

European university governance in urgent need of change

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1. Preliminary remarks

In this contribution based on the opening address at the conference as vice-chair of the Steering Committee for Higher Education and Research (CDESR),⁵⁵ I want to focus upon what seems to me one, if not the, most important challenge for the future of European higher education and research, and hence for European universities: the urgent need for change in university governance. The topic of the conference “Higher education governance between democratic culture, academic aspirations and market forces” is obviously broader than that as it raises also important questions like the role of education in promoting a democratic culture or the choice of a decision mechanism putting the human being at the centre. However, these essential values, particularly cherished in Europe and in most universities all over the world, are powerful only if the system of higher education and research, as well as each institution, can keep up with the increasingly rapidly changing world so that knowledge creation and dissemination become the driving forces of the European economy and society.

I shall briefly:

- convey a few messages about the consequences of the rapidly changing world for the governance of higher education institutions, and
- suggest a few ways for institutions to meet the challenges.

Before, two preliminary remarks are necessary. First, to me, the term “governance”, which has recently emerged as the buzzword *à la mode*, refers to the system by which decisions are taken (or not taken) at system and/or institutional levels, which covers the bodies concerned, their composition and competences, and the formal as well as actual decision-making processes. Secondly, I shall mainly refer in this chapter to higher education institutions, although the issue of governance applies to both the institutions and the system.

2. The rapidly changing world is challenging the universities and the system

Origins of the changing environment

The origins of the changing environment for European higher education institutions are threefold:

⁵⁵. Elected chair by the steering committee on 29 September 2005.

- *Globalisation, as well as scientific and technological progress*: these phenomena which strongly impact on our society and economy have been widely described and analysed elsewhere (see Friedman, 2005);
- *The voluntary policies launched in Europe*: the initiative taken in 1998 at La Sorbonne by the ministers of education of France, Germany, Italy and the United Kingdom to create a European Higher Education Area (EHEA) without border, which was then confirmed a year later by 29 ministers meeting in Bologna, is without any doubt a massive shake-up of the higher education sector in Europe. Not only are 45 countries now participating in the process, but the initial objectives have been broadened to include crucial questions like doctorate studies, quality assurance and the social well-being of students. Even if the participating countries and their higher education institutions are implementing “Bologna” at unequal rhythms and with a rather high degree of interpretation of the agreed rules and principles, the whole process already appears to be a massive shake-up of the system, creating great opportunities for improvement, but also containing many unknowns.

The second set of deliberate policies is known under the heading “Lisbon agenda”. The Lisbon agenda is a set of initiatives taken at the level of the European Union since 2000, aiming at reinforcing the European research place thanks to a better integration of national and European Union research efforts, to a higher priority given to research at EU level and to the creation of new instruments like the European Research Council, a funding body which should be set up at the European Union level to support research projects on a competitive basis, and to the idea, still to be developed, to create a European Institute of Science and Technology, on the model of MIT or another model to imagine (see Weber & Zgaga, 2004; Weber, 2006; Bologna and Council of Europe websites).

- *Challenges inherent to the development of the higher education and research sector*: the sector is facing many other challenges (see *The Economist*, 2005; Weber, 2006), in particular: (a) if many countries must still respond to an increasing participation rate, some will soon enter into a post-massification stage, due to the strong decrease of the fertility rate in Europe since the seventies; (b) institutions have a real challenge recruiting academic staff to replace the great number who were recruited in the 1970s and 1980s to respond to the need of the demographic baby boom of the 1960s and the simultaneous increased participation rate; (c) the variety and the pressure of demands addressed to higher education institutions is increasing with the need to develop continuous education, set up more specialised training and degrees and multiply research partnerships; (d) the cost of doing research is increasing rapidly due to the increasing sophistication of scientific equipment, the demand for equipment of scientists who traditionally were working with paper and pencil and the increasing cost of recruiting and installing new researchers; (e) the cost of teaching and learning is also increasing with the multiplication of master degrees, the increasing personalisation of the teaching-learning processes with tutorials and action-learning and the cost of developing

e-courseware; (f) last but not least, public authorities – and this is particularly true for Europe with its rapidly ageing population –, are strongly under pressure to increase their budgetary appropriation to the sectors of health, assistance to the underprivileged and elderly, and security; (g) finally, even if Europe seems for the time being relatively preserved from the wave of new types of higher education providers which rolls over developing countries in Asia, Africa and Latin America, this commercialisation of the higher education sector is bound to also have an impact on European higher education.

3. The consequences for universities are real and serious

Peter Drucker, the well known author of numerous books on business issues, said in an interview given to the magazine *Forbes* in 1997: “Thirty years from now the big university campuses will be relics. Universities won’t survive. It’s as large a change as when we first got the printed book.” Even if very few university leaders believe in such a gloomy statement, it is true that higher education institutions have to adapt faster. Better still, it has become an obligation for them to lead the change, and not simply undergo it as is presently the case in too many institutions. The two main trends are: the accommodation of increasing competition and the obligation to collaborate.

- The changing environment is disrupting the monopoly position that most higher education institutions were enjoying (*The Economist*, 2005), in particular in continental Europe, where they were merely attracting regional staff and students. The competition develops first within traditional institutions, which are competing more than ever for funding, faculty and even students. The increasing scarcity of public resources forces institutions to compete for other sources of funding, like students’ fees, donations and contractual research. The necessity to be better than the others creates also a climate of increasing competition for higher education institutions which more than ever have to compete for the best professors-researchers, as it has become crucial for them to attract research funding and good students. Secondly, competition is arising from other types of higher education institutions (private universities, subsidiaries from off-shore well-known or less well-known institutions, corporate universities, media or publishers’ universities, as well as degree mills) or new ways to transfer knowledge (open universities, distance learning, developers of e-courseware, like the open courseware initiative from MIT (Vest, 2006)). Even if it does not seem that these new developments are having a great impact in continental Europe yet, they are coming and will influence the scene.
- One of the paradoxes of the present developments is also that higher education institutions are, even if they are entering a highly competitive environment, obliged to collaborate with other higher education institutions, businesses and government. In particular, they have to network to reach a sufficient critical mass to develop specialised teaching programmes, to engage in important research projects and even in re-engineering themselves to focus on what they are best at, which means also closing departments or transferring

them to other universities. Europe is characterised by too many too small institutions; universities will eventually have to merge to gain a critical mass and therefore gain in efficiency (Weber & Duderstadt, 2004).

4. The specific challenge for Europe

Europe is rightly proud of its democratic values, cultural diversity and high sense of social equity and should therefore do everything it can to maintain these or even improve on them. The sense of high accomplishment linked with it should not prevent European countries and governmental organisations from seeing that their world has entered into a fierce competition with countries like the USA, which have overtaken it in matters of science and innovation, or with the new developing countries, which can count on an unlimited reservoir of young people eager to learn and ready to work hard and also able to make and implement important political and business decisions. This is why, rightly, the European heads of state decided in 2000 in Lisbon that Europe should become the most competitive and dynamic world economy based on the knowledge society (Lisbon European Council, 2000). In other words, developing the knowledge society is the only chance for Europe to keep its envied standard of living and relatively good social cohesion. Although it took time for the fact that Europe needs strong universities to be recognised at the European Commission level, it is still not recognised by many governments. This is why “Strong Universities” was the topic of the convention organised by the European University Association in March 2005, which was honoured by a speech of the president of the European Commission (EUA, 2005, Barroso, 2005). Probably, higher education and research have never been so high in the agenda of the European Commission. Another proof is the recently published Communication on the role of universities (2005a). In analysing these positions, one has to keep in mind that the trend following Lisbon 2000 was not at all in conformity with the objectives for 2010; this is why the Commission is presently trying to give a new start to the Lisbon agenda (2005b). Europe seems to be trapped in a vicious circle: without a faster economic growth, it is impossible to invest sufficiently in higher education and research and without these investments, it will not be possible to stimulate the economic growth and thus secure the public and financial means to sustain the comfortable labour conditions and generous social security system. Europe is at a turning point.

5. The challenge of leading the change

Anyone who has been in discussion with university leaders or faculty members or has been advising universities knows perfectly well that most of the rhetoric turns around the question whether the glass is “half full” or “half empty”? Obviously every university continuously adapts to the changing teaching and research environment, in particular to the arrival of new knowledge, new research methodologies or approaches, thanks to the spontaneous capacity of adaptation of their academic staff (teachers and/or researchers) or on the occasion of the recruitment of new staff. The real question is how fast? If there are neither incentives nor sanctions, whatever the reason, weak leadership, organisational paralysis or lack of external

competition, the effective adaptation process will obviously be slower than the changing environment requires. And more than that, initiatives taken at department or faculty level will depend on their own relative dynamism, but will not necessarily be in accordance with what seems to be best for the future of the institution.

In view of the deep transformation which is taking place, my sense is that universities – and this is also true for the university system – are not adapting fast enough and that it no longer suffices to count on individual departments or faculties to lead the change. Today, in order to become stronger and to improve, the whole institution needs to define and implement a long-term strategy on the basis of its strengths and weaknesses, as well as its opportunities and threats (SWOT analysis) (Weber & Duderstadt, 2004).

Moreover, my strong belief is that small- and medium-sized, as well as decentralised comprehensive research universities – typical for the European university of the previous centuries – are no longer a viable option. Obviously, any institution is bound to be good if the new entering students are well prepared, if the staff, the facilities and equipment are good and if funding is generous. However, today's challenges require that each institution becomes better; this holds true for good institutions as well as for mediocre ones. I bet that the types of university which will succeed in the future will be larger, in terms of academic staff, and more centralised, in terms of strategic decision making, comprehensive or specialised in a few interconnected disciplines; moreover, they will be strategically led at institutional level.

6. Ways to take up the challenge: strong universities

Now that some of the challenges have been described, I am proposing below five key conditions which should allow universities to address these challenges successfully. If four of them apply, to my mind, to all types of higher education institutions, I am aware that the first one related to university autonomy should probably be varied according to the type of institution.

a. Universities should be autonomous

Probably my strongest message is that universities, in particular research universities, should be very autonomous. To me a very autonomous university should in particular be free to organise itself as it sees fit (system of governance and selection of leaders, internal structure), to choose the disciplines taught and the degrees delivered, to choose its academic, technical and administrative staff and fix their remuneration and finally, to choose its students.

The reasons in favour of such a large autonomy are twofold:

- Firstly, history teaches us that each time the sovereign (church, emperor, dictator or political regime) restricted the autonomy or took control of universities there followed a period of intellectual and social stagnation or decadence. Society needs universities to research freely, with a high level of scholarship and the most appropriate scientific methods possible and to develop new knowledge. Any tentative to “regulate” this process of creative destruction is

bound to fail or at least be reductive because the regulator does not benefit from the same space of freedom of inquiry and expression and will in most cases not have the same level of scholarship. Moreover, the politicians who fix the regulatory rules and control their implementation are condemned by the democratic system to have mainly short-term objectives, whereas universities best serve the community if they pursue mid- and long-term goals.

- Secondly, all the recent university ranking exercises show that, by far, those universities considered as the best are very autonomous institutions. Certainly, there also exist excellent universities with little autonomy in countries like Russia or China; there are two reasons for that: (i) they benefit from far more generous funding by the government than the other institutions in the country which are not considered to be flagship institutions; (ii) they have a strong top-down decision-making process which allows them to fix clear priorities, contrary to most universities in the western world.

Autonomous universities are better because they can be more proactive and entrepreneurial in positioning themselves in the competitive environment; in other words, they are in a better position to lead the change than simply adapt to it. It is extremely important here to understand that too much regulation, often bad regulation, as well as too many short-term and often cyclical outside pressures or incentives are hampering the willingness to take initiative and – and this is most preoccupying – invite more regulation and even political micromanagement because institutions are perceived as too passive. Too many and bad regulations or pressures contribute to weakening – instead of reinforcing – institutions. This is a clear case of a vicious circle!

Some will argue that if universities are largely independent from government, it should stop funding them. This is a very dangerous argument for a country as it derives from the wrong understanding that education expenses are consumption expenses. If one correctly understands that funding universities is a high return collective investment (which adds to the private return for the students), it is obvious that public authorities must financially support universities in a substantial way.

After this reminder, it is also obvious that a government should have a higher education and research policy, which implies the fixation of priorities and their concretisation through the grants appropriated for the different priorities. At the level of an institution, this can be done in different ways. Let me just mention two of them: (i) by a contractual agreement between the government and the institutions; (ii) by adapting the grants appropriated to groups of disciplines and/or to research versus teaching over time according to the priority attributed to them.

There is obviously a risk here that a government chooses to restrict the institutions' autonomy by way of financial instead of legal and administrative regulations. Therefore, it is also crucial that the implementation of a governmental policy based on financial incentives and disincentives should only be done with a high level of bundling the appropriations for different activities, and universities should have the possibility to fix their own priorities within the block grant they receive and in particular to finance by other means the activities which are not a

governmental priority, but their own strategic priority. Obviously, the borderline is blurred and only a correct perception of the justification of university autonomy for the good of society will allow universities to pursue their own strategy.

In addition to fixing broad financial priorities, governments should make sure that each institution – public and private – has a sufficient level of quality. But this regulatory role of governments should respect the subsidiarity principle. This means that universities should spontaneously develop a rigorous quality culture. In other words, universities should be the key players and the owners of the system (Weber, 2005) and the public authorities should audit these practices to make sure that universities take it seriously and do it well.

Let me conclude by saying that if a very broad autonomy is essential for the performance of research universities, the situation is slightly different for other types of higher education institutions (professional colleges, teaching universities and community colleges), where a stronger public guidance and supervision is probably advisable.

b. Universities should be proactive, transparent and accountable

Securing the framework conditions for proactive universities should mainly be the concern of the public authorities (government, ministry and parliament), which are challenged to trust universities, as well as, but probably to a lesser degree, other higher education institutions, and to refrain from politically interfering and micromanaging the institutions. As we know by observation, most governments in Europe have a restrictive view of institutional autonomy and/or fall into the trap of believing – or behaving as if they believed – that they know better what should be done than their leaders at the different levels of their organisation. Obviously, granting a large autonomy to universities enters into conflict with the sovereignty of the state over public or publicly funded institutions. However, history as well as today's ranking of universities shows unambiguously that granting a real autonomy to universities is an essential step in higher education policy.

However, obviously, the trust which should be granted to universities is by no means a blank cheque given to them to do anything or nothing. It assumes that universities are proactive and “aggressively” make the necessary effort to improve and even search for excellence in teaching and research, as well as to take their great and numerous responsibilities towards society very seriously. This means among others that universities should not be satisfied with simply adapting to the changing environment, but should lead the change. This implies in particular the following for universities:

- *Good understanding of their environment*: universities should monitor and analyse the changing environment to be aware of the changes which are taking place and are about to come in order to perceive the consequences these will have on their activities and organisation.
- *Good knowledge of their portfolio*: the output of a European university is essentially the fruit of history, which is of a succession of microdecisions taken decade after decade. In a rapidly changing world, universities should

analyse critically their portfolio of teaching and research programmes, as well as services to society, on the basis of a fair SWOT analysis. Too many activities are pursued simply because they have always been done and because no serious analyses have been made which would have shown they are less important than others which cannot be developed because of that. Moreover, too many opportunities are wasted because they have not been identified early enough or not at all and possible threats are generally recognised too late.

- *Fixing missions and elaborating the strategy accordingly*: the SWOT analysis should also help to refine or revise the institution's missions. Drafting a mission statement is more than an exercise in rhetoric and communication; the mission statement of an institution should reflect where the institution really wants to position itself and serves as the main foundation of its strategic plan.
- *Set up a system of governance favourable to decisions*: the immense majority of European universities are not able to take decisions other than with small incremental steps. The decision processes are too cumbersome and clearly biased in favour of the status quo. The only competence of the institution's leaders is to convince; leaders can rarely impose their views.
- *Being accountable and transparent*: the more universities are autonomous, the more they have to be accountable to their founders and stakeholders. This means first of all that institutions should be transparent, that is to say, give fair information about their activities, recruitment procedures and accounts, and secondly should be accountable, that is, able to justify to their stakeholders that their activities are in accordance with their missions, adequate and cost-efficient.
- *Develop a rigorous quality culture*: in addition to being transparent and accountable, institutions should be quality conscious, among others by setting up and developing a rigorous internal institutional quality enhancement system focused on the capacity of the institution to change. The system should be articulated around self-assessment, the visit of peers and a rigorous phase of follow-up. The ownership of the quality enhancement procedures is a necessary condition to guarantee that the institution looks at itself in a critical manner. The more the quality assurance process is external, the more it turns into a beauty contest.

c. Universities should have the right degree of (de)centralisation

Another delicate question is the structural organisation of an institution. Many university rectors or presidents are testifying that the biggest impediment to change comes from the too large autonomy of faculties and/or departments. This is certainly true. On the other hand, universities, more than any other institutions should secure a great degree of decentralisation. There exists no other institution with so much knowledge at the basis of the "virtual" hierarchical pyramid. Therefore, it is essential to guarantee that professors, researchers and advanced students can fully realise their potential and have the possibility to take initiatives.

I have argued elsewhere that universities should somehow be organised like a federal country (Weber, 2001).

Basically, the organisation should respect the subsidiarity principle, which signifies that decisions should be taken at the lowest level possible. In other words, decisions should be made at a high hierarchical level only if it is not adequate to make them at a lower hierarchical level. This principle prescribes that many decisions should be taken at department or faculty levels, as they are best placed to make informed decisions. However, there are three important limitations to that general rule:

- *Existence of good or bad externalities*: if for example a department or faculty is weak and has a bad reputation, the reputation of the whole institution is affected: the leadership of the institution should therefore be competent to take the necessary measures. The opposite case is also true: if a department is excellent, the leadership of the institution should be in a position to take the necessary measures to develop it even more. In a situation of rapid change, numerous opportunities and threats and scarce resources, it is crucial that the institution's leaders are in a position to modify the relative importance of a department or of faculties according to the strategic objectives of the whole institution. The specific units which would lose out in the change will obviously oppose the change with all the means at their disposal; however, the university authorities should have the power to take these decisions because an unsatisfactory situation at department or faculty level reflects badly on the entire institution. There are many other situations where it would be advisable to reallocate resources according to priorities and posteriorities.
- *Search for economies of scale*: in a time of scarce resources and increasing costs, it has become more important to recognise that the unit cost of an activity depends on its size, which depends generally on the level at which the activity is done. As an example, let us just consider the management of libraries: it is obvious that the implementation of a comprehensive electronic cataloguing and management system should be done at the highest level possible. Today's tendency is clearly to run many activities at a higher level in order to gain in efficiency.
- *High preference for equal treatment of equals*: the level of centralisation or decentralisation depends finally on the degree of preference for equal treatment of equals. An institution which is not very sensitive to that aspect can make most decisions at department or faculty levels whereas an institution which is very sensitive to it has no other way than taking decisions at the top of the institution to ensure that the same rules and interpretation apply to all. This is, for example, the case regarding the admission of students.

d. University decision making should be improved

In order to improve the governance of higher education institutions, it is also necessary to improve decision making. I shall raise here only two aspects of the problem:

- *Increase the decision power of the leaders:* even if the formal decision structures and processes may give a different impression, most university leaders (rectors, presidents) are hardly in a position to make repeated important decisions. Compared with private firms, this situation certainly reflects the special nature of universities as described above. However, in a rapidly changing world, it is problematic if university leaders are not in a position to make the necessary decisions to better adapt their institutions to the new environment. This situation contributes to the widely spread image in public opinion and political spheres that universities are unable to change, which explains public interference. The difficulty is that the solution to that problem lies more in the decision process than in the decision-making competences given to the leader.
- *Simplify the decision process:* one of the main weaknesses is that there are too many bodies, some being redundant, and that the exact role and competences of each of them are not clearly defined. The effort should go towards a decrease of the number of bodies, a clarification of their competences and an increase in the decision power of the leaders. It is also necessary to choose a mode of selection of the leaders, at university as well as faculty and/or department levels, which is favourable to decisions. However, with regard to the very nature of a university (high competence at the base of the hierarchy and many stakeholders), it is also very important to guarantee an extensive and true consultation of all those concerned by a decision (including students for issues which concern them).

e. Professionalise the decision mechanisms and the administration

Too many universities have an “amateurish” system of management with regard to strategy setting, decision making and management. It is particularly desirable that:

- the leaders have management skills in addition to academic ones. This implies that they should at least have the opportunity to get serious training in university management and possibly also that they benefit from some coaching during their first years in office;
- the decisions are based on evidence in particular due to a rigorous accounting and controlling system, to an extensive statistical database and adequate performance indicators and, finally, to the systematic analysis of important questions.

7. By way of conclusion

The purpose of this introductory chapter drawn from my introductory statement at the forum was mainly to send a message of warning. Without a significant change in the governance system and leadership of its higher education institutions, Europe will not succeed in increasing the number of strong universities or network of universities (*The Economist*, 2005; Weber, 2006).

Hopefully, I have identified where – and somehow also how – action should take place. I am very well aware that this contribution raises many questions and does not solve them all, or even that some of the ways proposed are controversial.

Hopefully, the forum organised by the Steering Committee for Higher Education and Research of the Council of Europe and this publication will not only initiate a broader awareness of the urgency of the question, but will identify some common views on how to make universities capable of faster change.

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