

# CHAPTER

## Critical University Decisions and their Appropriate Makers:

### Some Lessons from the Economic Theory of Federalism

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#### INTRODUCTION

To cope both with the rapidly changing environment and with the dilemma between being *responsive* to societal, political and economic needs and, at the same time, *responsible* towards society, universities should not only dispose of first quality staff, but be well governed (Grin, F. & Co, 2000). However, it appears that while most firms have been carried away in a strong current of restructuring and reorganization measures, universities are in general slow to adapt their organization and decision processes: in other words, they are more or less making and implementing decisions in the same way that they have been doing for decades, even centuries.

The participants in the first Glion Colloquium (Hirsch, W. Z., & Weber, L. E., 1999) agreed that the governance of universities makes it in general too difficult for them to make the important decisions that they should make if they are to adapt to the changing environment. In other words, the decision-making system is not responsive enough and thus does not allow the institution to assume in an optimal way its responsibility towards society.

The identification of the most critical decisions to be taken and of the best-placed potential decision makers is a crucial analytical step towards the improvement of university governance. This is the purpose of this contribution, which will be more strongly influenced by the European environment, at least with regard to the decision makers.

First, I shall identify the most important internal and external decisions and describe the potential decision makers. Then, I shall refer to the theory of federalism, as well to principles of management (private and public), to try to propose by induction who, in theory, is best placed to make the different important decisions. Finally, I shall use these theoretical principles to suggest for which decisions the different decision makers should be made responsible.

## **CRITICAL INTERNAL AND EXTERNAL DECISIONS**

In a university, as in any other institution, numerous decisions have to be made. The scope, the target circles and the frequency of these decisions differ enormously. In other words, some decisions are crucial, or at least very important, for the future of the institution and others are minor and repetitive. Moreover, some decisions are focused mainly on the institution itself, whereas others concern the outside world, dealing mainly with the relationship between the institution and its social environment. Finally, some decisions are regular and very frequent (daily, weekly or monthly) or regular and less frequent (every term, semester or year), whereas some decisions are quite irregular.

In working on the details of the ideal governance system, one should obviously pay attention to all these different types of decisions. However, I shall concentrate on identifying the crucial or important decisions, distinguishing between internal and external ones.

### **Critical Internal Decisions**

In my opinion, the most important or crucial decisions concern the following issues.

*Infrastructure* (buildings and heavy equipment): These are by definition long term decisions which take a long time to mature, are irregular and have an enormous impact on the governance of the university, year after year. In particular, they create great rigidities in many respects, in particular if their capacity is insufficient to accommodate new students and staff or because their characteristics do not correspond to needs 10, 20 or 50 years later. Consequently, buildings might constitute a serious constraint to a reorganization of the university structure internally or regionally. This constraint is particularly damaging in those European countries that have still the tradition to build for at least a century. Moreover, these investments in physical capital induce indirect costs to be covered every year by the ordinary budget, which may eventually lead to the crowding out of equally necessary investments in human capital. Unfortunately, decisions regarding the construction of new

buildings and those regarding the development of human capital within the university are generally made separately; moreover, the growing impact of the systematic introduction of information technologies in teaching and research has not yet seriously been taken into account in the planning process.

*Faculty:* Recruiting professors is also a crucial decision, due to the importance of selecting the best-qualified persons and the time span of the decision (25 to 30 years). It is nevertheless inevitable to make wrong decisions from time to time; therefore, not only should faculty be accountable towards their institution, but also disciplinary measures against faculty who do not fulfill their tasks correctly should be more systematic. Moreover, the increased necessity to adapt to changing needs may require closing departments and/or programs, which may impose modifying the terms of reference or even dismissing tenured staff members. There are other related challenging decisions: in particular, it is important to employ faculty according to their best capacity and to make sure they perform according to the institution's goals; moreover, it is equally important to create a favorable study and research environment and to make sure that the brightest students write a Ph.D. and go on doing research afterwards.

*University structure:* Universities should be able to change their structure, that is their organization into subdivisions, to serve their teaching, research and extension missions better. If buildings and heavy equipment are a source of rigidity, so is the structure of the university, that is, its rigid division into faculties<sup>1</sup>, schools, sections, institutes, laboratories or departments. The largest subdivisions, like faculties and schools, should not be "states within states", preventing the reallocation of resources between developing or badly funded sectors and stagnating or rich sectors. Moreover, it should be easier to move smaller sectors, like institutes or departments, into other faculties, schools and even other universities, or to close them in order to liberate the financial resources necessary to develop another activity that has greater priority. Finally, even the concept of organized and fixed subdivisions should be reexamined, as more and more, the potential of new discoveries or learning needs lie in-between traditional disciplines.

*Institutional culture:* Universities should be institutions where people – faculty, researchers and students – are pleased and proud to work. In particular, faculty should spontaneously be more faithful to their university than to their discipline and be able to operate in an environment conducive to this.

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1 According to the European use of the word.

*Study programs:* Universities should make a constant effort to update their study programs in order to offer their students an education in line with the latest developments in science and in the needs of society. This implies that the teaching staff for each discipline has critical mass, that study programs are flexible and open to allow students to participate in the planning of their education, that interdisciplinary education is promoted (without neglecting disciplinary education) and that there is sufficient coordination between the different courses, which implies that academic freedom in teaching should be subject to the higher needs of the programs.

*Teaching:* Universities should pay more attention to the renewal of pedagogical methods. In particular, they should actively promote the more active participation of students in their education and the intensive use of new technologies.

*Research:* Universities should promote quality research (basic and applied, as well as free and contractual) in order to keep their leading position as producers of new knowledge and to assume their responsibility to have an independent and well-founded view about key societal issues. For the latter, a proactive policy on the part of the leadership of the university is necessary.

*Finance:* Budgetary decisions with regard both to expenditure and revenues are of great importance. On the expenditure side, the budget gives a unique opportunity to implement priorities and posteriorities. However, budgetary decisions are also at the epicenter of the conflicts of interest. On the income side, universities should try to get political support for an increased financial participation of the students and make a greater effort to reduce their dependency on State financing by searching for donations and exploiting more systematically possible collaboration and joint ventures with private firms and with the public sector.

### **Critical External Decisions**

Due to the necessity to be more responsive without neglecting their responsibilities, universities should fight much harder against their natural tendency to behave like ivory towers or closed, protected institutions. They have to make constant efforts to open up on many fronts.

*Openness and competition:* To secure a good standard in teaching and research, universities should be very open. In particular, they should be truly international, accept students and faculty from different countries, promote exchange of students and faculty with other institutions, the world over, and

take full advantage of the competitive climate that reigns in the world of higher education.

*Integration in their regional and national environment:* The societal responsibilities of universities force them to be involved in the daily life of the community, whether they like it or not. Therefore, they have to participate more intensively in the search for solutions to social problems.

*Relationship with the political authorities:* European universities are in general State institutions. Therefore, their most challenging external issue is to secure true political, cultural and scientific autonomy; in other words, to avoid undue intervention by the State. However, as the State is, at least in Europe, also their main provider of funds, universities have to be transparent and accountable towards it, in order to secure the support of the politicians and the citizens.

*Networking:* Universities should conclude alliances with other universities to run common teaching programs and research, promote the exchange of students and faculty and develop new courseware. European universities are supported in this effort by the European Union, which has presently taken a leading role in this respect. More than that, the Sorbonne and later the Bologna processes aimed at creating a European higher education space covering approximately thirty countries (Bologna Declaration, 1999), as well as the ambition of the European Union Commission to create a European research space, are enhancing this necessity (Communication from the European Commission, 2000).

*Relationship with the private sector:* Last but not least, the teaching and research initiatives recently undertaken by firms, as well as the necessity to find alternative financing solutions, should induce universities to develop joint ventures with them, while, however, paying great attention to preserving their independence.

## POTENTIAL DECISION MAKERS

The potential decision makers are more numerous in a university than in any other institution. Some decision makers are of course more important than others; however, it appears that no one has the professional competence and the power to impose an important decision alone. This explains why universities have a secular tradition of shared governance.

I am trying to identify in this chapter all the potential decision makers, as well as their strengths and weaknesses regarding their ability to make the cru-

cial decisions exposed above. Due to the extreme diversity that characterizes the European higher education sector, it is difficult to pay tribute to all the decision makers and decision-making bodies that are in place according to national, regional or local rules. I shall limit myself to proposing a schematic list of the different generic types of decision makers. In this way, I have identified nine specific leaders or bodies, two of them being clearly situated outside of the institution.

*The students:* The students may be considered as the “clients” of the institution, looking for a good education as a starting point for a good career. However, they are also stakeholders, as they spend most of their time within the institution and interact with it during the length of their studies. This specific relationship between the clients and their suppliers is a unique one, which is not to be found in any other supplier-client relationship. Moreover, in Europe too, students are increasingly invited to participate directly in the financing of their studies. It is, therefore, not only understandable, but also good policy, to involve them in the decision process. In particular, they should be made more responsible for planning their education and be able to participate in decisions regarding the quality of the education provided to them and the social environment within the institution. However, as students lack a general view and cannot have a sense of continuity for the university, they should not have any decision power regarding strategic issues.

*The Faculty:* Faculty have a key role to play as they empower all the accumulated knowledge within the institution. Therefore, their involvement in their professional activity and their commitment to the institution are crucial. However, faculty in their collective behavior have a tendency to be individualistic, self-centered and shortsighted, therefore, they should not have any decision power regarding strategic issues.

*The Department's director and/or the department's college of faculty*<sup>2</sup>: They clearly offer a high concentration of knowledge in their field; however, they have little overview of the institution and are very active in protecting the interests of their subdivision. This means that their views should be taken into account regarding new developments in their disciplines, but they should not play an important role in determining priorities.

*The Faculty*<sup>3</sup> (or School) dean (or Director) and/or College: Deans (or Directors), as well as a college of professors, are presently key players in the decision process, as they are at an intermediate level of the pyramid, not too near the

<sup>2</sup> Any committee of professors at the department level

<sup>3</sup> “Faculty” in the European sense, meaning the main subdivision of a university.

teachers and researchers, but not too far also. However, it appears that they find themselves generally too near to their colleagues and are themselves too involved to be able to participate actively in a dynamic university policy.

*The presidential level*<sup>4</sup>: The president and/or the presidential team is by definition the executive person or body responsible for making all the important executive decisions. However, at least in Europe, it is an illusion to believe that a president (or rector) can impose important decisions against the will of the faculties and departments, as well as of the academic staff, one reason being that there is such a high professional competence at these levels.

*The senate*<sup>5</sup>: It used to be the symbol of shared governance at a time when the number of faculty was small and there were few difficult decisions to make. It has become much too large today to have any positive influence, apart from ethical considerations regarding the profession.

*A participation body at the Faculty (School) and/or University levels*<sup>6</sup>: Such a body, bringing together faculty, researchers, students and administrative staff, can obviously be useful to facilitate the dialogue between the different stakeholders and discuss student questions. However, it is certainly not the right place to make important and forward-looking decisions, as it behaves more like a Parliament than an Executive.

*An external board*<sup>7</sup>: An external board bringing together excellent representatives of the regional community is capable of creating a good relationship between the university and its environment, helping the university to be responsive and supporting the leadership in difficult decisions. However, an external board may also be composed of mediocre persons, who may be tempted to take over the leadership of the institution or micro-manage it.

*The State*: Whatever the size and the political organization of the country (unitary or federalist), the State inevitably plays an important role. In Europe, it is certainly the main provider of funds and the main supervisor. Regarding this second role, the State can be supportive, encouraging or even helping the institution to fulfill its missions. However, the State can also introduce many unnecessary or contradictory constraints, which makes it even more difficult for universities to fulfill them.

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4 Rector, Vice-chancellor, president and team

5 Defined here as the council to which all or most of the faculty belong

6 With representatives of the main stakeholders.

7 With a majority or a totality of external members

## PRINCIPLES OF EFFECTIVE DECISION MAKING

Due to the great number and extreme diversity of the potential decision makers, it is crystal clear that a governance system, where the power to decide is shared more or less equally between all the potential decision makers, can only be cumbersome and slow and produce only small, incremental changes. If we consider the high standard the European university sector has in general reached today, one cannot say that the system was really bad, even if it is poor for making decisions. This positive point is certainly due to the fact that important decisions, in particular the choice of research subjects and the content of courses, are taken continuously by the academic staff within the scope of their academic freedom. This situation looks like a symphony orchestra with one notable difference: faculty, like musicians, know what to play; however, in addition to that, faculty "write the music".

However, many observers of university life, including the participants in the first Glion colloquium (Hirsch, W. Z., & Weber, L. E., 1999), believe that the environment is now changing too rapidly and some external constraints, like the financial constraint, have become too strong to maintain the present decision process. Universities are seen as facing a dilemma: to make a greater effort in adapting their decision process according to the requirements of the epoch or to be condemned to become obsolete and replaced by other forms of higher education institutions.

The way to successfully improve university governance is straightforward: on the one hand, to secure or even improve the ability of faculty to be at the top in their research and to provide their students with up to date knowledge and, on the other hand, to make possibly difficult and unpopular decisions, which imply discontinuous changes, without destroying the faculty's potential creativity and commitment to the institution.

This dilemma is not unique to universities. It is also an acute challenge in private firms, though the bulk of professional competence is there located higher in the hierarchy. It is also a challenge in a holding company or a federal country: in both cases, it is important to clarify which decisions have to be made at the top of the organization and which should be made in the subsidiary companies or in the states (cantons).

Other papers in this volume develop what we can learn from the theory of business management to improve governance in a university. It appears to me quite useful for this contribution to extract a few basic principles from the economic theory of federalism.

Schematically, the economic theory of federalism teaches us that the optimal hierarchical level at which a decision should be made depends on four elements:



- *The subsidiarity principle*: This principle states that all decisions should be made at the lowest level possible; in other words, the competence to make a decision should not be given to a higher ranked body if a lower one is perfectly able to make it. In a university, the justification of this principle is at least twofold. First, it helps to take into account diverse needs and constraints and it contributes to let people feel involved and responsible, which stimulates their creativity. In other words, it prevents the appearance of bureaucratic uniformity. Second, it promotes competition within the institution, which is favorable to initiatives for change and to a better use of the available means. This principle is nevertheless constrained by the three following dimensions.
- *The realm of the consequences of a decision*: We have learned from economists that there is an externality when the benefits (or costs) of a decision accrue not only to the members of the community that makes it, but also to a broader community. When the possible positive or negative external effects of a decision are not taken into account, the decision is not optimal. In order to take these external effects into account, it is necessary that all those who are concerned by the consequences of the decision participate in it or to make it at a higher hierarchical level, which permits to internalize these external effects.
- *Search for economies of scale*: Universities are “labor intensive”. This means that a high proportion of their budget serves to finance salaries and that their total current expenses grow in line with their output. Since the beginning of the nineties, most European universities are financially hard-pressed, which forces them to do more with less money. Moreover, the ICT revolution offers hopefully great opportunities to decrease the unit cost of running research or teaching programs. However, great investments have to be made to exploit this potential, which in turn requires setting up joint ventures with other organizations. Therefore, I foresee a tendency in favor of a greater concentration of efforts in order to better exploit these potential economies of scale.
- *Equal treatment of equals*: The negative side effect of too much freedom of decision is that people on an equal position will be treated differently. European universities are in general very – I might say too – sensitive to that question, in particular with regard to salaries and student admission and graduation. This is a cultural and political question. If there is a high preference for equality, the hierarchical level at which the rules must be conceived should be high, which provokes greater rigidities.

What can we infer from these four principles drawn from the economic theory of federalism? The simplest way to reply is to state that, in principle, considering the subsidiarity principle, decisions should be made at the lowest possible level (Department, Faculty or School), as long as this is not in contradiction with the other three criteria, that is, as long as there are no wide ranging externalities, there is no potential for economies of scale and that this does not produce an unacceptable inequality of treatment. In other words, as there is a lot of professional competence at the level of faculty and researchers and a great potential enthusiasm at the level of students, universities should, much more than any other organization, give a lot of freedom to these stakeholders. This is the best environment within which to promote their creativity and to secure their commitment to the institution and to their activity.

However, such a completely decentralized decision process would neglect the other aspects of a good decision structure, which all plead for a more centralized or hierarchical decision process. I shall illustrate the necessity to take into account these other elements with a few examples.

First, many decisions (or non decisions) have external effects for the university. For example, the international recognition of the excellence of a research group has positive effects not only on the group itself, but also for the whole university: it improves the image of the university within the community and the business world; it attracts students and possibly firms into the area. If these positive external effects are neglected, this research group benefits from less financial support on the part of the institution than what it should have considering the external economies. The same is true if a research group or a department concludes an important teaching or research contract with a firm. On the contrary, if the university has no system of quality evaluation in place or does not follow up on a bad evaluation report, the poor professional quality of a subdivision or of a teaching program gives a bad image to the whole institution, which has certainly a negative impact on its funding. The quasi incapacity of a subdivision (Faculty or School) to fix priorities as well as posteriorities puts a heavy burden upon the whole institution, as scarce resources are frozen on activities that have lost their priority, at the cost of new projects.

Second, decentralized decisions cannot take into account and exploit potential economies of scale, which could be realized if the activity were to be run at a higher level. Today, it is for example obvious that it is more efficient to use one single computer software for student administration than to have each subdivision running a different one. At present, and increasingly in the future, there are important economies of scale to realize in developing tools or running activities at a higher level, the university level, or even at the level of a group of universities or jointly with other organizations. This is particularly true for promising long term projects like the development of a digital

library or of courseware. The new information technologies are going to modify significantly the cost function of many university activities.

Third, the equal treatment argument leads to two diametrically opposed conclusions according to the intensity of preference of the community for equality. On the one hand, the conflict of objectives with the subsidiarity principle is strong, if the community has a strong preference for equality: the latter requires more centralization and consequently greater bureaucratic rigidity, which is of great harm to the creativity and even the willingness of the faculty to involve themselves in the university goals. On the other hand, if the preference for equality is rather weak and the institution accepts a certain degree of unequal treatment, many rules or judgements can be set at a relatively decentralized level. As mentioned above, this question is critical for faculty salaries, student admission and graduation, as well as for the liberty given to the faculty to be involved in activities outside of the university. As there is a strong preference for equality in Europe, it is not surprising that many decisions are very bureaucratic and, to put it mildly, faculty are not encouraged to take too many initiatives outside of the university, apart from those which benefit the university directly.

## **THE IDEAL DISTRIBUTION OF RESPONSIBILITIES AMONG THE DIFFERENT DECISION MAKERS**

The above developments show that the ideal system of governance must allow for an adequate combination of decentralized and centralized decisions, the latter being replaceable by strongly coordinated decisions. I shall try in this chapter to propose which decision makers should be made responsible for taking the different crucial decisions. Basically, there are two possibilities to respond to this question: 1) take the different decision makers and examine which decisions they should be responsible for; 2) take the different decisions and see which decision maker is best able to make them. I shall follow the first approach, as it focuses the attention on the decision makers, which is more relevant than to put it on the decisions to make.

The following developments are schematic and more work should be done to deepen the role of each decision maker regarding each important decision. Moreover, this essay concentrates on the role each decision maker should have, without paying much attention to how the decision-making competencies should be shared between the different potential decision makers.

Previously, we identified very schematically who are the most important potential decision makers. We are going now to go through the same list and propose what should be their main area of competencies according to the criteria developed in the preceding section.

*Students:* They should have a more important role in defining their education and in participating in the improvement of all social aspects of the university life. The former implies that they should be invited to evaluate the teachers and the coherence of the study programs and be offered to plan a greater part of their study program, including semesters taken in other universities, and be encouraged to do so. Regarding the latter, they should be more strongly involved in setting up and running all social aspects of university life (cultural and sport activities, food and lodging, grants and insurance, work opportunities on the campus, etc.).

*Faculty:* Faculty constitutes, as I mentioned above, the key human asset, as the members have the professional knowledge on which the quality of research and teaching depends. They should benefit from a working environment favorable to their creativity and commitment towards their students. However, they should not have a final say about strategic policy issues. They should have ample opportunities to express their views about the future development of their discipline and propose the creation of new study programs or research areas, but they should not take part in the decision, as this would introduce a strong bias in favor of the status quo. However, if a faculty receives financial resources to support an activity that is no longer a priority, it should be let free to work for it, but should be invited to participate in the financing of the infrastructure. More precisely, faculty should mainly be:

- responsible for the content and methodology of teaching as long as the coherence of the program is assured;
- free to choose their research topics, but responsible for getting financial support, all the more so when this is not a priority of the university;
- responsible for selecting, encouraging and training future researchers and teachers.

*Colleges of faculty at Department or Faculty (School) level:* The responsibilities given to any faculty committee arise from those which should be given to a faculty and entail more or less the same restrictions. It is obvious that a group of faculty belonging to the same discipline acts as a cartel, particularly inclined to defend its own interests without paying much attention to the interests of the whole organization. In addition to the competencies given to each of their members, colleges of faculty should:

- be made responsible for the coherence of study programs (in collaboration with the students);
- be invited to give their professional opinion when recruiting new faculty;

- when requested, alert the university authorities about recent developments and trends in their disciplines;
- make proposals for new programs or structures, essentially in the framework of the preparation of the strategic plan.

*Deans (Faculty) or Directors (Schools)*: In most European universities, faculties or schools are the most important subdivisions. They hold an intermediate position between the university and the departments or institutes. In many respects, they allow for a compromise between the respect of the subsidiarity principle and the necessity to take into account the external effects, as well as the search for economies of scale and a reasonable equality of treatment. Therefore, if it is good policy to decentralize towards the faculty and the students most decisions concerning, for the former, what they bring to and, for the latter, what they can expect from the university, it is also good policy to involve Faculty (Schools) in the conception and application of policies. Looking at the world of business, one observes that some corporations are very centralized and decide most policies at headquarters, whereas others are organized as holding companies, where each member company has a broad degree of freedom. There is no single right solution as such. For companies, the right solution depends mainly on the type of business they are in, the size of the company and of each of its member firms, as well as on “the spirit of the day”. In universities, the degree of decentralization towards faculties should also depend on the type of university (full, universal university or specialized one?) and on its size (5 000 or 100 000 students?). In deciding the executive competencies to give to Deans (Directors), one should have clearly in mind that if the subsidiarity principle pleads in favor of a strong decentralization towards these important university subdivisions, faculties (schools) are also the source of important externalities and the search for economies of scale pleads for increasingly greater organizations. Moreover, Deans (Directors) are so near the faculty that they can easily be their hostages, which would once again create a bias in favor of the *status quo*.

Whatever the level of decentralization, Deans (Directors) should be made responsible for the management of the subdivision regarding teaching and research. In particular, they should:

- contribute to setting the priorities at the university level;
- implement the broadly defined priorities set by the university;
- set the criteria of promotion for the study programs;
- be responsible for the functioning of the subdivision (coherence of programs, involvement of faculty in university activities, disciplinary questions, etc.).

*The President and team:* The President (and team) should obviously be the executive leader of the institution and therefore make all the strategic decisions. However, the preparation of decisions and their implementation should be, at least partly, delegated. For example, faculty, deans and colleges of faculty should be invited to analyze future developments in the scientific disciplines and future education needs. The elaboration of the strategic plan should also be a collective and iterative process. Moreover, many decisions have to be implemented by faculties, schools or departments. However, the President should be free to make the final decision on the basis of the documents prepared collectively. Other papers in this volume comment on how the President can make decisions. I just want to stress that it is useless to have the competence to decide, if one does not have the power to impose one's decisions; therefore, the question of how to implement decisions is to me the greatest challenge for the improvement of university governance. I personally believe that the president should use as much as possible incentives and disincentives, mainly financial, and avoid as much as possible to impose views by rules.

*Senate:* It is obvious that any assembly of faculty, as we still have them in many European universities, is incapable of making executive decisions. They nevertheless serve to discuss questions of general interest, among others, questions of ethics.

*Participation bodies:* Committees with representation from all the stakeholders within the university (students, researchers, faculty and administrative staff), as we have them in some European universities at the level of the university and/or the faculty (school), should be given ample opportunities to comment and make proposals regarding student affairs and general welfare within the university. However, they should not have any executive decision power, as they have a strong tendency to spend a lot of time on questions that have not a great priority, which slows down the decision process enormously.

*External Boards:* Thanks to their intermediate position between the community, the State and the University, external boards can be useful to encourage the President to make changes and to support action. To prevent them behaving like a discussion club, they should be given real competencies, like adopting the strategic plan, the budget, the creation or suppression of subdivisions and programs, the construction of new buildings, as well as to nominate professors or elect the rector.

*The State:* As long as the State supplies the majority of the financial resources, it should have an important supervisory role, encouraging the institution to be accountable. However, the State should not have any decision

competencies and refrain from intervening in the choices made by the institution.

## CONCLUSION

I have tried in this essay to identify the most critical university decisions and the appropriate decision makers that are at the core of university governance. Then, I have drawn from the theory of federalism and from some principles of management some key elements helping to define why some decisions can be decentralized and others should be centralized. Finally, I have tried to apply these principles to propose what should be the main decision competencies of the different potential decision makers.

This was clearly a first attempt for me. I nevertheless believe that this line of argument is solid, therefore capable of enlightening this most complex challenge of university governance. The effort should be deepened and refined to take into account the diverse institutional and cultural characteristics of the European as well as the American universities. However, we have to keep in mind that the best model is of no use if one is unable to implement it without creating serious trouble within the institution. I believe it is possible. If not, universities as we know and love them may have great difficulties to maintain the privileged position that they have been able to gain and secure over centuries.

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