latecomers. Very importantly, the degree of autonomy has defined the *marge de manoeuvre* and therefore the motivation with which institutions approach the reforms¹¹. Also, quite some variety can be found for each with regard to the ‘issues’ of governance that are debated in Europe¹².

Taking into account the recent developments in the field of governing universities in Belgium (French-speaking), Denmark, Germany, Estonia, France, Ireland, Latvia, Lithuania, Hungary, The Netherlands, Austria, Portugal, Finland and the UK, the following European trends can be observed:

1. Less state regulation, while (boards of) universities are becoming more autonomous;
2. University leadership wins powers, the academic profession loses a degree of self-governance;
3. The State retains its influence on university development through performance-based funding contracts;
4. Cooperation with industry and society is enhanced.

The ‘map’ of the ‘European landscape’ on ‘University Governance’ is included as annex I. Data are based on a comprehensive survey conducted early in 2006 among experts in the countries represented.

Re 1) Less state regulation, (boards of) universities more autonomous

In Europe the government describes less or less in detail what the universities are allowed under particular circumstances (see figure 1).

In the last few years, discussions in Denmark, France, Hungary, Austria and Finland have focused on the enhancement of the institutional autonomy. In Austria and Finland the current issues on governance are with regard to the composition of the governing bodies of universities; in Denmark and Finland on the way the board members are chosen.

In Germany, governance issues are especially apparent in the division of authority over the institutions between the federal government and the *Länder*¹³. In the French-speaking part of Belgium all universities gradually achieved the same high degree of autonomy. The universities in Latvia also enjoy a rather wide autonomy as well as the Estonian and Irish institutions.

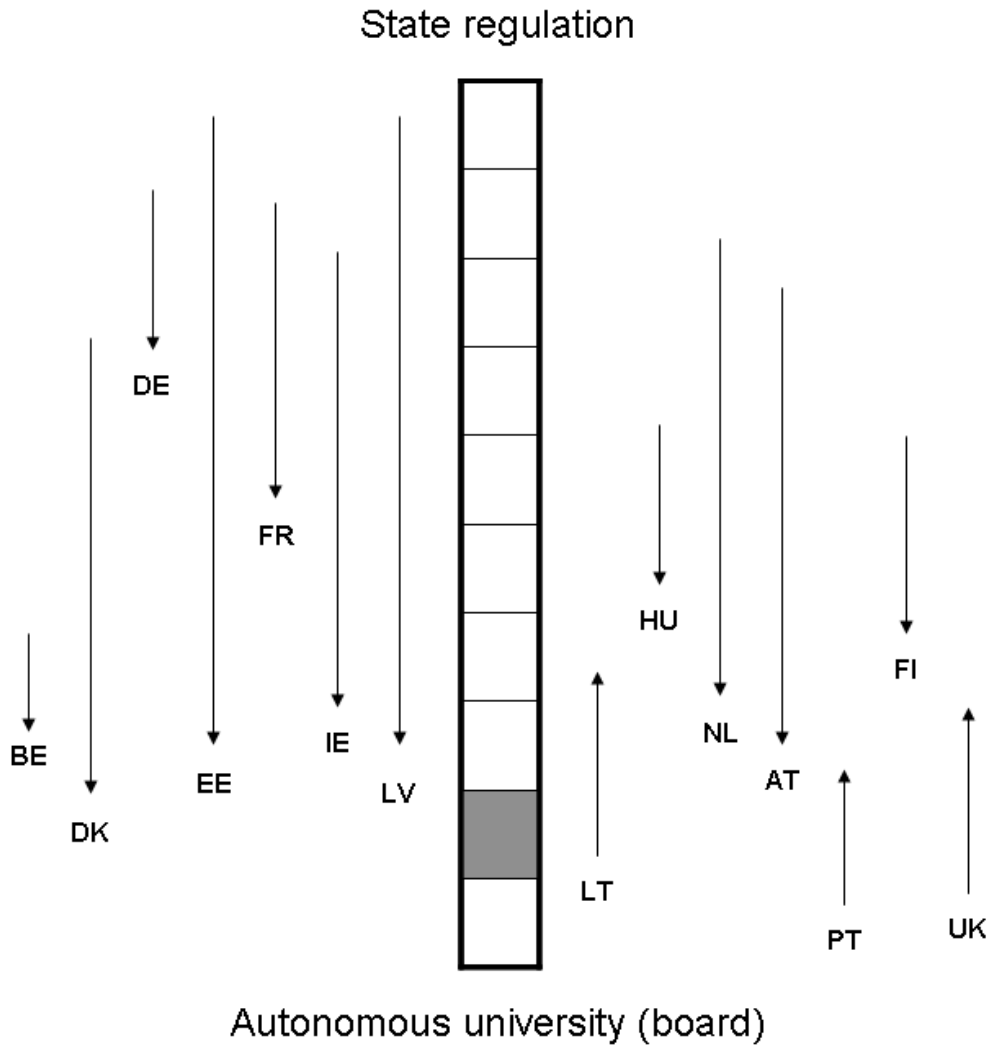
¹¹ Trends IV: European Universities implementing Bologna, Reichert / Tauch, European University Association, Brussels, 2005.

¹² A Comparative Perspective on Changes in University Governance in Europe, Uwe Schimank, Faculty of Cultural & Social Sciences, Fern University, Hagen, Germany, 17 October 2005.

¹³ Higher education policy issues and trends - An update on higher education policy issues in 11 Western countries, 2004, CHEPS, Enschede, June 2004 and Issues in higher education policy - An update on higher education policy issues in 2004 in 11 Western countries, CHEPS, Enschede, March 2005.

In the UK and Portugal on the other hand, the ‘broad’ autonomy of the institutions is being reduced somewhat. In Lithuania the previously acquired autonomy is decreasing due to insufficient financial accountability.

Figure 1



Note: As “Bologna” is the point of departure, the impact of changes per country is presented by the difference in length of the arrows. The average of all countries together is visualised by means of the ‘balance’ in the middle; now showing ‘7’ blocks on the scale of 10 in favour of autonomy.

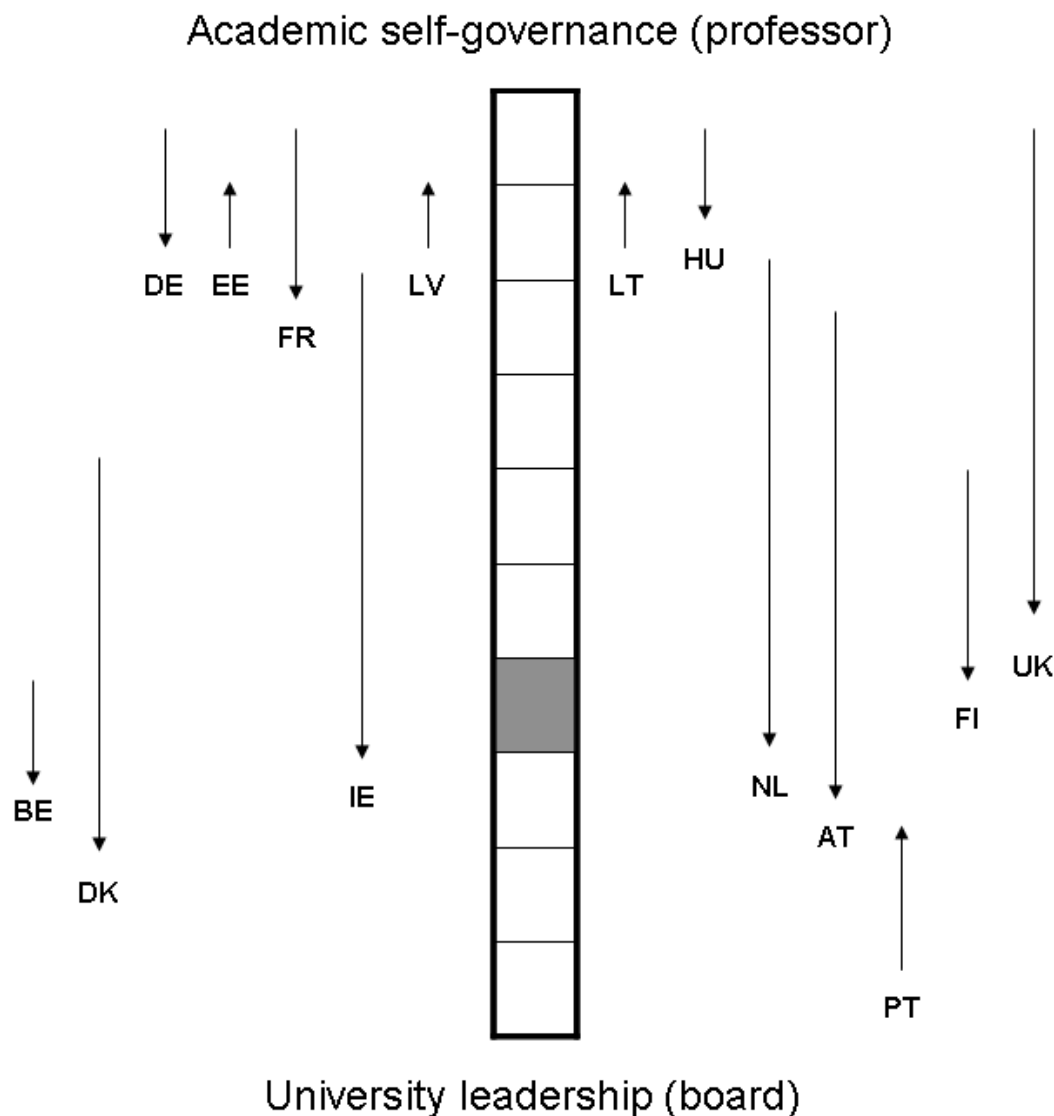
Re 2) University leadership wins powers, the academic profession loses a degree of self-governance

In Europe the decentralized collegial decision-making within universities is in the process of being replaced by managerial self-governance (see figure 2). As top-down regulation by governments decreases, the university leadership is strengthened.

Academic self-governance or *shared governance* appears to be the main *loser* of all the changes in governing universities across Europe. Whatever new powers the university leadership wins, the academic profession seems to lose.

However, up till now the academic self-governance stays alive in a more informal way, as consensus is still sought by rectors and deans (traditional organizational academic culture)¹⁴. In Estonia, Latvia, Lithuania and in Finland academic self-governance has up till now been strongly protected by law.

Figure 2



¹⁴ A Comparative Perspective on Changes in University Governance in Europe, Uwe Schimank, Faculty of Cultural & Social Sciences, Fern University, Hagen, Germany, 17 October 2005.

Re 3) State retains influence on university development through performance-based funding contracts

In spite of the deregulation policies throughout Europe, governments - will - still retain influence on university development. Where instruments available to the government to influence/regulate universities are concerned, performance-based funding contracting is *'hot'*.

In Denmark performance contracts had existed for a number of years, but in 2003 this contracting was revived as "development-contract". In Austria, the new university act introduced performance-based contracts through which part of the funding will be allocated. The French policy of contractualisation continued. The 'Management by objectives' is an example of the current Finnish reflection upon university governance and finance (performance negotiations).

In Germany, the type of agreements existing on the federal level is rather weak and in the Netherlands, in 2004 there was a proposal to introduce *'prestatie-afspraken'* (performance-based agreements) between the Dutch Ministry of Education, Culture and Science and individual institutions¹⁵.

In Estonia, Ireland and Latvia the universities greatly appreciate their institutional autonomy and were fully prepared to accept the need for additional accountability measures in return (e.g. a *block grant* coupled with performance indicators).

Re 4) Co-operation with society is enhanced

Universities across Europe are more or less - held - responsible towards society for their role in terms of autonomy and accountability.

University cooperation with each other and with the private sector (industry) is enhanced (*joint research*) and supported by governments in all countries (public-private partnerships and/or funding).

Knowledge exchange and technology transfer are instruments commonly used to link up with society.

¹⁵ Higher education policy issues and trends - An update on higher education policy issues in 11 Western countries, 2004, CHEPS, Enschede, June 2004 and Issues in higher education policy - An update on higher education policy issues in 2004 in 11 Western countries, CHEPS, Enschede, March 2005.

Section 2

2. The Peer Learning Activity in Copenhagen

2.1. Framework

At the planning meeting in Brussels, prior to the PLA, it was decided to ask for country reports from the delegates focussing on the following 4 themes around “Autonomy and Accountability”.

- **Theme A:** Overall governance: focus on the participation and responsibility of stakeholders and on the role of the boards as regards autonomy and accountability.
- **Theme B:** Internal governance of universities: focus on the features and the implications of internal governance.
- **Theme C:** Universities and government: focus on the extent of regulation (and deregulation) policies and the regulation instruments.
- **Theme D:** Universities and society: focus on cooperation with the private sector and the way universities deal with their public responsibilities.

As the planning group was very keen on interaction, it was agreed to have country presentations on the first day of the PLA, only focussing on one of the themes according to the choice of the country representatives. Each theme was proposed to be presented by two countries, followed by discussions in order to enhance the interaction. On the second day and the first half of the third day, the attention would shift to the situation in Denmark (i.e. through site visits). Finally the PLA would be finalised with a summary of the consultant and a general debate on the content of the PLA and on the way it was organised (lessons to be learnt).

2.2. Program 19 April 2006

The day started with a presentation about the Danish reforms by Director General René Bugge Bertramsen from the Ministry of Science, Technology and Innovation and touched upon most items, that were to be discussed during the next few days.

Key messages were:

- New act concerns reforms in management, education, and steering policies
- Gradual increase in autonomy and accountability
- Majority of the University board is external (not employed by the university) and appointed independently of the government.
- Boards control the budget, determine research and education strategies and hire (and fire) the rector.
- University managers work according to a development contract, which comes close to a performance contract, but is not the same.
- More autonomy concerning wages and recruitment of leaders and researchers.

Mr. Bertramsens presentation could be considered as an introduction to the theme and was followed by presentations from all participating countries. These contributions were supposed to focus on one of the four themes, but rather often they covered more than only one theme. For this reason, the discussions that followed after every two presentations are not reflected here in this section, but summarized as a whole in section 3.

In the paragraphs below, the outlines of the presentations from the participating countries are described, followed by a comparison versus the findings from the synopsis (section1).

Lithuania

According to a World Bank report, Lithuania's universities are among the most autonomous in the world, with possibilities to recruit and dismiss their academic staff and extensive budgetary flexibility e.g. in capital investment. The system, however, shows major weaknesses, as there is little involvement from social partners, little responsiveness to market needs and no accountability to external partners. Therefore, there is a risk that national strategic priorities are not being met. Moreover, rectors are chosen internally, which makes them less inclined to take unpopular measures towards fellow management staff.

What seems contradictory, is the measure of autonomy concerning staff employment and finances on the one hand and the faculty job security and (mentioned) lack of financial autonomy on the other hand. Recently proposed changes are aiming at opening up the University Councils by forming them from external members. It is proposed to have half of the council members appointed by the staff and half of them by the minister. The rector, however, would still be elected by the academics (Senate).

Slovakia

The law defines HEIs as self-governing public institutions, with the Academic Senate as highest decision-making body. The Academic Senate is elected by the academic community, consisting of different internal groups (e.g. teachers, researchers, students). The Senate elects a Rector and approves his/her proposal for appointing Vice-Rectors. Moreover, it has to approve and monitor the decisions of the Rector concerning organisation and the overall resource allocation to the departments.

Other steering bodies are the Scientific board with a minimum of ¼ and a maximum of 1/3 of external members and the Board of Trustees. The latter consists mainly of external members appointed by the Minister of Education and the Rector and also has an external chair. Apparently, this body does not have the same function as its counterpart in companies, as the competencies are restricted to strengthening the links with society and implementing and promoting the public interest in activities of the HEIs.

Other important appointments such as those for the Deans and Vice-Deans are made by the Rector and approved by the Academic Senate. The authority of a Dean depends on the tradition and wish of the university, because they are defined in the Statute of the HEI. Generally, Deans are independent from the Rector. Deans are (may be) controlled by the Academic Senate. The Dean appoints heads of departments and has the authority concerning staff members (employment, salary) within the faculty.

Until now and in spite of the role of the Board of Trustees, there is a weak interest from business and industry in HEI matters. However, it is expected that the interest will grow because of the knowledge based society principles and a just started governmental program concerning the Lisbon strategy for Slovakia.

Portugal

University governance is in the hands of the University Assembly, the Principal, the University Senate and the Administrative Board and is mainly the domain of internal members. The University Assembly is composed of representatives elected by the teaching staff, researchers, students and non-teaching staff (internal procedure).

It elects the principal from among the professors, as laid down by each university's statutes. The principal's mandate lasts for four years and he/she appoints and may remove the vice-principals. Although all these bodies consist mainly of internal members, there is in the case of the University Senate the scope to invite members from the non-university world as well, with a maximum of 15%.

In spite of the apparent closed character of the universities (and other public and private HE institutes), there is now growing interaction between H.E.-institutes and the non-academic world. Finally, it is worth mentioning that the far reaching autonomy of the Portuguese H.E.-institutes was brought back a little bit by a 1998 law governing inspection and supervision of HE establishments by independent external assessors.

Latvia

Higher education institutions in Latvia enjoy a rather wide autonomy. Management and administration of higher education institutions, according to principles of autonomy, are practically based on self-government with very little intervention from the state. The institutions own their buildings & equipment (except in cases when the buildings are owned by the state), borrow funds, spend budgets to achieve their objectives, set their academic structures and course contents, employ and dismiss academic staff (considering requirements for minimum qualifications have to be met), set salaries (considering minimum salaries settled by Government), decide about the size of student enrolment (for study places settled by state – according to this number) and decide on the level of tuition fees.

This wide autonomy operates within the framework of annual agreements between the higher education institutions and the responsible Ministry. The main management and administration institutions – Constitutional Meeting, Senate and the Rector are all elected.

The Constitutional Meeting is the highest collegial management and decision making body deciding on the most important strategic development issues of the higher education institution. The Constitutional Meeting elects the Rector and the Senate. The Senate is a collegial management and decision making body of the staff working at the establishment. It contains at least 75% academic staff and 20% students. The Senate approves procedures and rules regulating all areas of work at higher education establishments. Among other competences, it approves and abolishes study programs, as well as study units and it decides on the distribution of funds, posts and other resources. The Rector is the highest official in a higher education establishment implementing the general administration. The Rector is elected by The Constitutional Meeting for a term of not more than five years. The same person may not hold the office for more than two consecutive terms. Finally, the Cabinet of Ministers approves the elected Rector.

The heads of departments / deans are elected by the respective department or faculty. The academic staffs are elected by the council of the faculty, with the exception of professors and associated professors who are elected by the council of professors of the respective branch. Students have their self – government. The Students self – government has its representatives in all main management and decision making bodies of the higher education institution. The Students self – government representatives in the Constitutional Meeting, Senate and faculty council have rights to put a veto to all decisions concerning students interests. Academic staff has freedom to choose teaching methods, scientific themes and research methods etc.

Ireland

Ireland has a binary system of Higher Education, i.e. Universities (academic and research-focused) and Institutes of Technology (professionally focused). Both institutions have large numbers of undergraduates and a much smaller population of postgraduates. The Higher Education Authority (HEA) oversees the entire sector on behalf of the Department of Education and Science, and there is strong policy to encourage differentiation as well as cooperation between the institutions.

External representation in the governing boards:

Institutes of Technology have to have 5 representatives from various sectors of industry, and usually 5 councillors (politicians) representing the city and surrounding counties. Then there will be approximately 7 elected internal members representing a cross-section of the Institute (staff and students). The Director (= Chief Operating Officer) is an ex-officio member. The Chair of the Governing Body is a political appointment, made by the Minister – the Institute has no influence on that. It is considered good practice for the Chair to be external, but this is not always the case. Currently, a draft Bill for some legislative reform is being looked at following OECD recommendations made in 2004. A code of conduct for governance in the public sector was adopted in 2004, dealing with matters such as how to act in the case of conflicts of interest.

Universities have much larger Governing Boards (around 40 members), the majority of whom are academics and internal. There will be some delegates from industry, the community and politicians in the region, but the prevailing culture and opinion in the university sector is that external members must never be in the majority since that would jeopardise academic freedom and autonomy. The OECD recommended to reduce the Boards in size, to introduce regular rotation of Heads of Departments and bring in more external members, but these recommendations have not yet been followed up.

Governing Bodies or Boards have no executive role. The only accountable person is the Chief Operating Officer, i.e. the Director of the Institute of Technology or the President of the University. It is not possible to delegate any of this accountability to other functions and the Director or President has to personally sign off on all matters. The Governing Board has to approve the multi-annual Strategic Plans, periodic strategy reviews, any changes in organisational structure, annual budgets, annual accounts, staff appointments made, any proposal to engage in legal proceedings and any sales or acquisitions of major assets (e.g. buildings). Within the organisation, Heads of Faculty, School or Department will have responsibility for the day-to-day management of their units, developing strategic plans within the framework of the Institute Strategic Plan, and quality assurance. Academic freedom is

enshrined in law and there is a degree of autonomy, but through formal meetings and reporting structures this is controlled. Furthermore, national agreements with the unions preclude any institutional autonomy with regard to salary levels and contractual duties. Directors or Presidents are appointed by their Governing Body, who will compose an interview panel with external members from academia and industry for this purpose.

Estonia

The public universities in Estonia are independent legal entities with far-reaching financial and economic rights, including the ownership of real estate, the right to establish companies and own decision making concerning the selection of students and staff. All academic positions however are filled through public calls and on temporary contracts.

Internal governance is regulated by statute, which is adopted by the university council (highest decision making body) and registered at the Ministry of Education and Research. The university rector is elected by the university staff and students, but the regulations are different from one university to the other due to the far reaching autonomy. Usually all the professors are members of the election body and at least 1/5 of that body must be students.

Vice rectors are appointed by the rector, professors are elected by the university council and deans are elected by the faculty council. Usually, the head of the student council is also member of the university board. Currently, there is a discussion to involve the advisory board more in decision-making at the strategic level in order to strengthen interaction with the non academic world. This board comprises members of political parties, employers organisations etc and is appointed by the national government. Finally, it is worth mentioning that the public universities (and one private) signed a quality agreement in 2003 to safeguard certain national quality standards.

Finland

There is a new University Act since 01-08-05, that aims to strengthen interaction with the industries and to promote career mobility among university staff. Although directives in this new act are very modest, all Higher Education Institutes (HEI) are obliged to interact with society. As it is still too early to evaluate the results of the new act, there are no tangible results known until now. Moreover, there is an active ongoing discussion about university autonomy and at the end of the year 2006, a recommendation is expected about strengthening university autonomy in the long run.

Current situation:

The highest decision-making body is the board, dealing with the organisational part of teaching and research and with the overall resource allocation to the departments. On the other hand, it does not have an actual role in guiding research.

The majority of the board, including the chair, is internal and the law requires only the minimum of one external member.

The University Rector is elected by staff and students and his/her relationship with the heads of departments/faculties is based on principles of autonomy and accountability

Departments have profit centres (companies), working according to performance contracts drawn up with the rector.

Belgium (F)

The highest decision-making body at the Universities is the Board of Regents. There is no sharp distinction between the strategic level and the executive level, as the Board of Regents contains a majority of members with internal functions (Rector, Vice-Rector etc.). In the three public Universities, the chair is internal (the Rector). In the six subsidized private denominational or non-denominational Universities, the chair can be external.

In order to assure that the law is respected and that irresponsible financial decisions are prevented there is also a representative of the Government on the Board. Representatives from social, economic and political bodies ensure the involvement of external stakeholders in the decision-making process. Except for the representatives from the social, economic and political bodies, all members of the Board are elected by their bodies (e.g. the academic body for the Rector and the Vice-Rector and the student body for the student representative).

Autonomy:

All the Boards of Universities have a high degree of autonomy in areas of management, within the constraints of the laws and decrees applicable to all of them. This means that they appoint and promote their personnel, determine the content of their curriculums (adjustments to the needs of the labour market), and decide the internal allocation of the public subsidies. Generally, the principle of a large degree of university autonomy is experienced as a stimulus for healthy competition among Universities.

There have not been recent changes in legislation relating to the autonomy and accountability of the board. From 1971 on, the three public Universities were allowed progressively more and more autonomy and now enjoy the same degree of autonomy as the six recognized private denominational or non-denominational Universities.

Universities and the private sector:

All Universities are active in the search for a wide range of public and private financial resources. It is estimated that the total resources from public and private funding of the 9 Universities is about double that of the funds allocated by the Ministry of Higher Education in the French-Speaking Community of Belgium.

The Universities are very active in enhancing the value of the results of their research. Technological companies grouped in industrial zones have developed around universities. Small firms, sometimes called "spin offs", act as intermediaries for the universities and business. They are created to commercialize the outputs of university research.

2.2.1. Comparisons and conclusions

The presentations by the countries attending the PLA largely confirmed the findings from the wider desk-research and survey done for the synopsis¹⁶ in preparation for the PLA. However, developments with regard to each of the four trends identified in the Synopsis were not as clearly pronounced for each of the participants. It was evident that there is a general trend to move in the direction of more autonomy and accountability for University Boards and less regulation by the state. In Lithuania, Portugal and the UK it appears that this development had gone too rapidly, with a degree of withdrawal of autonomy as a reaction.

Most countries have some external stakeholders on the Governing Board, but only a few currently have a majority of externals even though this may be viewed as desirable in the long term. These same countries (DK, LT, NL, AT) also have an external chair. The role of the boards in terms of autonomy and accountability differs substantially, with Germany, France and Hungary as the countries with the smallest role for the board in this matter.

Regulation of internal governance by law happens in 5 out of the 14 investigated countries. As a matter of course, generally countries with a high degree of autonomy have no regulation by law in this matter, except Lithuania. The same mechanism (high autonomy is counterbalanced by less law) also applies to academic self-governance. Those countries where the internal governance is regulated by law are in general the same countries where academic self-governance is regulated by law as well, except for BE(FR), EE and LV.

Retention of influence by the state through performance-based funding contracts was identified as a trend in the Synopsis, but this is clearly not (yet) the reality in many EU states as emerged from the PLA.

Concerning the degree of interaction between Universities and society, there are large differences between the countries. However, there is a shared view that there is a need to establish stronger links with society and industry. This can be a laborious process, as was demonstrated by the Slovakian example.

A word of caution

Conclusions and observations have to be interpreted very cautiously. The presentations (and the outlines) are not exhaustive enough to take them absolutely for granted.

It is also difficult to compare the information from the presentations, as they do not always treat the same topics or do not describe them in the same way. Therefore, mentioning a certain feature for a certain country, does not mean that it does not apply to another country. The reason for not describing it in the case of another country can be simply because it was not presented.

A more in-depth analysis of the outcomes of the PLA in relation to each of the four themes is presented in Section 3.

¹⁶ see also Annex 1; European landscape on 'University Governance'.

2.3. Program on 20 April 2006

There were two site visits scheduled for this day: in the morning to the Technical University Denmark (DTU), with a presentation by the Rector Lars Pallesen and in the afternoon to the University of Copenhagen, with presentations by the Chair of the Board Bodil Nyboe Andersen and the Rector Ralf Hemmingsen.

Technical University Denmark (DTU)

Key messages deriving from this visit were:

- DTU is a self-governing University that covers most engineering disciplines and educates engineers at the Bachelor, Master and PhD levels.
- DTU was one of the first universities to implement the changes and started with this process even before the new law was in force.
- The Board consists of 10 people; 6 from outside and 4 from inside of the university.
- The Chair is from outside.
- Mission, vision and strategic goals are the domains of the board, but only at the highest strategic level.
- University leadership (rector, deans and directors) is established by appointments, not by internal elections.
- DTU recruits management staff with an ambition to do this for a certain period and to search another job after the University period.
- Cooperation with industry is a major issue.
- Research and other activities should be in line with the strategic agenda of the board and attuned with the deans.

University of Copenhagen (UoC)

Key messages deriving from this visit were:

- University of Copenhagen is the largest institution of research and education in Denmark.
- Changes in governance are comparable to all Universities, due to the new Act.
- University of Copenhagen was one of the last to implement the changes.
- The most important change according to the new law is the clear distinction between the roles of the board and the rector. This is according to the model of a company.
- In the new situation, the board is a self-controlling body responsible for a self-governing institution.
- The desired profile of the Rector: an acknowledged researcher with an interest in management.
- Development contracts is the answer/consequence to deregulation and withdrawing government.
- The development contract consists of several indicators; the ambition is to increase the contracts with companies by 60 % as part of the development contract.

At the end of the day there was a general debate about the information obtained during the site visits and about the differences between the two presentations. As it was done throughout the day, the discussion centred more on overall and internal governance than on the relationship with government and society. More precisely, it was the matter of leadership, the composition of the board, the relationship between Board and Rector and the point whether the senior management should be internally elected or appointed, that drew the most attention from the delegates.

Although both universities are facing the same changes, delegates got the impression that the changes were not experienced in the same way at the two universities. Probably also due to the longer experience with the new structure, the senior management from DTU demonstrated a clear preference for the new model, that increases the transparency of internal relationships considerably and makes managers more accountable regarding their performances. According to the Rector, autonomy and accountability is still not far reaching enough, as according to him salary negotiations should be done directly with the staff instead of with the trade unions. Moreover, every staff member should be accountable for what is mutually agreed and registered in a performance contract. The representatives from the UoC on the other hand were less pronounced in their preference for the new system, without rejecting it. The reason for this difference can be multifarious and is difficult to explain.

The main topics or messages from the further discussion are summarized as a whole in section 3, as this gives an overview of the main reflections at the end of the PLA. After all, similar themes were explored throughout the PLA.

2.4. Program on 21 April 2006

In the morning there were two more presentations by Danish stakeholders; one from the Confederation of Danish Industries (DI) by Lars Beer Nielsen and the other from the National Union of Students in Denmark (DSF) by Mads Svaneklink.

Key messages from the presentation about ‘Changing relationship between business and industries and the ‘universities’ were:

- Danish Industries is the largest employers organisation in Denmark.
- The view is that there are too many drop-outs at Danish Universities and that the general study period takes too long.
- In too many cases university studies lead to employment in the public sector. The new trend is, however, that more and more graduates are employed in the private sector.
- The match between demand of the labour market and supply from universities should be improved.
- Important message from the new act: “the university shall collaborate with society and contribute to the development of international collaboration. The university’s scientific and educational results are to contribute to further growth, welfare and development of society”.

After the two presentations, there was again a discussion about the impact of the Danish Reforms. Although the reforms might be too young to evaluate, DSF was clearly concerned at the reduction of influence of the students on the study programs and on the governance of the universities. A negative aspect of the new act was that there is no longer any direct contact between students and the Rectorate.

Danish Industries recognizes a number of weaknesses in the development contracts, as in their view they have too few consequences in case of failure. According to DI development contracts should be turned into performance contracts with judicial bindings and economic consequences. Moreover, the funding for research and other University tasks should be output based, which is not yet the case.

In the afternoon there was a summary of the main reflections from the last three days by the consultant and a final debate in the cluster about the lessons to be learnt. Furthermore there was an evaluation on the way the PLA was organised. The main messages from the further discussion are summarized in section 3, whilst the evaluation is reflected in section 4.

Section 3

3. Main reflections

The insights offered in this section are gleaned from the discussions that took part throughout the PLA. On the first day, the material in the Synopsis, the country presentations and statements for debate prepared by the Consultants served as input for discussion about each of the four themes separately. The themes were further explored during the site visits on the following days and reviewed again at the end, so as to lend further depth. In the sections below, two themes are combined in each case because of a degree of overlap in the debate as it unfolded during the PLA.

3.1 Overall and internal governance of universities (themes A and B)

Key message: It is essential to open up university governance structures by bringing in people from the outside world.

During the PLA there were many questions and discussions around this key message and around issues of leadership, composition of the governing board and the role of the senior management.

1. Leadership

Although the positive aspects of a shift from a collegiate model to a leadership-model were recognized by most delegates, it became clear that there were various reasons for countries that (as yet) prevented them from making such a choice. These reasons can be historical, cultural, political or otherwise, and imply that there can be no synchronised modernisation agenda for all EU states.

In the case that more autonomy is granted to universities, delegates recognized the following points as being important:

- increasing competences of boards requires strong leadership
- a clear separation of functions between the governing board and the top management of the university.
- a governing board with as its main role to approve the overall strategy of the university including overall goals and resources for the institution, and - if appropriate - the appointment of the rector.
- a top management with as main tasks the daily operations of the university including decisions on structure and implementation.

2. Composition of the governing board

It was recognized that participation of external members from outside the academic community should be encouraged as a means to strengthen the relations between the university and the society, in order to deliver the goals of the Lisbon strategy to become “the most competitive and dynamic knowledge-based economy in the world”.

However, it was mentioned that in some countries the academic community at universities often forms a haven of stability in periods of political instability. By opening the universities to other stakeholders, it should be avoided to have any appointments based on political affiliation. The advantages of an external chair of the board were evident in the Danish context. Nevertheless, not all delegates were convinced, that this model was transferable to their own country. The same applies to the share of external members that should be significant in a board with (preferably) a limited number of members (approx. 10-12).

Furthermore, it was discussed that the profiles of the chair and the members of the board are essential and should be complementary and as far as possible specified in advance, so that safeguards are built into the system. Governing boards should be self-governing bodies and their decisions should not be subject to any other governing body. Finally, it was agreed that the influence of students on the policymaking should be safeguarded, e.g. by allowing them a fair representation in the board.

3. Role of the senior management

There was a thorough exchange of views about the matter of an externally recruited or internally elected (senior) management, without yielding a clear-cut recommendation. Again the Danish system with an appointed management and 'development/performance' contracts appeared as a transparent model with a clear distinction of tasks and an appropriate balance between autonomy and accountability.

Some delegates showed serious reservations concerning the feasibility and desirability of an implementation of this system in their own country. Anyhow, whether the rector, deans and directors are recruited externally or elected internally, either choice should take into consideration the balance between the authority and legitimacy of the person.

In line with the trend towards more autonomy and accountability, including a sharp definition of tasks and positions, it was said that the rector, deans and directors should be held accountable to clear and transparent goals for research, education, collaboration and dissemination. All this ought to be based on performance indicators. However, more insights are needed on how performance contracts work out in practice in countries such as Denmark where they were recently introduced, and what indicators are to be used (e.g. student numbers, pass rates, employability of graduates, research output etc.).

As a guiding principle, the rector, deans and directors should ensure full institutional and individual academic freedom in line with the overall strategy for research and education as approved by the board. If university leaders have set a strong strategic agenda in consultation with academics and wider stakeholders, there should not be any conflict between academic freedom and managerial governance - the two should reinforce each other.

3.2 Relationships between the universities and the government and society (themes C and D)

Key message: Accountability to society is the counterbalance to the need for more autonomy

Frequently discussed items around this key message were around the relationship between the universities on the one hand and government and society on the other hand.

1. Universities and government

As already argued under 3.1, universities in the case of far-reaching autonomy, should be held accountable to their governments (and society) through the use of clear and transparent goals based on quantitative and qualitative performance indicators. To support and ensure this, performance contracts can be a very useful and effective means. These contracts should be based on the strategic goals of the university and implementation should have direct financial implications. In addition, performance indicators can be informed by national strategic priorities and targets such as widening participation in Higher Education, diversity of the roles of institutions and encouraging more students to study in certain discipline areas.

Some questions, however, remained open, such as who is approving the strategic goals of a university and should there be judicial and economic consequences in case of non-fulfilment of performance contracts. How can a board be held responsible in the situation of far-reaching autonomy and only modest government interference? After all, an autonomous board has no contract with the government. In the Danish system, the line of accountability appeared to stop at the board, making them some sort of ‘self governing bodies’. This question was also raised during the site visits and it touches upon an important issue around deregulation. According to the Danish university leaders, such a problem does not exist due to clear legislation, market mechanisms and an obligation for transparency. The market mechanism encourages universities to strive for the best results in line with their strategic goals, which can as a matter of course differ from one university to the other.

2. Universities and society

There was consensus on the need for more and more profound partnerships between universities and business. Concerning the matter of financial limitations, it was mentioned that the position of universities could be strengthened through funds coming from business. It was suggested that private enterprise would be more willing to fund research if technology transfer subsequently took place. To a certain extent, universities can act as business-entrepreneurs without taking undue risks with public money, without losing academic freedom and meanwhile safeguarding their social tasks. In several countries examples exist of universities taking a stake in companies, for instance in incubation environments. It was noted that there is no fundraising tradition at European universities such as in the US, and that offering lifelong learning provision primarily to alumni and the companies they own or work for might be an opportunity to nurture closer relationships.

Other considerations that were discussed in order to strengthen relationships between universities and society were possible tax-exemptions to encourage start-ups and the use of the Seventh Framework Programme (FP7) in order to promote research and technological developments.

Finally, delegates underlined the necessity to remove barriers between different ministries (e.g. Education&Research vs. Economic Affairs/Enterprise/Industry) in order to increase effectiveness. Another potential barrier which was identified was that academics in Europe do not have a tradition of being outward-looking towards society, which poses a major challenge of staff development and culture change.

Section 4

4. Evaluation and recommendations on the working of the PLA

In summary, the PLA had two main objectives:

1. to see how the Danish system works after the reforms as a start for reflection on autonomy and accountability.
2. to encourage constructive dialogue and reflection between policy-makers, practitioners and other key actors, to enhance mutual learning by discussing University autonomy and accountability along the chosen four themes.

The issues discussed also provided reflection on themes that were expected to appear in the new Commission Communication on delivering on the Modernisation agenda for Universities (10 May 2006)

Re 1) Impression of the Danish system

Seeing the case of the Danish reforms first-hand was considered highly useful. Important features of the Danish system, such as the leadership-matter and lump sum financing were clearly explained, although more insights are still needed to know how development contracts really work and what indicators are to be used. Without suggesting that the site visits were merely showcases, some participants missed critical notes from the Danish on their own system.

Generally, it was found very beneficial to have the PLA in a country with recent reforms in the domains to be explored. Although some delegates expressed their doubts concerning the transferability of the Danish system to their own country, others interpreted it as a confirmation of the right choices that in the process of being made in their country.

Re 2) Country presentations and mutual learning along the four themes

The idea to have discussions along the four themes did not run along the lines the organisers (hosts, commission and consultant) had in mind. Most country presentations gave system outlines instead of focussing on one of the themes, as had been thought out beforehand. Here the importance of a solid and early preparation and communication was stressed, which applies to the organisers as well as to the delegates.

Re 3) Communication on the “Modernisation agenda for Universities”

Although similar trends to the Danish developments are visible in more European countries (as transpired from the Synopsis of 14 countries as well as during the PLA), there was an understanding in the PLA that the Danish model or the modernisation agenda generally is not transferable to all EU states. Nevertheless, an incremental model or partial adoption of new approaches could be considered. That would also create room for measuring the impact and effectiveness of certain changes. One proposed change that there was a clear consensus on, was that Universities should be governed by bodies that reflect a wider range of stakeholder interests (including those of companies) than the academic community itself.

General feedback concerning the organization of a PLA

The combination of country presentations by delegates and site visits was highly appreciated and it is important to find the right balance between these two elements. Concerning the period, some delegates seemed to be in favour of a shorter and more concentrated programme, whilst others regarded three days as a minimum.

A final, but very important point, is that future PLAs (in the cluster) should be coordinated better between the organizers, the Commission and the consultant. A clarification of roles in the preparation and chairing of meetings should be included in the document “Guidelines for PLAs”. Another prerequisite of success is adequate preparation and participation by all delegates.

Annex: European landscape on ‘University Governance’

A. University Governance (overall)		BE -F	DK	DE	EE	FR	IE	LV	LT	HU	NL	AT	PT	FI	UK
1.	Main stakeholder(s) for universities	State	State	State, Länder	State	State	State	State	State	State	State	State	State	State	State
	defined by:	Law	Law	Law	Law	Law	Law	Law	Law	Law	Law	Law	Law	Law	Law
2.	External stakeholders in the governing body	Y	Y	N	Y	Y	Y	N	Y	N	Y	Y	Y/N	Y	Y
3.	Majority of board members <i>external</i>	N	Y	N	N	N	N	N	Y	N	Y	Y	N	N	N
4.	Chair <i>external</i>	Y/N	Y	N	N	N	Y/N	N	Y	N	Y	Y	N	N	N
5.	Role of the board in terms of autonomy and accountability	+	++	-	+	+/-	+	+	+	+/-	+	+	++	+	++
6.	Recent changes (<i>proposed</i>) in legislation relating to the autonomy and accountability of the board	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Statements for the debate – Theme A

- To guarantee that the university focuses its education and research on relevant domains for the knowledge economy, it is vitally important that the Governing Body has a majority of external stakeholders.
- What should be the profile of the external members of the Governing Body?

B. Internal governance of universities		BE -F	DK	DE	EE	FR	IE	LV	LT	HU	NL	AT	PT	FI	UK
1.	Internal governance regulated by law	N	N	Y	N	Y	N	N	Y	N	N	N	N	Y	N

Statements for debate – Theme B

- If university leaders set a strong strategic agenda in consultation with the academics, there cannot be any conflict between academic freedom and managerial governance.
- Any internal governance model is inadequate without strong student representation (i.e. with real voting powers).

C. Universities and government		BE -F	DK	DE	EE	FR	IE	LV	LT	HU	NL	AT	PT	FI	UK
1.	Academic self-governance regulated by law	N	N	Y/N	Y	Y/N	N	Y	Y	N	N	N	N	Y	N
2.	Governmental <i>instruments</i> to influence/regulate	N	Y	N	Y	N	Y	Y	N	N	Y	Y	N	N	Y

Statements for debate – Theme C

- A critical success factor for the EU knowledge economy is increased participation in higher education. Therefore, widening access to socially disadvantaged students should have a higher priority in the performance contract than academic excellence.
- Government control is indispensable because the universities are dealing with public finances (entrepreneurial risks??)

D. Universities and society		BE -F	DK	DE	EE	FR	IE	LV	LT	HU	NL	AT	PT	FI	UK
1.	Responsibility towards society	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Cooperation with industry	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Link up with society	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Statements for debate – Theme D

- Private funding is becoming more significant for resourcing higher education. This bears the risk that immediate results rather than fundamental research will be encouraged. In the long term, this will be counterproductive to the Lisbon agenda.
- Life-long learning should be focused on alumni and on fundraising.