



NEW PUBLIC MANAGEMENT
IN HIGHER EDUCATION –
INTERNATIONAL OVERVIEW
AND ANALYSIS

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Introduction

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New public management & governance equalizer

Since 1980s, the New Public Management (NPM) has been the dominant paradigm in public administration theory and practice. Its rise, which mainly dated back to UK experience, is one of the striking international trends in public administration. (Levy, 2010; Hood, 1991, Leisty & Dee, 2007; De Boer, Enders, & Schimank 2007; Ziegele, 2008). According to Hood (1991), NPM's rise can be interpreted to be related to: 1) attempts to slow down or reverse government growths in terms of overt public spending and staffing; 2) the shift towards privatization and quasi-privatization and away from core government institutions, with renewed emphasis on 'subsidiarity' in service provision; 3) the development of automation, particularly in information technology, in the production and distribution of public services; 4) the development of a more international agenda, increasingly focused on general issues of public management, policy design, decision styles and intergovernmental cooperation, on top of the older tradition of individual country specialism in public administration. Though the concept of NPM still lacks clear definitions, several scholars devote their effort to clarify the key issues related with NPM (Hood, 1991; Ziegele, 2008; Leisty & Dee, 2007). Bruggenmeier once provided a more substantive definition of NPM, emphasizing on its strong foundation in empiricism, the central importance of management, the significance of intending to achieve efficiency and effectiveness. (Ziegele, 2008, first cited from Bruggenmeier, 2001). NPM could be viewed as a simple term with the application of business-management tools in the public sectors (Ziegele, 2008). "Less state" and "More market" are key terms associated with NPM (De Boer et al, 2007). Hood (1991) observes that NPM has been stressed in different aspects of doctrine: 1) 'hand-on professional management' in the public sector; 2) explicit standards and measures of performance; 3) greater emphasis on output controls; 4) shift to disaggregation of units in the public sector; 5) shift to greater competition in public sector; 6) Stress on private sector styles of management practice; 7) Stress on greater discipline and parsimony in resource use. Similarly, Leisty (2010) concludes some common features of NPM include: 1) introduction of performance indicators and benchmarking; 2) priority setting by government and institutions; 3) the assessment of targets and outputs; 4) strengthening the administrative and leadership functions within universities; 5) adoption of a client orientation; 6) new budget allocation schemes where more influence comes from output than inputs; 7) diversification of university funding mechanisms; 8) stimulation of new actors in university management councils and boards, quality control, and research funding agencies; 9) a value-for-money logic, with an increased emphasis on costs and returns.

When it comes to the employment of NPM in the field of higher education, the term 'management' involves both the state management of higher education institutions and the management of decentralized levels within a single institution, e.g. faculties, institutes, central units, by a particular management level (Ziegele, 2008). The reform from old public management to new public management in higher education, is a shift of management from 'government to governance', or more accurately, to be 'less government and more governance' (Leisty, 2007; De Boer et al, 2007; Ziegele, 2008). The shift from old public management to the new was further depicted into four aspects: from input-oriented to output-oriented, from process-political single interventions to regulatory policy framework, from ex-ante management to ex-post management, and from precision management to macro management (Ziegele, 2008). The analysis of higher education and research governance system has been at the center of higher education research for decades. Several efforts have been contributed to develop the analytical framework on the issue (Leisty, 2007; De Boer et al, 2007). One of the most well-known and classic examples is Clark's 'triangle of coordination' (1983) (the state, the market, and the academic oligarchy). De Boer et al (2007) viewed the governance perspective provides a general analytical framework for studying all kinds of coordination problems in higher education system concerning NPM and developed a governance equalizer model as an analytical tool for that. The governance equalizer includes five dimensions: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition. De Boer et al (2007) believed that 'a configuration of governance is made up of a specific mixture of the five dimensions at a particular point of time' (p.139). The five dimensions are further depicted as follows:

- 1) State regulation concerns the traditional notion of top-down authority vested in the state. This dimension refers to regulation by directives; the government prescribes in detail behaviors under particular circumstances.
- 2) Stakeholder guidance concerns activities that direct universities through goal setting and advice.
- 3) Academic self-governance concerns the role of professional communities within the university system.
- 4) Managerial self-governance concerns hierarchies within universities as organizations.
- 5) Competition for scarce resources – money, personnel, and prestige – within and between universities takes place mostly not on “real” markets but on “quasimarkets” where performance evaluations by peers substitute the demand pull from customers. (p.138-139)

In this e-book, the governance equalizer is used as an analytical framework to describe what has happened in the five countries (New Zealand, Scotland, Romania, China, and Ethiopia) under observation, using NPM as a common benchmark.

Background information of the creation of the NPM e-book

This e-book is a selected collection of student papers on the course ‘New public management’ in the MARIHE program. The course ‘New public management’, led by Prof. Dr. Frank Ziegele and Prof. Dr. Volker Gehmilich from Osnabrück University of Applied Science, aims to enable students to: 1) understand the rationales and objectives of the major changes in the tertiary education and research system towards new public management, deregulation, autonomy and marketization; 2) analyze these developments with theoretical approaches of New Public Management, institutional economics, governance theories and principal-agent theory, and gain insights from these approaches for practical problems of tertiary education and research management; 3) analyze and deal with the tensions between New Public Management and academic culture; 4) recognize and deal productively with the potentials and limitations of management tools and economic thinking in a tertiary education and research context; 5) be aware of the relationship between development of the system, governmental policy and institutional management. Through guiding students’ self-learning and group-work, lectures and workshops, the course introduces new public management as the starting point of managerial reforms in the academic sector (as well as the starting point of the MARIHE program), discusses economic theories relevant for steering and management and application and applicability of management tools to higher education, potentials and limits of managerialism, and the use of market mechanisms in higher education and research, and also analyzes several cases in the aspect of application of NPM, concerning the differences, as well as similarities, between higher education institutions and other public sectors, between tertiary education and primary and secondary education, and between different countries at system level. (MARIHE, 2013)

Introduction of MARIHE program

In Europe as well as in other regions of the world fundamental transition processes are taking place in the systems of research, innovation and higher education: from regulation to deregulation and competition, from steering to market, from administration to management. Higher education and research institutions need highly trained experts who are able to analyze these new contexts and who have management and leadership skills to deal with the changes. The Master in Research and Innovation in Higher Education (MARIHE) is an Erasmus Mundus Masters Course offered by a consortium of Danube University Krems (Austria), University of Tampere (Finland), Beijing Normal University (China) and University of Applied Sciences Osnabrück (Germany).

MARIHE provides students a unique opportunity to develop a sound understanding of higher education systems and university development around the world. Students have the opportunity to study in at least three different universities and countries. During an internship provided by international enterprises and organisations they get insight into fields of practice.

As an Erasmus Mundus Masters Course, MARIHE is supported by the Erasmus Mundus Programme of the European Commission. By these standards, it is one of the leading master programmes in Europe. MARIHE addresses university graduates that want to pursue a career in the higher education and research sector as managers, administrators, consultants, policy analysts, researchers and decision makers. Possible employers are higher education and research institutions, public bodies such as ministries for science and education, enterprises specializing in education, think tanks and non-governmental organizations. Graduates of MARIHE are able to take the lead in the future management and development of research and innovation in higher education.

International and European reform agendas have recently focused on a number of measures that are argued to lead to the modernisation of higher education as a sector and turn the higher education institutions into strategic organisational actors to develop countries and societies. The programme supports the development with respect to the professionalisation of institutional leadership and management functions accompanied by an emerging training and support structure for institutional managers and leaders. MARIHE is a cooperation and mobility programme in the field of higher education that aims to enhance the quality of European higher education and to promote dialogue and understanding between people and cultures through cooperation with Third-Countries. In addition, it contributes to the development of human resources and the international cooperation capacity of higher education institutions in Third Countries by increasing mobility between the European Union and these countries.

The curriculum of MARIHE reflects on three perspectives on the change logics involved in the worldwide developments in higher education and in higher education institutions:

- the perspective on Systems in Transition, focussing on general developments and on globalization and regionalization (Europe, Africa, Americas, Asia) in higher education
- the perspective on System-Institution-Interaction (e.g. funding of research and innovation)
- the perspective on Institutional Change (e.g. “change management”).

Furthermore, modules on Theoretical Background introduce fundamental issues of higher education management. Another emphasis is given to Transferable Skills (e.g. research methods, presentation skills, languages).

Structure of the e-book

The selected course papers included in this e-book provide important perspectives of higher education governance as it takes place in countries from different continents. The discussion of diverse experiences, contexts, and on-going development paths of NPM in the setting of higher education enriches readers with insights from various corners of the world:

Mihut begins by discussing the governance equalizer and other conceptual delimitations to help set the scene. Each of the governance equalizer components are then brought to in-depth analysis by means of which Romania's higher education governance is scrutinized. Mihut's paper concludes by making rather critical remarks such as questioning the importance of all the governance equalizer elements for the Romanian context, challenging the completeness of the approach used to define the concept of stakeholders, calling for a growing awareness to the importance of nonlinear evolutions in the NPM approach, and suggesting the incorporation of international dimension as a separate element to the governance equalizer model.

Calugareanu also discussed the governance structure of Romanian higher education. She looked into the Romanian higher education system, starting with its history, the analysis of Romanian higher education system

Nestorowicz examines the governance structure of the higher education system in Austria. Her paper is structured in two main

paper analyses the governance mode of HE system in Serbia. This is done by positioning Serbia on five dimensions of governance () and examining past, present and future expectations. Opinion of HE community in Serbia is also taken into consideration in

Geleski and Mihut use the governance equaliser framework to comparatively analyse and discuss the state of affairs of NPM in Slovenia, Romania, Serbia and Macedonia. Additionally,

Tung brings some insight of higher education governance in Vietnam. Since 1993, after a resolution on radical education reform adopted by the Communist Party of Vietnam, the higher education system of the country has undergone a radical reform with a rapid growth in size but also in the number of problems and predicaments it has been facing. At the same time new actors and forces affecting the dynamics of governance in higher education have been introduced. This complexity makes it more difficult to find out which factors are pulling the strings in the new context and to what extent and more importantly which are causing problems. Often the new dynamics is interpreted too simply as the shift from state control to state supervision and the rise of market force. In other words, this could be interpreted that Vietnam HE Governance is adopting New Public Management (NPM). However by using The Governance Equalizer as an analytical instrument, Tung is able to break down and get to the core of the governance of Vietnam's higher education, and argues that Vietnam's higher education governance components are not approaching NPM configuration but balancing themselves, moving from extremes.

Zheng explores the Chinese university governance in the post-Mao era. This interesting paper centers its arguments at the very heart of conflict and dynamics between western impacts and the reality of Chinese. Zheng makes the case that China has been struggling to follow its own method governing its higher education in the face of a more “active” Western influence to adopt the NPM approach and the “subtle” impact of the ongoing process of globalization. The various rounds of educational governance reform in the Post-Mao period are discussed. This is followed by an overview of the quantitative and qualitative aspects of the present Chinese higher education system. The paper then devotes most of its effort to analyzing how the Chinese higher education governance can be explained by based on the concepts embedded in the elements of the NPM model. By doing so, Zheng shows how the governance of higher education has been developing and transforming in this quickly growing nation.

Traveller presents the higher education governance in the context of a country from the continent Australia. Traveller examines the situation in the Southwestern Pacific Ocean island of New Zealand. He starts off by giving a brief overview of the major economic transformations that led New Zealand from a welfare state to an early pioneer of neo-liberalism whereby a push to a more market-oriented agenda of liberalization, deregulation, and privatization were made. The country's diverse tertiary education sector is also pinpointed. The meaning of the NPM approach and the governance equalizer model then is explained. In the main part of the paper, Traveller extensively analyses the mix of governance equalizer of New Zealand. For each equalizer element, he scrutinizes what has happened in the past, what is happening at present, and to which direction in the future the situation is going regarding the country's higher education governance.

The discussion of higher education governance in Ethiopia – in the horn of Africa – is made by Woldegiyorgis. The paper begins by making three major points in setting its scene. He gave an overview of the history of Ethiopian higher education and the progress to a “massive expansion”. The dynamics of the “precarious relationship” between higher education and politics of the country is also noted. This is followed by a discussion of the concept of the governance equalizer. Woldegiyorgis then presents an in-depth analysis of the Ethiopian higher education from the perspectives of the five major elements of the governance equalizer model. Past, present and future circumstances are well scrutinized. In the end, critical concluding remarks are made and the way for better higher education governance is pointed.

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ROMANIA

Georgiana Mihut

Introduction

There are a number of factors that affect the development of Higher Education in today's society. Issues such as globalization and internationalization, access and equity, quality assurance, accountability and qualifications frameworks, financing, privatization, crisis of the academic profession, new technological developments, linkage between industry and university, among others became main focuses of the current debates regarding Higher Education (Altbach et al, 2009). All these issues need to be addressed, in the form of management, governance and leadership. This paper is concerned with the actors behind the decision making process in Higher Education in Romania. The main framework for analysis of this it is the concept of governance equalizer as defined by Boer, Enders and Schimank (Boer et al, 2007). The governance equalizer concept has five dimensions: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition for scarce resource.

Both secondary and primary data are used during the elaboration of this paper. Two main reports will be referenced throughout this paper: The extend and impact of Higher Education governance reform across Europe, written by the Centre for Higher Education Policy Studies (CHEPS), University of Twente and Higher Education Governance in Europe. Policies, structures, funding and academic staff, published by the Eurydice European Unit, with the support of the European Commission, Directorate-General for Education and Culture. Both reports depict a quantitative picture focusing on comparative elements of governance at European level. Sadly, the reports are of relevance for the years before 2007. The CHEPS report is particularly important because it follows the governance equalizer framework.

The description of the present reality of the Romanian Higher Education is based primarily on the answers provided by Robert Reisz during an interview collected by the author of this paper for the purpose of this analysis. Robert Reisz is a Romanian scholar and researcher in the field of Higher Education, Policy Analysis and Social Statistics. Author of multiple writings in the area of Higher Education, he works for both the West University in Romania (AdAstra, 2012) and Institut für Hochschulforschung an der Martin Luther Universität (HoF), Germany (HoF, 2012).

Additionally, a series of quantitative data is used, especially during the section on State regulation and Competition of this paper. The self-governance section will use the Triangle of Coordination described by Burton Clark in The Higher Education System: Academic Organization in Cross-National Perspective.

The paper is structured in three sections. The first section will focus on the description of the main concept used: the government equalizer. The following part will try to apply the equalizer components to the reality of Higher Education in Romania and the last section will try to construct an overarching analysis of the main actors involved in the governance process of Higher Education.

The paper will not use the classical temporal structure of focusing on the past, the present and the future. The main reason for this decision is connected to the fact that different units of time are relevant for different elements of the equalizer. Additionally, an analysis of the future reality of governance in Higher Education seems highly speculative and outside the expertise area of the author. Still, some elements of prediction will be incorporated in the competition section of this paper. Critical arguments regarding the equalizer concept will be added in different sections, especially during the section on stakeholders, but such elements are not the main object of this paper.

1. The governance equalizer and other conceptual delimitations

Boer et. al. propose an analytical concept to analyze the governance of tertiary education by looking at five basic dimensions of governance, as previously stated, state regulation, stakeholder guidance, academic self governance, managerial self governance, and competition for scarce resource.

As defined by the authors, state regulation ‘concerns the traditional notion of top down authority vested in the state, this dimension refers to regulations by directives’ (Boer et al, 2007, p. 3). For the Romanian context, the state is seen both as the government and intermediary bodies operating within the field of Higher Education, such as the National Council for Scientific Research in Higher Education (CNCSIS), the National Council for Financing Higher Education (CNFIS), the Executive Unit for Financing Higher Education, Research and Innovation Development (UEFISCDI), the National Council for Diploma and University Certificates Accreditation (CNATDCU), the National Council for Development and Innovation, the Romanian National Agency for Quality Assurance in Higher Education (ARACIS).

Stakeholder guidance, a concept not very applicable in the Romanian context, steers ‘universities through goal setting and advice’ (Boer et al, 2007, pp. 3-4). The authors mention here intermediary bodies or representatives of industry in university boards. For reasons I will explain later, for the purpose of this paper, the activity of intermediary bodies will be understood as part of state governance. To broaden the discussion on stakeholders, students will be included in this category. Additionally, for lack of a better section to discuss such issue, elements regarding international influences on Higher Education governance are incorporated.

Academic self-governance refers to the role of ‘professional communities within the university system’, in the form of ‘collegial decision-making’ and ‘peer review-based self steering of academic communities’ (Boer et al, 2007, p. 4). This type of management is not very representative for the academic community of Romania.

Managerial governance is connected with ‘hierarchies within universities’, and ‘the role of university leadership, rectors or presidents, deans in internal goal setting, regulation, and decision making’. A complementary concept used in this paper to bring light on the practice of academic and managerial governance in the Romanian context is ‘academic oligarchy’ (Clark, 1983). Both the concept of academic self-governance and managerial governance will be dealt with simultaneously during this paper, under the title of self-governance. Competition for scarce resources, the fifth dimension of the governance equalizer, refers to elements such as ‘money, personnel and prestige taking place in quasi-markets’ (Boer et al, 2007, p. 4). The main area for competition for Romanian universities is attracting students.

The governance equalizer has the purpose of measuring the impact of New Public Management (NPM) elements in Higher Education. A perfect NPM model has a rather low level of state regulation and the role of academic governance should be marginal. On the other hand, stakeholder knowledge, managerial self-governance and competition should score high (Boer et al, 2007, p. 4). Table 1 illustrates the ideal distribution of involvement for all the dimensions above.

Additionally to the governance equalizer, relevant for this paper is the definition of academic oligarchy. Clark defines oligarchy as ‘superbarons’ coming together in a central council maintaining informal contact (Clark, 1983, p. 140). Thus, academic oligarchy is the manifestation of this practice at the tertiary education level, and according to the author, it is ‘omnipresent or lurking in the wings’ (Clark, 1983, p. 142). Clark also defines the triangle of coordination as a representation model of the relation between state, market and oligarchical forms of coordination (Clark, 1983, p. 142-143), where each actor represents a corner of the triangle. As stated previously, this concept will be used to analyze the reality of self-governance and draw some conclusions about the main actors present in the governance process of Romanian Higher Education institutions.

2. State Regulation

‘No Time Before Time’

Possessed, Balanescu quartet

One cannot write a paper on a concept that uses a metaphor derived from the musical arena, the equalizer, without making a reference to at least one song. In so many ways, Balanescu Quartet and their song No Time Before Time overlaps with the reality of the state involvement in Higher Education. The album name, Possessed, is a good summary of the reality of the relation between Higher Education and the state before the revolution in 1989. The parallel with the album does not stop here: Possessed is a cover album after the German Experimental electronic band Kraftwerk, and Romanian Higher Education reforms are in a way a cover of more rooted western ideals of Higher Education. Lastly, and more importantly, the song itself, 'No time before time', is a nonlinear composition, describing vividly the tormented path of Higher Education reform and state regulation from a post-totalitarian Romania of the early '90s to the present society.

This section will focus on describing the history of university autonomy in Romania, from a centralized state, where the state 'possessed' all responsibility for decision making, to the regulatory state we encounter today. Some attention will be given to describing the 'nonlinear' evolution of university autonomy. The case will be made that today, the state has an important function in funding allocation and broad regulation regarding university activity, but universities themselves managed to achieve their long lasting goal for autonomy.

We need to make reference to one trend pertaining to the reality of a centralized system: the evolution of Higher Education was realized in successive waves of expansion and recession. This implies, more importantly for this paper, a nonlinear employment of personnel (Reisz, 2007). This employment pattern causes some of the features that we will further discuss in the institutional governance section: the creation of an academic oligarchy.

The starting point to understand the nonlinear reality of decentralization is by looking at what happened in the first years after the Revolution. There are three factors we should mention in this context:

- (1) These years coincide with the start of the massification process of Higher Education in Romania (Reisz, 2007)
- (2) During the massification process, a wide number of private Higher Education institutions emerged (Owen et al, 1995, pp. 139-140), and
- (3) The legal framework governing Higher Education was unclear (Owen et al, 1995, p. 143).

To make it more specific, the total number of enrolment of public Higher Education students grew from 164.507 in the academic year 1989-1990 to 240.000 just two year later, and the number of faculties doubled during the same years (Owen et al, 1995, p. 136). Sixty-six private universities emerged in the same period incorporating an addition of 100.000 students (Owen et al, 1995, p. 143). At the same time, Romanian Higher Education seemed to lack a proper legal framework, and the state seemed to rely increasingly on ministerial orders and decrees. By 1995, when the first post-totalitarian Education Law was published, more than 2000 ministerial orders and decrees were issued (Owen et al, 1995, pp. 139-140). Birzea named this period 'the stabilization period' (Birzea, 1996, p. 101), calling the students and pupils that studied during these years 'the generation of sacrifice' due to the general instability vibe. Marga describes the understanding of university autonomy during these years as 'a number of universities approaching the task of university autonomy as an aim in itself' (Marga, 2005, p. 260).

During his interview, Prof. Reisz referred to this period as a period with a high level for autonomy, as Government officials enforced regulations and directives selectively. Reisz also pointed out that, generally, important and necessary reforms in Higher Education represented a period of lower university autonomy, this being the case of the period to follow, period named 'Restructuration' by Birzea (Birzea, 1996, p. 102-105). This is the time when the Law for Accreditation of Higher Education of 1993 is passed and the first post-communist Education Law is enacted in 1995.

The CHEPS report states that since 1999, the autonomy of Romanian universities had increased, with the State implementing lump sum budgeting, formula based funding, taking into account the number of students. The reforms in 2005 and 2006 introduced buffer institutions to mediate between the Government and the Tertiary education system, including 'a two level quality assurance system' (CHEPS, 2007, p 185). The same report evaluates the role of the state to have 'some

increase' in the decade before 2007. The statement is based on assessing the state as being involved to a large degree in designing the university mission and strategy, in steering its human resource management by creating general guidelines, enhancing the emergence of public-private partnerships, and determining the number of state subsidized places (CHEPS, 2007, pp. 185-186). Additionally, the state is involved to some degree in the quality assurance process and the resource allocation process.

Heading towards the present, important events are connected to the adoption of the new Education Law of 2011. Two major elements have changed for the Romanian Higher Education: the procedure for electing a new rector, issue that will be further discussed during the self-governance section of this paper, and the promotion of university rating. The last measure finalized in categorizing Romanian universities in three broad groups: (1) advanced research and teaching, (2) teaching and research, teaching and art creation and, (3) teaching universities (Mediafax, 2011). Different categories of universities should receive different financial support. For example, only the first two types of universities are legally allowed to organize PhD programs, with a financial preference for the first category (Funeriu, 2011).

The historical non-linear developments described above illustrate that, while university autonomy is an important feature of Romanian Higher Education, the regulatory role of the state is undeniably important.

3. Stakeholder guidance

'In Romania, as far as we can talk about stakeholders, I do not think they have any influence'
Robert Reisz

During the interview, Robert Reisz seemed very skeptical about stakeholder guidance having a significant relevance in the tertiary education arena of Romania. The quote starting this section illustrates this case. Historically, the official involvement of Higher Education stakeholders has not been visible. Universities did not and do not have advisory bodies or boards of trustees that would be involved in the decision-making process of universities (Eurydice, 2008, p. 35).

That being said, The Final report to the Directorate-General for Education and Culture of the European Commission, The extend and impact of Higher Education governance across Europe defines the role of companies to have registered some increase in influence over the last decade. The report, issued in 2007 states that companies are involved to some degree in Public-Private Partnerships and to a large degree in the process of defining new study programs (CHEPS, 2007, p. 186). Trade unions, as a stakeholder have a marginal role in the decision making process. They are involved to some degree in the internal governance process, in the finance allocation process and in the human resources management process (CHEPS, 2007, p. 186).

The statements above are valid for a definition of stakeholders restricted to companies, board of trustees and advisory boards composed by non-academics. If we define stakeholders in a broader sense, by including students, for example, we will notice the increased impact students have in the decision making process. Students have gained more representation, not only at the university level, but also in other institutions connected to Higher Education. The representation is both direct and indirect, by representatives and via consultations. One of the novelties of the Education Law in Romania is the fact that the University Senate, the most important decision making body in the Romanian University, has a student representation of 25% (National Education Law, 2011, art. 208). Indirectly, quality assurance methodologies involve consultations of University stakeholders such as local and national companies and alumni (ARACIS, 2010).

One separate issue to be mentioned is the impact of international bodies on Romanian Higher Education at the moment. For lack of a more appropriate indicator, a brief discussion about the role of the European Union and the Bologna Process will be integrated in the stakeholder section. One could debate weather the role of the regional union should be discussed under the state regulation section, as the Union itself uses soft regulations to push its agenda forward. A number of documents and treaties such as The Single European Act of 1987, the Maastricht Treaty, 1992, paved the way in creating the European Research Area, a project still in progress. The creation of the Higher Education Area and the Bologna Process added a 'supranational level' to research and Higher

Education (Huisman, Vught, 2009, pp. 19-20). Market oriented solutions are particularly endorsed by the European Commission, and do have an influence on national policies (Dibbins, Knill, 2009, p. 399).

In Romania, The Bologna Process combined with ‘the willingness to emulate Western practice has accelerated marketization trends’ (Dibbins, Knill, 2009, p. 416). The description of the interferences of EU policies and the impact of international treaties, such as the Bologna Process is beyond the purpose of this paper, still, there is no complete picture over the governance process of a university without mentioning the impact of actors foreign to a certain nation state. The addition of such an indicator could improve the value of using the governance equalizer as a research tool.

We have seen that the role stakeholder’s play in Higher Education governance in Romania is minimum if we adopt a restrictive definition of stakeholders. Realities very familiar to Western European countries, such as the existence of Boards of Trustees or Advisory Boards are still unknown to Romanian universities. If we broaden the definition of stakeholders to incorporate students and international bodies, the importance of stakeholders increases.

4. Self-governance

‘The model I propose in this program is the Humboldt Model, developed under the context of recent trends, such as the entrepreneurial university, but where the economical principles subside the academic principles, to which we should add social-humanist elements, especially critical thinking. This is a pragmatic academic model, aspiring for excellence and the creative use of academic pride and academic tradition’ Daniel Pop (2012)

As the reality of university self-governance remained constant in the last years, this section will focus on describing its present features, rather than analyze its developments. Some emphasis will be given to the concept of academic oligarchy. The main sources for the analysis below are the interview conducted with Robert Reisz and the National Education Law, 1/2011.

As stated previously, this paper will compress the concepts of academic self-governance and managerial self-governance under the umbrella of self-governance. This choice is due to the fact that academic, or collegial governance was historically not a significant part of the academic tradition in Romania. Decision-making bodies within the universities tend to be highly hierarchical. Still, the members of these structures are typically members of the academic staff. Romanian universities use universal voting procedures to elect their rectors, which gives staff a wider degree of influence in the decision making process.

This year, most state universities in Romania were preoccupied with the process of electing a new Rector. The wave of elections was caused by the new restrictions of the maximum period of governance of a university rector to eight years (National Education Law, art 213/7). As most rectors in place were already in office for 8 years or more, new management arose in a number of universities. The starting quote of this section is taken from the managerial program proposed by one of the candidates for the Rector position in the largest University in Romania, Babes-Bolyai University (BBU). Pop was one of the candidates that advocated most vividly for the importance of applying new public management tools into the university management process. As a side note, we can add he did not win the elections. A further study of the factors contributing to the election of new Rectors in the Romanian context would be highly interesting, but for the purpose of this section an emphasis will be given to the concept of academic oligarchy.

The new legislation gave universities a choice between electing a new rector:

- (1) By issuing a public call open to scientific and academic personalities outside the university, including from abroad, or
- (2) By universal, direct vote.

The commission mandated to execute the recruitment process should be composed from scientific and academic personalities external to the university, in a proportion of 50%. None of the universities in Romania choose to issue a public call for a new Rector (National Education Law,

1/2011, art 209/210), preferring the universal voting procedure instead.

According to the National Education Law, the governing structures of Higher Education institutions are: (1) the university senate and the administration council at a university level, (2) faculty council, (3) department council. The governing positions are: (1) the rector, provosts, administrative director, at the university level, (2) dean, pro-deans at the faculty level, and (3) the department director (National Education Law, art 207/1,2). The hierarchical structure of the Romanian university remained constant for the most part of its history. Still, the most important decision making bodies at the level of the university are the rector and the senate. According to Eurydice, the senate is formed solely from internal stakeholders of the university (Eurydice, 2008).

During the course of the interview, using Clark's triangle of coordination, Reisz explained that in Romania, academic oligarchy is the most important governing actor for Higher Education. Using the argument that the evolution of Higher Education happened in waves of expansion and recession, Reisz points out the gerontocracy characteristic of the typical Higher Education Senate. The argument is very simple, as there is no continuous input of personnel, those with a longer experience in the institution will be more likely to advance in higher governing structures. This trend is favored by the fact that prestige and recognition in Higher Education are dependent upon publications, which favor individuals with a longer experience. From this perspective, it is not enough to define a hierarchical, top down approach to self-governance, but to look at the main drivers behind the factors that favor this kind of arrangements. This trend would explain both the fact that universities in Romania did not choose to issue a public call for electing what could potentially be a more qualified rector and the fact that David Pop, a young underdog, did lose the elections for the rector position at BBU.

One element of analysis that Reisz points out in relation to self-governance is the possible tensions that might arise between different levels of governance within universities, in the case of Romania, tensions between the university level of governance and the faculty level of governance. The CHEPS report describes the areas of involvement of the middle management of a university and the areas of involvement of the central management. Middle management, in this case, faculties and departments, are involved to some degree in defining the mission and the strategy of a university, in designing new study programs, and in the arrangement of Public Private Partnerships. At the same time, they are involved to a large degree in the process of finance allocation, human resource management and student selection. All areas of involvement, with the exception of designing new study programs, coincide with areas of involvement of the central management. This overlap of responsibility could potentially lead to tensions between different hierarchical levels.

5. Competition for scarce resources

Here we will make the case that the most important area for competition among Romanian universities at the moment is attracting students, as two main drivers reversing the massification process of Higher Education in Romania occurred: (1) the demographic situation and (2) the new outcomes of the national baccalaureate. As mentioned in the section dealing with state regulation, the number of students enrolled in Higher Education institutions grew significantly after the fall of the communism. But the demographic reality of Romania influenced this significantly in the final years of the last decade. In 1986, 332.972 children are given birth to. The number decreases up to a point in which, only 259.972 children are given birth to in 1992 (Voicu, 2011). Overall, since 1992, Romania lost 17% of its population, according to the 2011 census (Cosciug, 2011), so the situation is expected to become more difficult for universities. In addition to the demographic reality of Romania, the success rate for the national baccalaureate decreased in the last three years, from 80% in 2009, to 65% in 2010, 43% in 2011 (Voicu, 2011) and 43% in 2012 (Romania Libera, 2012). Various explanations for the causes behind this trend are unnecessary at this point.

As the main criteria for financial state allocations is the number of students (CNCFIS, 2007), state universities struggle to attract students more than ever. The situation is even more difficult for private universities, the budget of which is based on collecting tuition fees. Referring to this trend, Reisz indicates the choice hierarchy of students faced with the decision of which university to attend: 'the first choices are the public universities. Here, more prestigiously universities have an advantage over less prestigious ones (...). After state subsidized places are filled, there are not too many students left for private universities to compete for. This caused several of them to close

down'. Other potential areas for competition, such as personnel and prestige seemed to be irrelevant in the perception of Reisz. What did seem to be relevant, on the other hand, was the fact that universities in Romania started to compete in a global market. Additional to the demographic change and the outcome of the national baccalaureate, Romanian students choose to study abroad in higher numbers than before. Also, more prestigious universities in Romania, such as the West University Timisoara and Babes-Bolyai University try to attract student from neighboring countries, such as Hungary and Germany.

Conclusion

In the last decades, Romania has come closer to a perfect New Public Management model, following the governance equalizer elements. Still, what we have seen throughout this paper is the fact that not all dimensions of analysis proposed by Boer et. al. are relevant for the Romanian context, and that some other dimensions would add a greater analysis value. As we have seen, the importance of stakeholders, as defined by the authors of the paper, is incomplete, students being the most important stakeholder for the situation under analysis. Also, it would be useful for the international dimension to be incorporated as a separate element, as it is a key factor in understanding governance trends in Higher Education. Again, in the Romanian context, the concept of self-governance and more specifically academic oligarchy, can replace the use of the academic and managerial self-governance.

The table below summarizes the appliance of the governance equalizer to the Romanian context for two periods in time, the years 2006 and the 2012. The red arrow corresponds to the progress registered by universities as described by the CHEPS report (CHEPS, 2006, p. 185). The blue arrow corresponds to the tentative evaluation of the author of this paper as a summary of the arguments developed, relevant for the year 2012.

Another tentative endeavor was composing an estimation of the extent to which key elements of the equalizer are important in Romania, in general. The reader can see this estimation marked with purple. The estimation is not supposed to be regarded as an absolute standard, but normalized and referenced in relation to the importance of all the other indicators. If the estimations of the author are rather correct, then what we can see is the fact that the state and self-governance have a more important role than the ideal NPM model would indicate, while stakeholder guidance and competition have a slightly less important role compared with the initial model.

Another overarching observation derived from the arguments above is the fact that the trends registered in 2006 continue to the present day. As Reisz described during the interview, the main governance actors in the Romanian Higher Education System are the university itself, in the form of academic oligarchy, or self-governance, and the state. Further analysis, with a higher level of operationalization is required in order to establish the precise extend of their influence, but awareness to the importance of nonlinear evolutions should be given. Additionally, there is a need for awareness of the need for a deeper analysis of the reasons behind trends we witness. A clear conceptual framework, investigating sociological reasons additionally to economical imperatives would transform the way we see the role of New Public Management in Higher Education.

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Romania

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Abstract

The concept of governance has been under debate for more than thirty years now, and many countries changed their perspective in running the public sector on the background of a more and more complex sociopolitical and economical environment, due to the globalization and internationalization factors that are questioning the efficiency of the traditional ways. The need of more efficient and qualitative services to cope with the new competitive market led to a governance configuration that enhanced more and more elements from the private sector, and adapt them to the public one. Universities have not been left aside from all this changes and developments, and the new ways of public management have brought a specific configuration of governance that makes changes in five principal mechanisms of co-ordination or collective control - external regulation, external guidance, academic self-governance, management self-governance and competition - that are relevant for the university sector. Boer, Enders and Schimank have also created a tool by putting these mechanisms together in a “governance equalizer” to illustrate the combination that characterize a particular higher education system of governance in a moment in time, and what is the future tendency of its evolution within that system.

This paper is divided in two main parts. In the first one, will be explained the concepts of governance and New Public Management (NPM) and how they influence higher education institutions, also the way the “governance equalizer” works, as well as the two models identified by the authors, the traditional one and the entrepreneurial one, with the differences between them. In the second part, the focus will be on the Romanian higher education system, analyzed using the governance equalizer as a tool to identify the position of each one of the five dimensions as they are reflected by it, and their position according to the traditional and entrepreneurial models. In order to give a better understanding of the development of Romanian higher education system, the first section from the paper’s second part will give an overview of the history of higher education in Romania; the second one will be dedicated to the analysis of Romanian higher education system by applying governance equalizer, while the third section regards the strengths and weaknesses of the Romanian higher education.

Keywords: governance, Management, New Public Management, Governance Equalizer

The concept of governance and New Public Management expressed in “the governance equalizer” in university systems

The concept of governance reveals a great debate among scholars, going from political philosophy to organizational psychology, but all agreed upon the fact that the term expresses an old phenomenon that exists for “as long as ships are crossing the sea”, implying the “steering the boat” phenomenon, ‘steering’ being the Anglophone word for ‘governance’, which can also be traced back in the classical Latin and ancient Greek words (Kohler, Huber, 2006, p. 79). When talking about the concept of governance, other words with an important role have been identified like ‘leadership’, ‘stakeholder’ or ‘ownership’ that show the broad variety of areas and contexts that the term incorporates and the difficulty in defining it.

In the past two decades, the concept started to receive more and more attention, appreciation and recognition because of all the changes, transformations and reforms that are characterizing the world today are leading towards rethinking the governance strategies in better coping with the growing complexity of the sociopolitical and economical environment and the new trends in development like globalization, internationalization or Europeanization, that have “powerful actors in the scene” (Boer, Enders, Schimank, 2005, p. 2) like European Union, the World Bank, the World Trade Association or the Organization for Economic Co-operation and Development that are putting to

question the traditional ways of governance and their efficiency.

The concept has its roots in the word 'govern', but the meaning is much broader, accounting for governing processes that go beyond the actions of 'governors' or 'governments' and into the state and private institutions and voluntary sectors, three main characteristics being identified by Kohler and Huner (2006): one is governance as regulation, steering and control in the social, political, economic and institutional contexts; the second is "a set of practices whereby independent political and/or economic actors coordinate and/or hierarchically control their activities and interactions" (Kohler, Huber, 2006, p. 82); and the third is enhance or promote the legitimacy and efficiency of the social system through setting standards, monitoring processes, reducing conflict or performing allocation functions and organizing negotiation processes. Governance is referring to more areas like corporate governance, good governance, governance as NPM, global governance, economic governance, institutional management, etc... The notion regards a decentralized system with focus on the way authority relations are structured under laws, the rules that articulates the rights and responsibilities and how they interact in different institutions and contexts. In the public domain, for example, governance regards the rules and mechanisms by which various stakeholders can have decision-making power and also to hold those responsible accountable.

Universities have not been left out from all this changes and developments, and the most important debate has been focused on the notions of autonomy and academic freedom, the responsibility towards society and the accountability towards stakeholders on the ground of wide social changes like increased student demand for higher education and a decrease in public funding for the institutions, a diversification in the financial resources, a growing national and international competitiveness among universities, the introduction of quality assurance measures and a performance based allocation of funds, changes that are affecting universities in the entire world. On this background, universities have to rethink and redesign their governance strategies, and a more and more entrepreneurial approach has been identified; going towards a managerial way of governance, that rearrange the internal organization of the universities around the idea of a modern service enterprise makes the university more aware of the market needs, requests accountability towards stakeholders and transparency, and also the capability of developing strategic goals adjusted according to the people that universities are serving (Kohler, Huber, 2006, p. 85).

A more managerial focus in the governance strategy of universities, the orientation towards market changes and requests, students' needs and the efficiency of the service provided, in search for excellence, but also decentralization of the system leads the way to enhancing NPM in the governance configuration of the universities. NPM has "less state" and "more market" (Boer, Enders, Schimank, 2005, p. 1) as key words for its description and brings a new set of practices from the private domain that can be adapted to the particular needs of higher education institutions. According to the OECD report from 1998, NPM is characterized by a focus on results in terms of efficiency, effectiveness, quality of service; a decentralized management environment which better matches authority and responsibility; a greater client focus and a competitive environment that provides more choice opportunities; the flexibility to explore more cost effective alternatives for provision or regulation, the accountability for results and for establishing due process rather than compliance with a particular set of rules and a related change from risk avoidance to risk management (Pollitt, Dan, 2011, p. 4-5).

NPM brings one specific configuration of governance to higher education institutions that can be described in terms of "relative weight of particular mechanisms" (Boer, Enders, Schimank, 2005, p. 3) with important role in decision-making. There had been identified five principal mechanisms (Kohler, Huber, 2006, p. 85) of co-ordination or collective control relevant for the steering of the university sector:

- External regulation that regards the state authority in setting the policies and rules by which universities have to operate, a top-down approach. Strict regulations by directive prescribed by the state and monitored through certain mechanisms of control.
- External guidance concerns directing universities by negotiation actions and goal-setting which can be done by different stakeholders like the relevant state authorities (government being usually an important stakeholder) but also by other actors like intermediary bodies or representative of industry in the academic boards.

- Academic self-governance concerns collegial decision-making power and the role of professional communities in the university system which leads to the values of egalitarianism and academic meritocracy as their operating principles.
- Managerial self-governance concerns the role of leadership and management of the institution (rector/president, dean) in the goal-setting, regulations and decision-making process.
- Competition for resources (money, staff, prestige and infrastructure) within and between universities that take place on the “quasi-markets” where some form of competitive mechanism introduces a strong layer of management into the governance discourse.

Configurations of different ways of governance are made by a specific mixture of all these five dimensions at a particular point in time. These dimensions are “abstractions”, “analytical categories” (Kohler, Huber, 2006, p. 86) that are clearing out the diverse reality of interactions of the governance dimensions, and can be helpful in identifying trends and developments in governance patterns from different perspectives. Using these five dimensions, Boer, Enders and Schimank, in their article “On the way towards New Public Management? The governance of University system in England, the Netherlands, Austria and Germany” created a tool for representing them in a moment in time, in a particular system, and their future tendency within that system. The tool is named “the governance equalizer” (Boer, Enders, Schimank, 2005, p. 4), an equalizer being an electronic device that allows attenuation or emphasis of selected frequencies in a sound system to produce specific sounds, and in this case, the frequencies are represented by the five governance dimensions that can be moved up and down independently from each other. To show how this tool works, the authors illustrated a comparison between how the dimensions are positioned in a traditional model of governance and an entrepreneurial one, based on NPM model of governance:

Figure 1. The Governance Equalizer (Kohler, Huber, 2006, p. 87)

As the equalizer illustrates, the traditional model of governance is more characterized by a high influence from the state and the academic self-governance with a very low managerial influence and also scarce stakeholder involvement and on the background of a minimal competition. All this illustrates a model of top-down governance where the state is exercising complete authority in regulating the academic activity. In contrast, the entrepreneurial model characterized by NPM governance, that is more and more influent in the past twenty years mostly in the western European countries, comes with a new arrangement of the dimensions in the equalizer. The role of the state is shifted from a state controlled system to a state supervised one, attenuating the power of command from the top to co-ordination, negotiation processes and ruling from a distance, being more concerned with goal setting. Also the power of academics is lowered, their focus being reduced more to the discovery and transmission of knowledge, and in the same time, the other three dimensions take the lead; stakeholder guidance is more important in orienting the university in creating a good strategy to cope with the high competition that is turning the emphasis from input control to output control regarding post evaluation and performance, increased efficiency in the service delivery and lowering costs. To achieve all this, universities need good managers that can apply different techniques also from the private sector which reflects a high position of the managerial self-governance dimension.

Although, the “governance equalizer” is a good tool in analyzing governance changes because it provides a clear picture of the similarities and differences of systems in time or across countries, it has also its limits, showing rather a subjective image because of the lack of concrete indicators that would permit to operationalize each dimension. Different aspects and forms are included in every dimension’s composition and if taken into consideration, can influence the position in the equalizer (Boer, Enders, Schimank, 2005, p. 15).

Using governance equalizer in analyzing higher education system in Romania

This part of the paper will analyze the Romanian higher education system using “the governance equalizer” as a tool to identify the position of each one of the five dimensions as they are reflected in the Romanian system and their position according to the traditional and entrepreneurial models explain above. But in order to do so, first we have to comprehend how the system developed in Romanian space and what main factors influence it during time.

An overview upon the Romanian higher education development

In Romanian context, higher education has a rich tradition dating back over 370 years with the establishment of the first institute of higher education, Academia Vasiliana, (1640), founded by Prince Vasile Lupu in Iasi, as a higher school for Latin and Slavonic languages. The Academy of Bucharest was founded at the end of the 17th Century by Prince Constantin Brancoveanu with a program committed to the promotion of science in Romania by providing academic and professional study programs, followed by the foundation in 1835 of Academia Mihaileana by the Prince Mihail Sturza, aiming for progress and meeting European standards in areas like administration, justice and education. The first university though, was established in Romania at 26 October 1860 in Iasi by Prince Alexandru Ioan Cuza, one year after the declaration of the independent Romanian state. A year later, Academia Mihaileana received also the rank and title of university and in 1864 University of Bucharest was established. In the second half of the 19th century emerged most institutional forms of higher education in Romania. Universities, colleges and research institutions were designed after the French system of specialized institutions and professional schools, combining in their educational philosophy humanistic concepts with advanced professional training in the polytechnic institute (Pierson, Odsliv, 2012, p. 6). During the interwar period there were 16 institutions of higher education in Romania, from which 4 were universities in Iasi, Bucharest, Cluj and Cernauti (Florea, Wells, 2011, p. 21-23).

The development of Romanian higher education system had a smooth trajectory from its beginnings till the Second World War. During this time there was a growing demand for higher education and a permanent concern regarding its improvement and organization. The main laws that governed Romanian higher education system were Spuru Haret Law that stimulated the development of the research sector, the Educational Code and the Law on the Organization of University Education which make Romanian universities autonomous state institutions, each faculty being able to have its own internal regulations and the teachers had academic freedom in organizing their teaching and research. The Grand University Council for the supervision of the activity of the universities had a board formed by representative of each university. The funding was coming from the state, but the universities were the ones who managed and distributed according to their needs and aims. At that time, universities were being viewed as centers of culture, destined to stimulate knowledge and creativity where the discipline was the dominant force in the lives of academics (Florea, Wells, 2011, p. 25-26).

After the Second World War, the communist regime brought big changes in the higher educational system in Romania, which became state-controlled and based mainly on the Soviet educational concepts. Policies and practices were regulated by the Educational Reform Act of August 1948 with the purpose of creating a centralized system of education that would link higher education with the needs of the centrally planned economy, and commonly referred as the division between the old “bourgeois education” and the new “socialist education” (Pierson, Odsliv, 2012, p. 6). During this time, there were many changes in the administration, content and structure of the higher educational system, especially the establishment of technical faculties and the forced closing of law and humanities faculties. Universities were market transformed because of the development of the industry, being placed under the coordination of state-owned enterprises that led to a highly specialized vocational and technical training, the introduction of part-time studies like evening and correspondence classes that aimed to increase the supply of working-class origin graduates. The number of students in the fields like medicine, economics, and teacher training was limited by the communist officials, and by 1980 more than 70% (Pierson, Odsliv, 2012, p. 6) of the student population was enrolled in engineering and agriculture.

The most striking feature of the Communist modernization policy was the strong centralization of the educational institutions and an anti-intellectual attitude that reduced many higher education institutions to vocational training centers. Every educational institution that had views that

“conflicted with Communist ideology was disciplined or eliminated by government officials” (Pierson, Odsliv, 2012, p. 7).

With the fall of the communist regime in 1989, a difficult process of reorganizing the Romanian higher education began, with focus on a “depolitisation” (Zaharia, et al., 2011, p. 17) of the system and bringing back the faculties and higher education institutions which had been eliminated by the communist regime, in order to establish again the diversity of teaching and research and academic freedom, restructuring the higher education system to meet the new economic, social and political needs. By 1993 the autonomy of higher education institutions was better defined, with a considerable number of academic programs designed and implemented locally and with no ministerial intervention, as long as they were accredited under the provisions and terms of the Law 88/1993 of Accreditation. During 1998 and 2000 the reform of higher education focused on new approaches in management, financial autonomy and curriculum development, the goal was to raise the quality as a result of decentralization, institutional autonomy and external evaluation through accreditation.

After 1990 two important changes took place in the higher education landscape: the demand of higher education increased considerably, the system witnessing the beginning of the massification of higher education and, the appearance, as a consequence, of the first private universities offering programs of study especially in the economic field (Dragoescu, 2013, p. 28). The number of institutions of higher education including both public and private increased from 56 to 106 from the 1991-1992 to 2008-2009 academic years, and the number of students increased from 215,226 to 891,098 during the same period (Pierson, Odsliv, 2012, p. 11). To deal with the emergence of a diversified system, based on the coexistence of the state and private institutions for higher education, a new independent organization named by the Parliament has been set up for the evaluation and accreditation of higher education institutions named National Council for Academic Evaluation and Accreditation (CNEAA), whose procedures are not able to be interfered with by any state agency (Zaharia, et al., 2011, p. 18).

On the 19th of June 1999 Romania signed the Joint Declaration of the European Ministers of Education in Bologna, and committed to the coordination of national higher education policies and to the implementation of the first actions leading to the gradual development of the European Higher Education Area (Zaharia, et al., 2011, p. 18). With the 2005/2006 cohort, the Bologna System was implemented by the Law 88/2004 that introduced the three-tiered higher education structure – Bachelor’s degree, Master’s degree and PhD, a curricular reform, especially by the introduction of elective courses and of the European Credit Transfer System (ECTS) which measures the workload and the student work time at the European level, making easier the inter-institutional and international cooperation and student mobility.

Today, the Romanian higher education system has developed in both public and private, and includes universities (56 public universities, 36 private accredited universities, 21 provisionally authorized private universities and 5 private universities undergoing accreditation), institutes, study academies, schools of higher education and other similar establishments. Higher education institutions (HEI’s) can be state owned, private or confessional, non-profit, apolitical in nature, focused on the public interest (Florea, Wells, 2011, p. 36) and have to be accredited by the Romanian Agency for Quality Assurance in Higher Education (ARACIS) established in 2005, also full member of European Association for Quality Assurance in Higher Education (ENQA) since 2007 and registered in European Quality Assurance Register for Higher Education (EQAR). All higher education institutions provide about 330 first cycle programs (Bachelor) within 74 study fields, and all accredited institutions also provide second cycle (Master) programs, estimated to a number of 2570 study programs of 3-4 semesters (90 to 120 ECTS). In order to provide third cycle programs (doctoral studies), public and private accredited universities must apply to the National Council for the Attestation of University Degrees, Diplomas and Certificates – CNATDCU, which together with ARACIS, perform an evaluation of the institutional capacity and of the scientific performance before granting the right to organize doctoral studies. During the 2009-2010 academic year, 57 universities and the Romania Academy were granted the right to develop doctoral study programs (Zaharia, et al., 2011, p. 21).

Admission to a higher education programs is based on open competition to all successful graduates of the previous educational cycle, according to the graduation diploma awarded by a legally recognized public or private institution and also passing an interview organized by the faculty according to its own internal regulations. Public universities have tuition free places in different

study programs offered for the students who are part of the enrolment quota officially approved by the Government and also an amount established by the university senate of places for students paying a tuition fee.

In February 2011 the new Law on National Education no. 1/2011 was adopted to give a better and clear support for the evolution of higher education towards meeting the European goals of developing the knowledge society, achieving a competitive system on the international scale by providing quality programs and research, and a better connection with the market needs in enhancing employment rate. According to the new Law, universities will be ranked into education-centered universities, education and research universities / or education and artistic creation universities, and education and research advanced universities; also university programs will be ranked into five main groups (A,B,C,D,E) by established quality assurance indicators and evaluated by a consortium made of ARACIS, student representatives, the National Research Council (CNCS), CNATDCU and an international competent quality assurance agency, member EQAR (Florea, Wells, 2011, p. 45). The Law on Education 1/2011 also states reforming human resources policies, promoting student-centered university, modernizing institutional governance and management, achieving differential and flexible financing system for universities, increasing the public responsibility of higher education institutions, increasing relevance and quality assurance in higher education, reorganizing the research-development-innovation system (Florea, Wells, 2011, p. 45), bringing important changes to the Romanian higher education system.

Governance equalizer analysis

The governance equalizer illustrates the current state of the Romanian higher education system on each of the five dimensions highlighted by its authors Boer, Enders and Schimank, and the future tendency of their evolution. Referring to the systems of governance identified by the authors, the Traditional and the Entrepreneurial one, described and illustrated (Figure 1, p. 9) in the first part of this paper, we can clearly observe, that the Romanian higher education system of governance evolved from a highly regulated by the state system, more similar with the traditional one, and it's rapidly heading towards embracing more and more entrepreneurial and NPM ways of governance, gaining more freedom from the state and being more oriented towards market's needs. Romanian higher education system has witnessed during the past twenty years an impressive expansion, diversification and transformation that continues even today expressed in the attempt to cope with the new trends in the international higher education established by the European Union through Bologna Declaration and in reaching Lisbon 2020 Strategy goals.

The next part of this paper will analyze every dimension of the equalizer as it is reflected in the Romanian higher education system.

State Regulations

Since the fall of the communist regime where the state was the supreme authority and coordinated all that happened in higher education institutions, the universities regained their autonomy through the 1991 Constitution of Romania (Zaharia, et al., 2011, p. 24), and the state regulations diminished to a supervision function. Since then, universities are having the freedom to define their own mission, institutional strategy, structure, activities, organization and operation, to spend the budget according to their needs and necessities, to select and hire the administrative and academic staff and to deal with personnel matters. Also, the universities have the responsibility to establish their study programs, curriculum content, their research priorities and to decide on the number of students that they want to enroll, having to go through an accreditation process which ensures that they meet the quality criteria done by the autonomous and a-political agency ARACIS. The status of each higher education institution is given by law and it concerns the specific institution in fulfilling specific criteria like the provision of at least three distinct academic programs that meet the accreditation and quality criteria evaluated also by ARACIS, with the proof of the existence of qualified staff, student base and material resources (European Commission, 2012, p. 6).

By giving more freedom to universities, the tasks of the Ministry of Education, Research, Youth and Sports (MECTS) remained the development and implementation of educational policies in Romania; according to the new Law on National Education no. 1/2011 Art. 121 has the power to look over the enforcement of the rules and regulations in higher education, supervise how the universities exercise their autonomy and with the extension of the European dimension in education, MECTS will gain the status of “regular observer with OECD Education Commission” (Florea, Wells, 2011, p. 65, 74). The Ministry collaborate with different advisory bodies that work according to their own regulations approved by the Ministry, have their own income and expenditure bodies and they have to report annually to the MECTS – The National Council for Statistics and Prognosis in Education; The National Council for Attestation of University Titles, Diplomas and Certificates; The National Council for Scientific Research in Higher Education Institutions; The National Council for Financing Higher Education (CNFIS); The National Council for University Qualifications and also it consults with the National Council of Rectors, composed of the rectors of accredited higher education institutions, Educational Staff Associations and with the National Alliance of Romanian Students’ Organizations (ANOSR) (Federatia Educatiei Nationale, 2011, p. 77).

The funding of public higher education institutions is divided in government funding approximately 64% and own raised funds from fees and different other activities like consultancy, scientific research, external projects, micro production, student accommodation, for the other 36%. Higher education funding shifted from an input-based system to a complex mixture of both per capita and quality-based financing, methodology developed by CNFIS that also gathers all data from the universities and forwards it to METCS for the following fiscal year (Florea, Wells, 2011, p.79). Universities can access different segments of financing like base (core) funding, complementary funding that are mostly based on the number of students, personnel and infrastructure expenditures, supplementary funding representing at least 30% of the core one if the universities meet the quality requirements set by CNFIS and also institutional development funds and social inclusion funds granted only on competitive basis (Florea, Wells, 2011, p. 82). The allocation mechanisms set by the Law on National Education no. 1/2011 are correlated with the study programs and university ranking results, taking into account institutional performance levels and high quality educational services, in this way stimulating overall performance.

Academic self-governance

As regards the academic self-governance role within the university, the legislation leaves it in the hands of the individual institutions to set their own relations, composition and the tasks of the governing bodies, regulated usually by the University Act; it stipulates though the level of certified competence and number of years of experience a person must have in order to fill in a specific academic position and also outlines the evaluation and examination procedures with respect to every academic title (Florea, Wells, 2011, p. 119). The academic staff has freedom of expression, participating actively in the life of the departments by having, besides teaching where they are free to organize and propose new courses or master programs, academic research and innovation activities, also administrative tasks. They can apply to national and international grants, activate in governance bodies, committees or boards of the university, and if elected they can become heads of departments, faculty deans, vice-rectors or rectors. The vacant positions with their associated theoretical background have to be made public at least with two months in advance of the official opening of the public contest, but most of the times, the universities prefer to select their teaching assistants, lecturers, research assistants or researchers from their students or former students.

Collegial decision-making is still significant within the university, academics being involved in all main management structures like The Doctoral School Councils, The Department Councils, The Faculty Councils and The University Senate. All these councils participate in the decision-making process supervising and approving, according to the level in which they operate, the activity of professors in teaching and research, deans and rectors, the interrelations between departments and faculties within the institution and also at national and international levels (Eurydice, 2008, p. 33-36). The appointment of the candidates for the public contest for the dean position is made by the Faculty Council, the pro-dean is named by the dean with the approval of the Faculty Council and the Senate, the rector is selected from the members of the University Senate and the pro-rectors are appointed by the rector with the approval of the University Senate. The overall system of

governance inside universities is a top-down one where the University Senate is the highest decision-making body, headed by a president, and the regulations and decisions adopted by it are required for all members of the academic institution (Ministry of Education and Research, 2001, p.4).

Stakeholder guidance

The government is the main stakeholder in the higher education system in Romania and has an important influence on the university development as previously mentioned, mostly by setting the size of the university budgets according to performance evaluations, accountability measures, shifting its focus from input to output control. The Law on Education no. 1/2011 is promoting a high level of self-organization within the sector by result oriented management and inviting universities to develop their own strategic plan, by giving more decision-making power to rectors and deans, also is supporting universities in fostering partnerships and strategic alliances in finding external funds for study and research (Florea, Wells, 2011, p. 46).

National independent, apolitical and non-profit councils and associations have been set up to assess universities and their overall teaching and research performance, taking a big part of Ministry's duties and with which MECTS works in partnership for establishing university future development. An important role in the national policy making and in collaboration with the Ministry it has the National Rectors' Council that includes the heads of public and private accredited universities, the President of the Commission on Education in the Parliament, the Secretary of State for Higher Education, and occasionally the Minister of Education himself, headed by an elected body called "the permanent bureau" (Florea, Wells, 2011, p. 68) that has a president and twelve vice-presidents. The sessions are each time organized by another university, and its main duties are submitting proposals for higher education development strategy, analyzing the problems of the universities and the challenges in higher education and promoting solutions and initiatives for the development of the Romanian higher education system.

A big influence it has also the educational staff associations like The Romanian Teachers' Association which represents and protects the rights of pre-academic and academic staff responding to their cultural, professional and social needs and also 24 professional associations which include academics as members and have with more specific goals according to their focus area like The Society for Philological Sciences, The Mathematical Society or The Romanian Society of Biochemistry and Molecular Biology (Florea, Wells, 2011, p. 69).

Students are also involved in both national and institutional levels of decision-making and quality assurance in higher education. The National Alliance of Romanian Students Organizations (ANOSR) is the most important non-governmental and apolitical student federation that incorporates most of the student associations within the country and is recognized and represented also at European level. Its main objective is the representation of students' common interests being involved in the development of educational youth policies and offering support in their application at local level (Florea, Wells, 2011, p. 70). At the institutional level, students are involved in the process of evaluation and quality assurance taking part as members in the department council that is in charge with the evaluation and accreditation of the department and areas of specialization. Although students represent an important stakeholder of the higher education and also the main resource for universities, their voice is not always taken into consideration as much as it should, their number in the decision making faculty councils and university senates is rather small and their presence mostly formal. Law on Education no. 1/2011 brings important changes in this regard by stipulating the need of increasing student representation within university as partners in all academic processes (Federatia Educatiei Nationale, 2011, p. 68).

Managerial self-governance

With the decentralization of the higher education system and with the autonomy of the universities, many of the non-academic matters once in the power of the state, especially in the communist period, now no longer require final decision from the Ministry, but are delegated to the top level of the universities. The decision-making power of rectors and deans has been increased, being

responsible for both academic and non-academic matters, with more responsibilities and competences assigned to the central levels. In most universities these positions are still held by academic personalities mostly elected from the ones within the university, not always having a managerial background.

According to the Law on Education no. 1/2011 (Federatia Educatiei Nationale, 2011, p. 73) rectors in both public and private universities can be elected in two ways at their choice, one through organizing a public contest where can participate national and international scientific and academic personalities, or by universal and secret vote of all academic professors and the student representative from University Senate and Faculty Councils. The method has to be declared with minimum six months before the selection takes place, by secret and universal vote. Even though universities have autonomy from the state, the appointment of the new rector has to be confirmed also by the Ministry in order to be able to legally represent the university and to sign the management contract with the University Senate. Once elected and approved by the Ministry, rector's main tasks are to elaborate the main organizational documents like the university statute, the development plan, the organizational plan, the running of the Administration Council, the establishment of the annual budget and also the annual reports of the overall university.

The faculties are represented and managed by the deans selected through a public contest organized by the rector and approved by the University Senate where can participate the candidates appointed by the Faculty Council through members vote. The elected dean is also the head of the Faculty Council and has the task to organize and run its meetings. The main attributions of the deans they are stated by the Law on Education no. 1/2011 (Federatia Educatiei Nationale, 2011, p. 75) are the implementation of the rector, administrative council and university senate's decisions at faculty level and also other tasks established by each faculty's internal regulations.

Competition

The competitive pressure has increased in the last years between higher education institutions for attracting national and international students by adapting to the market requirements with new educational programs also in English language or other languages like French or German and display more market-type behavior in advertizing their specific profiles, for attracting different types of funding from the government, European framework program grants, and third party funds from research projects with the industry or other customers, all on the background of major changes in the political and economic area like signing the Bologna Declaration in 1999, and becoming a member of European Union in 2007 that broth big changes in legislation and major student and labor movement. Competition starts to become more visible in the higher education landscape also because of the decreasing number of students comparing to previous years due to declining numbers of high school graduates and migration factors on the background on economical crisis (Dragoescu, 2013, p. 32).

The state, by the new Law on Education no. 1/2011 is aiming to enhance even more the European regulations within Romanian higher education system and increase its quality making it more competitive at international level. To achieve this objective, it has introduced an internal ranking system for universities, dividing them in universities focused on education, education and research universities / or education and artistic creation universities, and education and research advanced universities, and also for university programs that will be ranked into five main groups (A,B,C,D,E) according to established quality assurance indicators that will differentiate the amount of funding received and the access to specific types of funds like institutional development and social inclusion ones granted on competitive basis only (Florea, Wells, 2011, p. 81). In this sense, universities have to define their profiles for better attracting specific categories of funding available from the state. Accountability mechanisms are being set up for more transparency and internal audit division is required in every university.

Strengths and weaknesses of Romanian higher education system

Even though the regulations of the state decreased in the past years aiming for just a position as regular observer, the Ministry still interfere with some aspects of human resources recruitment

within universities, like the approval of the new selected rector that can't exercise the legal tasks without this recognition which can be more a detrimental thing, most of the time leading to favoring some candidates that have political influence and in promoting specific interests within the university; also the Ministry regulates the number of vacant positions for university teaching staff that a university is allowed to put forward and decide their salaries.

A strength of the system is the high qualification of most of the academic staff (a PhD being required for professor positions and for teaching assistant position the candidate must be at least in the process of pursuing a PhD as full-time doctoral student (Florea, Wells, 2011, p. 108)), and also the teaching load that depends on the level of qualification of each teacher, ranging from a minimum of 11 hours/week for teaching assistants to a minimum of 4 hours/week for a professor in order to give the possibility for academic staff to do research on national and international projects or other activities like mentoring, but because of relatively low wages and an underdeveloped system of incentives, academics tend to take extra teaching hours that can be detrimental for other important activities in research and innovation, leading also to a purer quality and performance in both areas. To overcome this issue, a new internal ranking system of the universities has been set up as mentioned before, that will better differentiate the focus of academic staff and their tasks within the university, will bring major clarity for future students in their choice according to their interest in research, mobility or insertion in the labor market, and also easier access for specific funding according to each university profile.

Other strength of higher education system is the introduction of a consortium made of ARACIS, student representatives, CNCS, CNATDCU and an international competent quality assurance agency, member EQAR with experience in research for the quality assurance process. The introduction of an external organization gives impartiality to the process because it doesn't have direct connections with academic oligarchy and can bring a more objective view of the quality level achieved. Also the introduction of a performance-based funding represents a strength that will increase competition between universities and enhance the quality of the services provided, the teaching and research.

A weakness of the system still remains a low internationalization process of universities, the balance of attraction of foreign students to study in Romania being still negative. As a result of bilateral agreements the number of foreign students is insignificant and the Erasmus students coming in the country is four time lower than the number of Romanian students going abroad in the year 2009 (Nicolescu, Pricopie, Popescu, 2009, p. 983). The programs in another language like English, French and German are in small number, mostly in economy, management and medicine tracks, mostly due to the low language skills of the teaching staff; the number of foreign students enrolled being approximately 1.5% from total students. In this sense, some universities took the initiative to develop special language training programs for teachers that intend to teach in international programs, financing these programs from their own resources (UEFISCDI, 2013, p. 65).

Conclusions

Governance equalizer is a good tool in analyzing the factors that compose, at a particular moment in time and in a specific system, the governance model because it provides a clear picture of it; it has also its limits though, showing rather a subjective image because of the lack of concrete indicators.

By applying this tool in Romanian higher education we can easily observe that the governance model it's still more similar to the traditional one, but the tendency of its future evolution is heading towards the entrepreneurial one. This fact can be easily explained when looking at its history, and in particular at the almost fifty years of communism regime that brought strong centralization of the higher education institutions and an anti-intellectual attitude that reduced many higher education institutions to vocational training centers during that time.

Since the fall of the communist regime in 1989, higher education made big progress in regaining its autonomy from the state. In its efforts to cope with European standards by signing Bologna Declaration and participating in reaching Lisbon 2020 Strategy goals, Romanian higher education system went through important changes like the introduction of the three-tiered higher education structure, a curricular reform, especially by the introduction of elective courses, the ECTS, bilingual Diploma Supplement, and by adopting the new Law on Education 1/2011 a national university

ranking system and a performance-based funding method were developed that aimed to establish specific profiles for universities, increase competition for resources and raised quality of services in teaching and research. State regulations have diminished almost to a supervision function, a big part of Ministry's duties being taken by national independent, apolitical and non-profit councils and associations that have been set up to assess universities, and with which MECTS works in partnership. Regarding the internal regulations, universities have the freedom to organize their academic and non-academic matters according to their own necessities. Academic self-governance has an important position, academics being involved in all main management structures like The Doctoral School Councils, The Department Councils, The Faculty Councils and The University Senate. The government is the main stakeholder in the higher education system in Romania, but also educational staff associations have a big influence and students are more involved in both national and institutional levels of decision-making and quality assurance in higher education. The connection with the industry and market is still not very prominent, but on the background of economical crisis and unemployment issues, universities have to develop more market oriented programs for attracting the students. In the managerial matters, the decision-making power of rectors and deans has increased, the elaboration of strategic plans for the future development of the universities being one of their major tasks.

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Austria

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Abstract

This paper examines the governance structure of the higher education system in Austria by using the “governance equalizer”, an analytical tool for the comparison of different higher education governance systems, developed by Boer, Enders and Schimank in 2007. The paper is structured in two main parts. The first, more theoretically oriented part refers to the definition of the concept of governance in the context of Higher Education. Furthermore, the different dimensions of governance of universities will be identified which form the basis of the governance equalizer. The second part has a more practical approach by applying the governance equalizer to the specific case of the Austrian higher education system. Thus, the governance structure of the Austrian higher education system will be analysed over time in order to illustrate the development of the governance dimensions in the governance equalizer.

Keywords: governance in higher education, higher education system in Austria

The concept of “governance” in Higher Education

The notion of governance refers to “the formal and informal exercise of authority under laws, policies and rules that articulate the rights and responsibilities of various actors, including the rules by which they interact so as to help achieve the institution’s academic objectives” (Hirsch & Weber, 2001, as cited in Fried, 2006, p. 85). In other words, the fundamental questions that are asked in the governance discussion are: who exercises formal and informal authority, what are the sources of legitimacy for executive decision making by different stakeholders, how is money allocated to institutions and how are they accountable and to whom? (Fried, 2006, p. 84).

The concept of governance focuses on a decentralisation of power where various stakeholders can influence decisions. This idea is closely linked to the neo-liberal restructuring of all possible areas of the public sphere, ranging from economy and politics to civil society. The distribution of decision-making power is also gradually adopted in the public sector. Critics of this development fear that the neo-liberal form of governance increasingly undermines the classical welfare state and imposes its entrepreneurial spirit on public institutions as well. Furthermore, the decentralised governance confronts the public sector with challenges unknown in this field such as transparency and accountability towards shareholders and society (Fried, 2006, p. 84).

This paradigm-shift in governance has also found its way into universities. Ulrike Felt (2003), an Austrian scholar, describes this change in the following way: “the contract negotiated between universities and society, under particular conditions in the 1970s and based on a certain set of values, is now being renegotiated in the context of wider societal changes” (p. 14). The urge for a re-negotiation of governance structures is due to a combination of numerous factors. The most prominent among them are certainly increasing student numbers in the face of decreasing public expenditure for Higher Education Institutions (HEIs) as well as growing national and international competitiveness between universities (Fried, 2006, p. 84). These developments within the higher education sector can be seen throughout Europe and beyond. Different countries tackle these challenges in different ways depending on their specific historical, political and cultural background. But they all have something in common, which can be described as a “crisis of legitimacy and capacity” (ibid., 2006, p. 84) that is questioning the traditional way of academic self-governance.

New Public Management in Higher Education

Many countries pursue as a way out of the crisis a certain approach, namely that of New Public Management (NPM). Instead of the traditional mode of academic self-government the new approach refers to the managerial self-governance of public bodies. In the context of Higher Education, NPM is characterized by specific features: public institutions gain greater autonomy to run their own “business”, public funds are allocated in “lump sum”-form and funding from third parties (students, business) is explicitly encouraged. In exchange for the greater financial and managerial autonomy, universities are accountable to the government by the means of performance indicators and quality assessments that in return affect the amount of funding (OECD, 2003, p. 60). The underlying intention of NPM is the promotion of greater efficiency and responsiveness of HEIs. In neo-liberalistic speech the NPM formula is often broken down to “Less state” and “more market” (De Boer, Enders, & Schimank, 2007, p. 2). Unsurprisingly, the NPM approach doesn’t enjoy great popularity in the academic “ivory tower”, because academia, sui generis, faces any kind of “management”-led approach with great scepticism (OECD, 2003, p. 62). Thus, the emergence of NPM approaches in the context of Higher Education (HE) triggered lively discussions and many academic articles analyse the shift in academic governance from academic-self steering towards managerial self-governance (Fried, 2006).

Dimensions of governance

As the discussion on higher education governance is both complex and somewhat fuzzy some scholars (Schimank, Kehm, & Enders, 1999) identified five principal mechanisms of co-ordination for the steering of universities (Fried, 2006). The five dimensions of governance consist of:

- State regulation refers to the authority of the state that sets the rules under which universities are allowed to operate. This dimension characterizes typically the traditional notion of top-down approach of governing public institutions through binding regulations and orders that define the institutional room to manoeuvre.
- Stakeholder guidance involves besides the government also other actors such as representatives of industry as members of university boards in the decision making process to which the government has assigned certain duties. The power of external stakeholders lies in directing universities through goal setting and advice.
- Academic self-governance emphasises the role of professorial communities within the university system that steer, co-ordinate and control the agendas of universities. Their modus operandi is either through collegial decision making in committees or through peer reviews.
- Managerial self-governance relates to the hierarchical power of university leadership (rector, dean) in terms of goal setting and decision making processes. Their authority is held accountable by intra-institutional checks and balances.
- Competition concerns the logic of the market that defines the university’s activities. Scarce resources in terms of money, staff and prestige are increasingly allocated through competitive mechanisms. However, competition does not take place on “real” markets“ but rather on “quasi” markets. Instead of the customers, the academic peers define and evaluate the performance of HEIs.

(De Boer et al., 2007; Fried, 2006)

These different governance dimensions are used as analytical categories to describe the characteristics of higher education systems. However, the characteristics that define the mechanisms of decision-making processes in universities are not detached from its context but always reflect specific local, historical and socio-economic conditions. Thus, a single European or global model of higher education governance does not exist but rather a broad variety of governance regimes (Fried, 2006, p. 80).

Governance Equalizer

As illustrated above, governance consists of a complex web of stakeholders, interests, laws, policies and rules that span over HEIs. The different dimensions of governance can serve as a helpful tool to cut through the web in order to identify different trends and developments of governance patterns. Hence, different national patterns can be compared to each other. Such a “heuristic tool for the international comparison of highly ambiguous concepts” (Fried 2006, p. 86) based on the five governance dimensions was developed by Boer, Enders and Schimank (2007). Using the analogy of an equalizer that adjusts the balance between frequencies within an audio signal they called their instrument “governance equalizer”. The different frequencies are represented by the five governance dimensions, which can be scaled up and down according to the intensity of occurrence. The equalizer implies that the specific configuration of dimensions depicts the governance regimes. Furthermore, the model is based on the assumption that governance regimes are always mixtures of all five principal mechanisms (De Boer et al., 2007, p. 4). In this way a multi-dimensional image of the governance structure can be produced. To illustrate the governance equalizer, the following graph shows the “ideal types” of two governance modes, which could not be more different from each other: the “traditional” type on the one hand and the “entrepreneurial” (also NPM) type on the other hand.

Figure 1. Governance Equalizer of a traditional vs. entrepreneurial university. Fried (2006), “Higher education governance in Europe: autonomy, ownership and accountability – A review of the literature” based on de Boer et al., (2005).

Legend: SR= State regulation, ASR= Academic self-governance, SG=Stakeholder guidance, MSR= Managerial self-governance, C= Competition

The traditional mode is characterized through a rather high level of state regulation and academic self-governance, whereas the dimensions stakeholder guidance, managerial self-governance and competition are kept on a lower level. The “entrepreneurial university”- type, which is in alignment with the NPM approach, shows a mirror-inverted picture, where the five dimensions are exactly on the opposite end of the regulator. State regulation and academic self-governance are marginal. At the same time, stakeholder guidance, managerial self-guidance and competition score high (De Boer et al., 2007, p. 4).

Now, that we have a theoretical understanding of the concept of governance, its underlying dimensions and the way the governance equalizer functions, we can move to the next step – applying the tool practically on the example of the Austrian higher education system.

Higher education governance in Austria

The transformation of Austrian higher education, which was heralded by the 2002 University Act seems like taken from a textbook of the NPM persuasion ... The new government took pride to stress whenever possible that it is (or strives to be) a ‘model disciple’ (Musterschüler) within Europe. (Fried, 2006, p. 101)

The Austrian higher education governance is often referred to as a “model disciple” (ibid., p. 101) in adopting the NPM approach to its strategic steering of universities. Also de Boer, Enders and Schimank analysed in their oft-cited article on the “governance equalizer”, besides the governance of university systems in England, the Netherlands and Germany, also the Austrian one. Schimank, one of the authors, was even substantially involved in the radical redesign of the Austrian Higher education system when he presented an expertise for the draft of the revolutionary University Act (UG 2002) in 2000 (Zechlin, 2010, p. 116).

In the following part, I will examine the governance structure of the Austrian Higher Education system over time by using the five governance dimensions. As we have already learned above, every governance system refers to a specific context, thus, it seems even more urgent to start telling the story from scratch – which is the “Humboldtian tradition” on which the higher education system in the German-speaking countries is built on. Building up on this, I continue with the analysis of the crucial time periods for the Austrian Higher Education. The first period spans from the 1970ies to

the 1990s, followed by the period between 1990 and 2000. The third timeframe starts in 2002, with the introduction of a new University Act (UG2002), which ushered the governance of the Austrian higher education system in a new era. Finally, the last part will point out the challenges that Austrian universities still have to tackle in future. To sum up, the findings of the analysis, the development of the Austrian higher education system will be illustrated in the governance equalizer.

But before we start with the analysis of the higher education governance in Austria, I will outline some fast facts about the Austrian Higher Education Landscape in order to map the field in terms of its size and shape.

Overview of the Austrian Higher Education System

Definition of Higher Education

The term Higher Education refers to Universities and other tertiary, also called post-secondary institutions, that award degrees and advanced research qualifications. In Austria recognized Higher Education Institutions have to fulfil the following criteria:

- Offering study programs with a minimum of 180 ECTS credit points
- Requiring admission criteria in form of the general university entrance qualification (Matura) or proof of artistic aptitude for art studies
- Being recognized by the statutory provisions of the state.

(Kasprovsky & Wadsack, 2004, p. 14)

Higher Education landscape in Austria

The Austrian Higher Education landscape consists of several types of institutions, which all have their particular missions. The largest higher education sector comprises 22 Public Universities with about 290.000 students, which is 80% of all persons studying in Austria. The 21 Universities of Applied Sciences (Fachhochschulen) form the second largest Higher Education sector with only 10% of all Austrian students (around 40.000 students) (Statistik Austria, 2013). These Higher Education Institutions were introduced in 1994 as a practice-oriented alternative to the classical “Humboldtian” university. In contrast to the classical university, which is characterized by the unity of teaching and research, universities of applied sciences have a vocational mission and should therefore provide students especially with professional skills. In addition, there are 17 University Colleges of Teacher Education (Pädagogische Hochschulen, introduced in 2007) with approximately 25.000 students and 13 Private Universities (introduced in 2000) with almost 7.000 students. These numbers sum up to a total of about 360,000 students that were registered in the Austrian Higher education sector in 2011/2012 (Eurypedia, 2013; Statistik Austria 2013). The highest state organ responsible for the Universities (including universities of applied sciences and private universities) is the Federal Ministry of Science and Research (BMWF). The Government is also the main funding body of the higher education sector with a share of 88%, however, the private share in university funding has increased considerably in recent years, from 4% in 2000 to 12% in 2009 (Eurypedia, 2013). Public expenditure on higher education amounted to EUR 3608.7 millions in 2011, which constitutes 1.4% of GDP and is approximately equivalent to the EU21 average (Statistik Austria, 2013).

Higher Education governance in Austria over time

The governance modes of the Austrian higher education system have changed several times over the last five decades. The traditional governance regime of the Austrian universities is characterized by the dominance of a combination of two governance mechanisms: state and academic self-governance. This governance system was seen as a compromise between the two power poles that had its roots in the Humboldtian legacy of the 19th century (Schimank, 2002, p. 24). Basically, universities were steered according to this model for another 150 years, until the late 20th century.

After decades of standstill, there were two major waves of reforms, the first one in the 1970s and the second in the 1990s/2000 that have stirred the Austrian system fundamentally. The former refers to the democratization reforms, the latter to the development towards managerial self-steering of universities (Pechar, 2005).

Figure 2. Governance reforms in Austria over time. Source: own diagram.

The Humboldtian tradition of university governance

The Humboldtian model, based on the unity of research and teaching, the autonomy of the University as well as the education of a humanistic personality shaped Austrian universities for about 150 years. In terms of the governance regime, this means a dualistic distribution of power between state and academic authority. University professors were powerful in all matters regarding teaching and research. Chair holders were heads of academic units, who had a high degree of authority in their field. The traditional chair system (Ordinarien-universität) had the consequence that junior faculty members were heavily dependent on the chair holders, which means subsequently that self-governance was basically executed only by full professors. All non-academic and organizational aspects of university life on the other hand were regulated by the state. Universities were state agencies and its employees (academic and non-academic) were civil servants with lifelong tenure to secure their academic freedom (Pechar, 2005, p. 3). The Minister also appointed the rector that was regarded as “*primus inter pares*” to represent the university (ibid., p. 4). Due to the strong dominance of these two governance dimensions, the other three ones (external guidance, managerial self-guidance and competition) were poorly developed (Schimank, 2002, p. 25).

1970 - 1992

With the development of mass university since the 1960s, the weaknesses of the dualistic governance system have become obvious. During the 1970s the annual increase in enrolments was up to 10%. As a result of the growing demand for teaching also junior staff had to assume teaching duties. In exchange for its new responsibilities junior faculty members claimed representation in collegial bodies (Pechar, 2005). Their demands were realized with the new University Organization Act that came into force in 1975. The traditional oligarchic “*Ordinarienuniversität*” was transformed in a “*group university*” (ibid.). This new type of governance refers to the inclusion of all types of university staff (university teachers, students and the administrative staff) in the decision making process. Another novel feature was the re-organization of university departments. The UOG 1975 was the first step towards a modernization of the traditional governance model (ibid.).

During the upcoming years, university slowly accepted the new mode of decision-making. At the same time the government became more interested in higher education policy due to the growing student numbers and the emphasis on the qualification of the workforce.

However, public funding of universities could not keep pace with the increasing students numbers. This was the start of the erosion of the mutual trust between academics and government (ibid.).

1990 - 2000

Beginning of the 1990s a more intensive discussion about higher education reforms began – also against the background of the international debates on new public management in higher education (Schimank, 2002). In October 1991, the ministry presented a paper for a new organisational act that intended to introduce a more managerial approach in the governance mode of universities. The proposal envisaged amongst other changes a lump sum budget that would allow the university to spend the money according to their own priorities and an external board with advisory competences. Furthermore, the new law would grant full legal capacity to universities and allow them to employ staff under private law. Thus, there should be two types of employment contracts: traditional contracts with a civil servants status for the old staff and private contracts for the new ones (Pechar, 2005). Of course, this paper garnered harsh criticism on the part of academics and the ministry felt impelled to assign a working group that should revise the legislative proposal. However, the proposal continued to be rejected by the university and other interests groups, arguing that even the

revised version had a too strong emphasize on a managerial approach of governance. Eventually the new University Act (UOG 93) was passed in 1993, but almost all intended changes were softened, if not neutralised (ibid.).

In 1998, only five years after the implementation of the new university law, there was again an attempt to reform the higher education system. Only that this time the initiative came mainly from the rectors who complained that the UOG 93 didn't put the "full legal capacity" of universities through. The government took up this initiative and developed a first draft for a new reform strategy. The draft included the implementation of lump sum budgets, performance contracts, establishment of university boards and a strengthening of the rector's position. Unsurprisingly, the draft was again criticised by academia (ibid.). But this time everything turned out differently.

2001 - 2013

In Austria changes were relatively marginal up to the turn of the century, when all of a sudden Austrian universities were shaken up by massive policy changes. (De Boer et al., 2007, p. 5)

In 2000, there was a change of government that switched from a coalition between social democrats and conservatives to a coalition between conservatives and the right wing "Freedom Party" (FPÖ). The new government in power aimed for a reform of the whole public sector by privatising state-owned enterprises and was generally a supporter of the "New Economy"-ideology (Fried, 2006, p. 100). It was eager "to advance Austria to the top of governance reforms in higher education in Europe" (Fried, 2006, p. 101). Already in 2002, the new centre-right government passed the revolutionary University Act (UG 2002) that introduced radical changes and transformed Universities from federal institutions into independent public-law entities with organizational autonomy. This Act marked a new era in the development of the governance of universities in Austria (Kasprovsky & Wadsack, 2004, p. 12). Under the UG 2002 universities have adopted full legal capacity and became independent entities. In practice this means that universities have been given autonomy in terms of all organizational matters such as distribution of budget (global budget), staffing, curricula, etc.

Translated to the governance equalizer, state regulation is lower. However, the government retains an important influence on universities as their autonomy is in account of a new control system. The newly introduced control instruments comprise global budget and performance agreements. Every three years the Ministry concludes performance agreements with each university. 80% of the total budget is distributed on the basis of negotiations between Ministry and university. The remaining 20% are linked to performance indicators such as number of graduates or research productivity. Paradoxically, these control instruments were brought to the University under the guise of autonomy. The universities "full legal capacity" implies two other important consequences. On the one hand the law created a legal basis for an "entrepreneurial university" (Clark, 1998). Universities are encouraged to develop their own funding resources through third party funding. On the other hand all newly appointed academic staff after the UG 2002 is employed under private contracts (Kasprovsky & Wadsack, 2004, p. 13). Another consequence of the increasing managerial self-competence of universities due their new legal status is the gain in importance of the university leadership. The rectorate consist of a rector that is supported by four vice-rectors. They not only have a representative role but are also largely involved in the decision making process. The rectorate is responsible for the allocation of the budget that is negotiated through performance agreements with the Minister. At the same time they conclude performance agreements with the deans, whose position has been strengthened as well. The concentration of decision-making competences in the hands of the deans indicates a still existing mode of academic self-governance, although not with the same intensity as under the traditional chair system (Ordinarienuniversität) (Schimank, 2002). But maybe it is not the intensity of governance power that changed but rather the way they exercise their power, namely through peer reviews. The influence of academics on policies and resource allocation through peer reviews is not to be underestimated. Another new element in the governing body of the university is the introduction of the university council that holds basically a planning and supervising function. Their main responsibilities include the approval of the development plan, the elaboration of the performance agreements draft as well as the appointment of the rector based on a short list prepared by the senate and the rectorate (Sporn, 2003, p. 39). The council consist to nine members (four members are nominated by the senate, four by the ministry and one by the council members itself). The University Council brought external stakeholders from outside universities into play. The intention behind the inclusion of people from industry was to strengthen links to economy and improve efficiency (OECD, 2003, p. 71). Referring to this, the scholars Laske

and Meister- Scheytt (2003) made an interesting observation: from around 140 members of University Councils almost 40% were recruited from the business sector and another 30% from the broader university sector. The remaining members had a civil service background. This unequal distribution of stakeholders caused concern about a “creeping privatisation” of the higher education sector (Fried, 2006, p. 103). However, competition has never occupied an important role in the governance of Austrian universities so far (De Boer et al., 2007). It was neither emphasized in any of the recent reform activities. However, with the implementation of the UG 2002 universities are obliged to define their individual institutional profiles. So far, this requirement hasn’t drawn any far-reaching consequences and is rather perceived as a support for the Ministry’s development plans than a competitive instrument between universities. Nevertheless, it is foreseeable that competition will gain in importance, especially regarding the popularity of international rankings of universities. The graph below sums up the main features of every period:

Before 1975

	Before 1975	UOG 1975	UOG 1993
General characteristics	Chair system (Ordinarien-universität)	Group university (Gruppen-universität)	towards NPM
Employment contracts	Public	Public	Public
Appointment of professors	Minister	Minister	Rector
Participation of non-professorial staff	Low	High	Increasing
Election rector	Senate	Senate	Minister
Role of rector	Representative	Representative	Manager (limited)
Public funding	State Accountancy (Kameralistik)	State Accountancy (Kameralistik)	State Accountancy (Kameralistik)
Private funding	Tuition fees (until 1971)	No fees	No fees

Figure 3. Characteristics of governance periods over time. Source: own diagram based on Pechar 2007.

Having analysed the different governance dimensions, we can now depict these changes in the governance equalizer.

Figure 4. Governance equalizer of Austrian HE. Source: own illustration based on de Boer et al., 2007)

The changes introduced by the University Act 2002 show a strong trend towards New Public Management in the governance of Austria's higher education institutions. However, to fully comply with the ideal type of NPM, state regulation and academic self-guidance would have to decrease further. In contrast, competition would need a significant boost upward. It almost seems as if an "Invisible hand" would manipulate the equalizer (Fried, 2006, p. 87). And there's also the rub – critics claim that the governance equalizer reflects a „state-centric“ -perspective. Also the authors themselves recognize „that the composition of the dimensions of the equalizer always reflect a substantial contribution of the state“ (De Boer et al., 2007, p. 7 as cited in Fried, 2006, p. 87).

What does the future hold?

One of the main problems in the future will remain the chronic underfunding of Austrian universities in the face of growing student numbers. This brings back the on-off discussion about the introduction of tuition fees and admission restrictions. The recently elected government will most probably tackle this issue anew and rethink its position about the funding of university places by tuition fees as well as limited access through admission rules. With regard to the university's competitiveness the conditions for young researchers will need to be improved as well. Also, academics must be given incentives (e.g. job protection, tenure track system) so they will opt for an academic career. Furthermore, university will have to collaborate with industry in Research and Development. These negotiations are still pending and will determine how the Austrian universities can position themselves on the international market. Time will tell...

Conclusion

This paper was produced in the context of the "Marihe-Day", a workshop on the comparison of different university systems around the world using the governance equalizer. What has already become apparent in the course of my research for this paper, became even more evident in the presentations on the different governance systems around the world: There is no "one-size-fits-all" notion of "good governance", no blueprint to be copied all over the world and no model that would be valid over time and space (Kohler & Huber, 2006). Governance always reflects a certain context, be it due a specific educational tradition (e.g. the Humboldtian tradition in the case of higher education in Austria and Germany), a political interest (e.g. centre-right wing government in Austria that pushed NPM approach forward) or any other kind of historical or regional peculiarity.

It is precisely the multi-dimensionality of governance that the equalizer illustrates. It shows that governance is not so much a static principle but rather a dynamic concept that is constantly being shaped and reshaped (Fried, 2006, p. 98). In this respect the governance equalizer meets its claim perfectly to serve as an analytical tool to make the multi-dimensionality of governance visible. At its best, governance should be a process of constant negotiation between all the stakeholders involved in Higher Education. To put it straight with the words of Ulrike Felt (2003) at the heart of the governance debate are the notions of autonomy and academic freedom, i.e., the new forms of responsibility towards society and of accountability towards stakeholders. (p. 14)

Whichever governance mode we choose for the most appropriate one, it is important not to forget that education is a public good and therefore all stakeholders should have a voice in the governance of Higher Education Institutions, even if the democratization of decision-making is tedious and tough.

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SERBIA

Vesna Holubek and Miloš Milutinović

Abstract

New Public Management (NPM), the new theory on managing and organizing the work in public sector, has reached the higher education (HE) as well. NPM reforms sparked lively debate within HE community about applicability of these ideas in academic context. Usefulness of NPM for the HE sector primarily comes in a form of analytical tools that can help in defining direction of education system. One of the most prominent analytical concepts, which emerged simultaneously with NPM, is governance perspective - specifically the governance equalizer - developed by de Boer, Enders and Schimank (2007). The paper analyses the governance mode of HE system in Serbia using the governance equalizer. This is done by positioning Serbia on five dimensions of governance (state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition) and examining past, present and future expectations. Opinion of HE community in Serbia is also taken into consideration in outlining the governance mode in Serbian HE sector.

Keywords: higher education, Serbia, governance equalizer, new public management

1. Introduction

Higher education system is deeply immersed into society, and as a part of knowledge triangle (innovation, research and HE system), often are recognized as a main driver for societal progress and growth. Universities, that play a crucial role in this triangle, are primarily organized to fulfil the need for dissemination and production of knowledge. The way they operate and cope with emerging challenges is essential in fulfilling their purpose. New Public Management (NPM), the new wave of managing and organizing the work in public sector, has reached the shores of universities as well. The main hypothesis in the NPM reform is that 'more market' and 'less state' in the public sector will lead to greater efficiency and effectiveness of that sector. These "superficial neo-liberal slogans" ('more market' and 'less state') are often oversimplifying the complex set of ideas that is elaborated in NPM literature (de Boer, Enders and Schimank, 2007, p. 2).

Portraying the direction of NPM changes, Ziegele (2008) contrasts the old and new management models. Old management model is described as oriented toward input and process-political single interventions; a precise "ex-ante" management (Ziegele, 2008). New management model, on the other hand, is oriented towards outcomes and efficiency, within regulatory policy framework; macro "ex-post" management (Ziegele, 2008). NPM applies competition, as it is known in the private sector, to organizations in the public sector, emphasizing economic and leadership principles. Beneficiaries of public services are perceived as customers. NPM ideas are built upon the change in governance perspective introduced in political theory. This change can be described as a shift from regulation to deregulation and open competition, from steering to market, from administration to management.

There is a lively discussion among scholars in HE field about NPM reforms and their applicability in HE area. There are many arguments that speak in favour of NPM reforms in HE. These reforms tackle the problems of inefficiency, over-regulation, bureaucratization and inflexibility of higher education institutions (HEIs). Emphasising accountability and decentralization of HE systems, introducing performance-based funding and enhancing quality assurance processes, NPM is seen as the solution to major problems in HEIs (some of the success stories are UK, Norway, Sweden and the Netherlands).

On the other hand, some scholars do not agree with these ideas and perceive NPM as a "management fad" (Birnbau, 2000, p. 5) that is borrowed from business sector and artificially imposed on HEIs, thus dehumanising them. The main problems emerging with NPM are commodification of knowledge, turning the university into a "knowledge industry" and student into

a consumer. Hence, Ginsberg (2011) claims that NPM reforms lead to continuing erosion of educational quality and research productivity of HEIs. From this viewpoint NPM is unacceptable approach for the academic world.

There are no definite answers about applicability of NPM in managing the HE sector that can be derived from this debate. Rather, the importance of this discussion between two parallel viewpoints lies in the possibility of alternative thinking about the same subject. Analysing HE systems through 'NPM lens' can provide a different framework to reexamine the old problems in a new way. Usefulness of NPM for the sector of HE primarily comes in a form of analytical tools that can help us define the orientation of our education system. One of the most prominent analytical concepts, that emerged simultaneously with NPM, is governance perspective - specifically the governance equalizer - developed by de Boer, Enders and Schimank (de Boer et al., 2007, p.2).

Therefore, the main goal of this paper is analysing the governance mode of HE system in Serbia using the equalizer. This will be done by positioning Serbia on five dimensions of governance looking at the three phases (past, present and future expectations) and pointing out the main trends of developments. Also, to explore some other perspectives on this issue, we gathered several opinions via small questionnaire (see Appendix 1). The participants (7) are people involved or working in HE sector in Serbia.

At the beginning we present the equalizer as introduced by de Boer, Enders and Schimank. Then, we provide an overview of HE system in Serbia through steering documents and numbers. The second section is organized around the five dimensions of governance and the analysis of HE in Serbia. Illustration of governance equalizer in Serbia, tendencies and different opinions are in the focus of the third section. The conclusions are presented in the fourth section.

1.1 Governance Equalizer as Introduced by de Boer, Enders and Schimank

Governance mode in public sector in Europe has undergone a great change since the 1980s. Authority and power has been redistributed under the influence of neo-liberal ideologies. The 'new' governance has introduced coordination divided among multiple actors on multiple levels in contrast to the previous coordination where the state was the sole regulator. This change is visible in HE as well, where we see that the state loses its key role and tradition of self-governance. Instead, the *network* of governance emerges. The main drivers of these changes are globalisation and internationalisation processes, opening towards the market, scepticism toward the state and the need for more efficient use of resources. The rise of NPM has stimulated the rethinking of governance in HE.

Analysing the challenges which HE encounters, de Boer, Enders and Schimank, have devised "the governance equalizer". They use this analytical tool to compare changes in university governance of four European countries – England, Netherlands, Austria and Germany (see Figure 1).

De Boer et al. (2007) recognize the above described change in governance mode and argue that governance perspective provides a general analytical framework for studying dynamics of coordination among actors. On the other hand, NPM is understood as normative programme, a specific formula for good policy-making and governance in public sector in general. They remind us that empirical studies and theoretical reflections show that, for certain circumstances and with respect to particular criteria, hierarchical-steering governance is the best mode, while for other circumstances and criteria market-driven governance works best.

The governance equalizer has five dimensions of governance: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition. Developing this distinction of five dimensions, they evoke and build upon Clark's (Clark, 1983) notion of coordination by bureaucracy, profession, politics and market, adding the dimension of managerial self-governance. De Boer et al. (2007) use the metaphor of equalizer as an electronic device because it allows emphasis of selected frequencies in an audio spectrum, and creative altering of certain frequencies to produce desired tonal characteristics in sounds. Accordingly, the configuration of HE governance is made up of a specific mixture of the five dimensions at a particular point of time. Each of these governance dimensions is independent and can be turned up or down without

influencing other four.

State regulation refers to regulation by directives, i.e. detail prescriptions from the government for behaviour under certain circumstances. Here authors denote the traditional idea of top-down authority vested in the state.

Stakeholder guidance dimension concerns involvement of other actors through goal setting and advice (for instance, intermediary bodies or industry representatives). In public university systems the most important stakeholder is government, but not necessary the only one.

Academic self-governance speaks about the role of academia and professional communities in HE systems. Their role is institutionalised through mechanisms like peer review-based self-steering of academic communities or collegial decision-making at universities.

Managerial self-governance concerns organisational hierarchies at the university level – regulation and decision-making of the university leadership (rectors and deans).

Competition within and between universities for scarce resources (personnel, finances or prestige) doesn't involve real market. Rather, it is, so called 'quasi-market', where customer demands are replaced with performance evaluations by peers.

Four European countries compared here – England, Netherlands, Austria and Germany – have articulated NPM as an important goal of the public sector reform. Thus, authors try to measure the actual changes in governance by using NPM as the common normative benchmark for comparison. In that sense the NPM 'ideal' on the equalizer would place five dimensions in this manner: state regulation and academic self-governance should be rather low, while stakeholder guidance, managerial self-governance and competition should score high. This means that the state should distance itself from direct control and regulation of HE and focus on goal setting. Also, academics should do what they do best – discover and transmit knowledge – and their role in university governance should be marginal. Market-like competition (although quasi-market) should lead to increase of efficiency and decrease of costs. Instead of controlling the input, the emphasis should be on output control (ex post evaluation and performance). Private sector management techniques should also support increase of efficiency and effectiveness of service delivery. Therefore, excellent managers, with room to act and manage the universities, are needed. Competition for resources between and within universities relies on deregulation and the establishment of a new powerful institutional leadership. Greater involvement of other stakeholders (beside the state) is supposed to establish strategic orientation of the university toward competitive future. It is visible that NPM presents an integrated perspective of overall redirection of governance in the HE system. Authors explore how this redirection to NPM affected HE systems of four countries.

England is often referred to as a forerunner of NPM-inspired reforms in HE sector, which started in late 1970s, followed closely by the Netherlands. Austria and Germany introduced the governance reforms in the 1980s, but actual changes have only very recently become visible. After detailed analysis of four countries and definition of their position on the governance equalizer, authors conclude that governance equalizer is useful analytical tool for comparative approach. It helps us to locate similarities and differences at a single glance.

Figure 1: Governance Equaliser by de Boer, Enders and Schimank (2007)

1.2 Facts About Higher Education in Serbia

The history of the HE in Serbia starts with the University of Belgrade and it can be tracked down to the beginning of the 19th century, when Dositej Obradović founded the College in 1808. During its early history it had three departments: Philosophy, Engineering and Law. After the Second World

War the HE system in Serbia went through the period of substantial growth and was diversified by establishing new HEIs.

The communist system in the former Yugoslavia (between 1945 and 1990) was considerably different to that of the countries under direct influence of USSR and it can be described as “worker self-management” (Clark, 1983, p. 45). The consequence of this system is inherited high level of academic self-governance with high influence of the state. After the fall of communism in 1990 came a turbulent period of wars and isolation that lasted until the “democratic revolution” (Erlanger, 2000) in October 2000 and the decade between the 1990 and 2000 is generally perceived as the decade of stagnation for HE sector.

Today, the HE system in Serbia is a binary system, where, according to the way in which HEIs have been established they are either public or private. Both types of HEIs become legal entities within the HE system only after receiving a state permission granted by the Ministry of Education, Science and Technological Development (hereinafter Ministry). According to the database of the Ministry (<http://www.mpn.gov.rs/>) and the database of the CAQA - Commission for Accreditation and Quality Assurance (<http://www.kapk.org/index.php?lang=en>) there are 8 public and 11 private universities in Serbia, (around) 80 colleges and faculties of applied sciences, nearly 250.000 students (around 3,5 % of total population) and vast majority of them study in public HEIs. The private HE sector has a large number of institutions, but the percentage of students at these institutions is around 15% of the total student body (see Figure 2).

Figure 2: Relation between student categories (public and private universities)

Serbian HE is primarily regulated by the Law on Higher Education which came into force in 2005 (last amended in 2013). HE activities are carried out through either academic or professional career (vocational) studies. System of HE in Serbia is organized through 5 institutions:

1. University (autonomous establishment with managing and professional bodies; lead by rector),
2. Faculty (within the University; includes both teaching and scientific research; provides academic and vocational education),
3. Academy of Professional Studies,
4. Higher Education College of Professional Studies and
5. Higher Education College of Academic Studies.

Public HEIs are funded partially by the state. They are also allowed to collect tuition fees and acquire third-source funding. State funding is conducted by agreement between HEIs and the government, based on accredited study programmes (line-item budget). The ratio between financial resources is not defined by the Law on HE, because the HEIs have the so-called ‘budget autonomy’. The question of the tuition fee is the trigger for the student protests across Serbia almost every year from 2005.

The functioning of the educational system is ensured through several institutions that operate on different organisational level, but all were established by the state – The Ministry of Education, Science and Technological Development; The National Education Council; The Commission for Accreditation and Quality Assurance; The National Council for Higher Education; The Institute for Educational Quality and Evaluation; and The Institute for the Improvement of Education.

Public universities in Serbia are: the University of Belgrade (largest university with almost 90.000 undergraduates and graduates), University of Novi Sad (almost 50.000 students), University of Niš (27.000 students), University of Kragujevac (14.000 students), University of Pristina – Kosovska Mitrovica, Public University of Novi Pazar, as well as two specialist universities – University of Arts and University of Defence. Largest private universities include Megatrend University and Singidunum University, both in Belgrade, and Educons University in Novi Sad. University of Belgrade (301-400 place on 2013 Shanghai Ranking of World Universities) and University of Novi Sad are generally considered to be the best institutions of HE in the country.

2. Five Dimensions of Governance in Serbia

Applying governance perspective in analysis of HE system in Serbia we now turn to description of five dimensions of governance: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition. The focus will be on the historical background, current situation and future outlooks of each dimension. The analysis is based on legal documents and scholar papers related to HE topics.

2.1 State Regulation

The current situation in HE is noticeably different compared to that during the turbulent period in 1980s and 1990s. Government established after ‘democratic revolution’ in 2000 restored university autonomy by effectively suspending the Law on University from 1998, which was considered to be regime’s attempt to keep universities under its thumb by giving more power to the Ministry. Article 91 (Law on University, 1998) gave Minister the power to (dis)approve appointments of all full professors, which - considering regime’s previous track record - represented a significant threat to academic freedoms and led to many professors being fired from work or resigning in protest.

It took the new democratic government almost 5 years after October 2000 to adopt the new and truly reform-oriented Law on Higher Education, which has been altered slightly several times since - last time in October 2013. The 2005 Law fully complied with Bologna principles; it had less direct state regulation than previous, and, for the first time, it encompassed the whole tertiary sector – universities and schools of applied sciences. It gave HEIs more academic freedoms and autonomy to decide on their own internal organization and regulations. It gave autonomy to: adopt study programs and rules of study, adopt rules on election of academic staff, regulate their internal organization, issue official documents, and the right and freedom to distribute financial means acquired from public and third sources (Law on HE, 2005, Art. 6). The Ministry still gives final approval on the proposal from the universities on the enrollment quotas, which are usually set in general terms for each university with some maneuvering space. The university management then negotiates and lobbies for the final endorsement. This would present state an opportunity to invest strategically, but so far no needs assessment has been conducted and therefore all decisions are taken on personal basis.

Until the 2005 Law (Law on University, 1998, Art. 135) universities had to ask for approval of the Ministry for their financial plans, so this change was an important step towards less direct state involvement and it provided frame for more managerial self-governance. There can be no real autonomy without financial autonomy. Publicly funded HEIs are financed by the government through a line-item budget that is solely based on inputs (number of students, size and number of buildings, laboratory and library space, etc.) (Bylaw, 2002). Under the letter of the Law on HE the founder (state) should provide universities and faculties means for: upkeep cost, material costs, salaries of academic and non-academic staff, research, literature acquisition, IT systems, international cooperation, funding for gifted students, etc. (Law on HE, 2005, Art. 59). Due to general lack of financial means, government sometimes does not transfer or delays transfer of part of these funds. Universities and faculties have to then use own resources to cover those expenses not covered by the government, which are usually costs of repairs and upkeep (heating, electricity, utilities). As government spending is not transparent, this practice can be used as a measure to keep universities under control. All government funds are transferred as line-item budget and therefore cannot be spent for other purposes, resulting in a ‘December spending frenzy’. Less state control would probably be desirable in this area in future with more ex-post and less ex-ante measures,

however, more accountability needs to be achieved first.

On the other hand, public universities and faculties are able to acquire own funding from: tuition fees, donations, commercial and other services as well as contracts with companies (Law on HE, 2005, Art. 57). HEIs cannot, however, start spin-offs and hold shares in other companies but they are free to spend their own funds freely (budget autonomy). Public HEIs are not owners of the land their buildings are located at - it belongs to the state - and this fact makes any (re)construction or trade a bureaucratic nightmare.

Important fact also related to stakeholder guidance and academic self-governance is that faculties are legal entities as stipulated in the Law (Law on HE, 2005, Art. 47). They enroll students and collect tuition fees from self-financing students. Although the university Senate decides on the percentage of funds that will be transferred to the university for its integrative functions (Law on HE, 2005, Art. 48) the financial interest of all the faculties, whose representatives make out 90 percent of the Senate, is to give as little as possible. There are, therefore, very few joint and strategic investments on the university level. As Serbia is the only country in Europe with such regulation, the Ministry is under certain external pressure from the EU to amend the Law but due to high academic self-governance and lobbying from faculties with high percentage of self-paying students these changes were never adopted. Although the current Law does not forbid integrated university, it is unlikely that the situation will change much without direct government involvement (law change).

Another area where we can notice less direct state regulation with adoption of 2005 Law is the introduction of controlling or buffer bodies, which are placed outside of direct control of the Ministry. These bodies are: National Council on Higher Education (NCHE), Commission for Accreditation and Quality Assurance (CAQA), Serbian University Conference (SUC), Serbian Students' University Conference (SSUC) and they should allow better planning, exercise control, increase the quality and provide sustainable development of Serbian HE system. Under the provision of the Law these bodies serve mostly as advisors for the Ministry.

NCHE consists of 21 members, all of whom are formally elected by the Serbian National Assembly (Law on HE, 2005, Art. 10) allowing, therefore, direct political control on election of this supposedly independent body. 15 members are selected on proposals from SUC and Conference of Polytechnics and 7 members are proposed by the Government. The NCHE is mainly given a consultative role to the Ministry and only real power is setting criteria for accreditation, self-assessment and external evaluation; it also should propose National Qualification Framework to the Ministry and it serves as second instance on appeals to the decisions of CAQA (Law on HE, 2005, Art. 11). NCHE should file reports to the National Assembly once a year (Law on HE, 2005, Art. 12) as a control mechanism by the state. CAQA is directly subordinate to the NCHE as its members are elected by NCHE (Law on HE, 2005, Art. 13). It runs the process of accreditation and self-assessment. It is funded out of fees making it more independent in its decision making but its work is under constant pressure on one side from peers and on the other from the government. The SUC, Conference of Polytechnics and SSUC are consultative bodies that in essence have no real power other than their members are rectors of all accredited universities, directors of polytechnics and student activists respectively.

State regulation of HE in Serbia has in last 10 years gone from meddling and obstructive to more equal-partner approach. In some areas such as accreditation state has allowed more academic self-control and transparency – previously mostly private faculties could be set up without fulfilling any standards if the owner had good connections in the Ministry. Accreditation process has, therefore, upgraded the current situation. Still, there are some issues with the process of accreditation that require either more state involvement or more stakeholder involvement, as it is stipulated in the Strategy (2012, p. 176): setting enrolment quotas according to country needs, maintaining register of all lecturers, regulating engagement and workload of lecturers.

In the future it is expected that the overall expenditures for HE – including government spending for student loans, scholarships and tuition fees as well as contributions from self-paying students and from the industry – should increase from the current 0,7 to 1,25 percent of GDP in gradual steps until 2020 (Strategy, 2012, p. 175); this should provide more funds for the HEIs overall, but on the other hand continuous massification foreseen in the Strategy (2012) can also lead to less funds per student, as cost will rise. HEIs will, therefore, need to find additional funding opportunities, some of which they are currently not allowed to use, so gradual loosening of regulation could be expected. As it is laid down in the Strategy the government should provide full funding for the best students;

the rest would pay on a variable principle involving past success and economic background. In that respect the government's control would not change as it already provides soft loans for students but the framework of its involvement may change. State should also require faculties to disclose full costs of tuition in a transparent fashion.

The Strategy also promotes the idea of "entrepreneurial universities" (Strategy, 2012, p. 93) and supports changes in the legislation that would allow universities to set up companies, start-ups, and business incubators and thus promote entrepreneurial spirit of students and academics. This change would promote less state control and more accountability.

2.2 Stakeholder Guidance

Similar to other ex-communist countries traditionally the most significant stakeholder for HEIs was the state, keeping everyone, including HEIs, on a tight leash. Other stakeholders such as students, academics, employers or industry played minor or subordinate role. The prospect of EU accession, process of reforms and deregulation opened new space for their involvement, as well created some new stakeholders: buffer bodies and EU.

As the one who holds the 'purse strings' and as main financial contributor government continues to be key and single most important stakeholder for HEIs, but as its financial role diminishes, the importance of other stakeholders gains momentum. The financial rules are laid down in the Bylaw, but the government does not always adhere to it. Inclusion of other stakeholders, like industry, is occasional occurrence and can be attributed more to entrepreneurial spirit of the individuals than as strategic course of action. Study programs are rarely developed with employment in mind, and employers are seldom consulted. The most important aspect of a study program is the demand on the side of students, so the faculty can earn more money. There are recently some examples of industry-driven study programs. The Faculty of Technical Sciences of the University of Novi Sad, for example, has several partnership agreements with companies as well as about 50 spin-off companies (some employing up to 400 engineers) that were started by their professors, thereby circumventing legal restrictions. The specific needs of these companies were incorporated in study programs, and students can go there on internships. The Engineering Faculty of the University of Kragujevac introduced new study program in Automotive Engineering after Fiat started car production in Kragujevac. General problem for Serbia is overall very weak industry that the universities and polytechnics could partner with. Inevitably the role of external stakeholders will grow in the future. Following measures are laid down in the Strategy (2012): CAQA will include academics, students and employers in preparing new sets of standards for accreditation; it will include independent domestic and foreign experts, as well as (again) students and employers in the peer-review process; and it should make peer-review findings available to the public giving a more active role.

Under the previous and current systems students have certain rights and influence. They usually hold 16 percent of seats in the university senate or faculty scientific council but their role is marginalized as they are not perceived as partners but politically-influenced group fighting for privileges. Student organizations, student parliaments and Serbian Conference of University Students are plagued with three main problems: lack of funds, lack of interest of students and interference of daily politics, as some student organizations are nothing more than branches of political parties (Studentska unija Srbije, c. 2011). Students are sometimes used for daily political purposes in a process that can be described as 'quasi stakeholder-guidance'. An example of this 'quasi stakeholder-guidance' would be the most recent amendments in the Law on HE: students demanded the abolishment of articles that would on one hand raise the minimum number of ECTS to be attained in order to enroll the next academic year from 48 to 50, and on the other lower the number of exam periods from 6 to 5 (this was adopted in 2012). Fearing students' protests government quickly backed down and changed the law ex-post facto on 11 October 2013, 11 days after the enrollment period.

Students surveys are being conducted but they hold no relevance as there is no feedback or evaluation. The Strategy puts the students in the center of the learning process, "student-centered learning" (Strategy, 2012, p. 87), thereby acknowledging their importance as stakeholders. However, measures for its implementation need to be created and it would require students to become more active.

Historically, the most important stakeholder in the area of research for HEIs was the state. According to Statistical Office of the Republic of Serbia (SORS) (2013) the industrial output in the last 10 years has been stagnating at around 40 percent of its output in 1990 (Industrial production, 2013) so HEIs were progressively looking to state for funding. Large industrial complexes mostly collapsed, privatization brought either foreign owners, who were not interested in research collaboration, or bankruptcy. After the 2000 government has been increasing investments in research and development (R&D) from 27 million EUR a year to 100 million, which hardly broke the 0,5 percent of GDP. Industry involvement at the same time stagnated at around 0,1 to 0,2 percent of the GDP. (SSTD, 2010) The Strategy of Scientific and Technological Development of Serbia for the Period 2010-2015 (SSTD, 2010) clearly states the need to increase in public R&D closer to 1 percent and also to increase third party funding (SSTD, 2010: 3-4). In Seventh Framework Programme (FP7) Serbia was able to acquire 47 million EUR in 7 years and in recent years there were indications of additional government spending aimed towards improving competitiveness of Serbian researchers. According to the Strategy (SSTD, 2010) Serbia still has low number of patents and laws on intellectual property rights are not enforced. Involvement of state and other stakeholders is needed to change this situation. Negotiations with EU are likely to start with the area of Education, as well as Research so harmonization with EU is to be expected. In 2011 the Ministry of Education was merged with the Ministry of Science, a move not widely supported by the scientific community that considered it would be less significant and visible in the new enlarged Ministry. There is danger that due to ongoing economic crisis R&D funding would not increase. EU funding is not enough to make progress, and Serbian institutions are still not competitive enough to attract more funding from EU source. Involvement of external stakeholder will therefore become a priority.

2.3 Academic Self-Governance

As already mentioned, the influence of academia on governance of HE system is very high. Two main reasons for this can be identified in recent history - academic autonomy and worker self-management. Academic autonomy that universities gained after the 'democratic revolution' in 2000 increased the influence of the academics in HE system. Combined with the authority of the profession inherited from the previous political communist system (worker self-management), university professors became one the most influential group in HE system in Serbia. The third stream from which authority of academics draws its strength is political and religious orientations imported from the broader society. Here we can call upon Clark's concept of belief that has strong impact on coordination of HE systems. Specifically, belief that is based on discipline and profession can be recognized in Serbia (Clark, 1983). Professors are being included (in the name of expertise) in various national decision-making bodies claiming the position of university representative, speaking in the name of the university in whole (including students). For example, main controlling and buffer bodies (such as National Council on Higher Education or Commission for Accreditation and Quality Assurance) are mainly composed of members – academics.

Today, situation hasn't changed much. Since the democratization of the society, the strength of academic oligarchy relies in the academic autonomy. Law on HE defines the autonomy of university as the right to define curriculum and rules of study, enrolment criteria, rules on election of academic staff, to regulate their internal organization, issue official documents, and to distribute financial means acquired from public and third sources (Law on HE, 2005, Art. 6). In all of these areas academics play the crucial role, simply because they have the majority of votes. For example, the detailed rules on election of academic staff are being defined on the level of university by the academics sitting in the University Council and deciding upon the Statute (Law on HE, 2005, Art. 64). Representatives of students, state and non-teaching staff are present on the University Council meetings, but are usually outvoted by the majority of members – academics. In this way, academic staff decides who is suitable to become 'one of them'. This example also shows how other stakeholders, such as students, industry, employers, and, in some issues even the state, are still not perceived as an important decision-making partners.

In the future, based on the Strategy (Strategy, 2012), a slight decrease of influence of academics on HE system is expected. Introduction of European dimension in HE is the main impulse for this. Quality assurance and quality enhancement processes, set as one of the priorities for the future HE, recognize the need for competence improvement of academic staff and transparency of decision-

making within university. Also, the Strategy defines stricter performance-based appointment of professors. Increasing mobility of students and lecturers and experiencing other systems, is also one of the priorities set for the future which can 'shake' the established belief in undisputed authority of university professors. Introduction of other stakeholders in the decision- and policy-making processes, as well as strengthening university leadership (management) are recognized in the Strategy as important factors in modernising HE (Strategy, 2012). Thus, increase of these two dimensions (stakeholders and management) can also provide significant support for decrease in academic self-governance. However, this transition might be difficult, due to long-lasting establishment of the current functioning. The second setback could be the peer-review based evaluation which is often used as a quality measure.

2.4 Managerial Self-Governance

As it has been already mentioned the influence of relatively high and restricting state regulation, combined with high academic self-governance in the past has been impeding raise in managerial self-governance in Serbian HE. The form of authority in HE system in Serbia is a mixture of personal and collegial rulership, with the emphasis on the latter. Clark (1983, p. 111) argues that "[if] the formal system places a chaired professor in charge of a domain of work and then does not enforce its many laws and codes through checking-up procedures that would detect deviation - typically not done in HE - it invites avoidance of rules." This is something that can be observed in Serbia all too often. Central to the collegial rulership, on the other hand, is the appointment from below, from within a body of peers, but this usually results - as it is case in Serbia - in amateur administration. Thus, the level of managerialism is essentially dependent on one's personal capabilities rather than institutional setting. Rectors, as well as deans, are always aware of the fact that they are dependant on peer support to get their ideas through. Senior faculty members and members of the Senate, who are often rather conservative in their opinions, vote on almost all important matters, including management's term in office (Clark, 1983), which is enough to throw cold water on any 'hot' reform-oriented idea.

The Law on HE only helps maintain the current low level of managerial self-governance as it allows faculties to remain legal entities, financially independent from the university, which as a consequence has weak university management. The degree of managerial self-governance on the faculty level, where the deans do have some power of authority, is not much higher either - with several notable exceptions mentioned in section on stakeholder guidance. The academic self-governance and collegial rule are deeply entrenched in the statutes and bylaws, as well as minds of some professors, for whom the period of worker self-management never really ended. There are numerous councils (electoral, scientific), even more committees (ethics, financial, QA, investments etc.), scientific boards (for each field of science) and several consultative bodies that debate, dilute and maintain the status quo.

The current Serbian HE system, that can be described as slow-reacting, conservative, and restrictive, is placed in a dynamic and fast-changing environment of European Higher Education Area. As financial autonomy rises so should the responsibility and accountability for own future. Strategy (2012) emphasizes Quality Assurance and self-assessment mechanisms. It mentions the concept of "entrepreneurial university" (Strategy, 2012, p. 93) but does not elaborate on it any further. Several TEMPUS projects in recent years (Towards a more sustainable and equitable financing of higher education in Serbia, Bosnia and Herzegovina and Montenegro (FINHED), Building Capacity for Structural Reform in Higher Education of Western Balkan Countries (STREW), and Governance and Management Reform in Higher Education in Serbia (GOMES)) have been tackling the issue of governance of universities but without concrete results and system changes. It can be therefore concluded that it will take some time or some strong new impetus to raise the current level of managerial self-governance. Still, it is questionable if this would actually be desirable and would lead to better management overall as there are many examples of problems in direct translation of new management ideas in different settings.

2.5 Competition

Dimension of competition has had a minor influence on governance mode of HE in Serbia in the past. A significant change happened in the recent history. After the democratic changes in 2000 we can recognize a glimpse of 'quasi-market' in establishing private HE sector. Majority of private universities that are still operating were founded after 2000. For instance, Singidunum University, Union University and Metropolitan University in Belgrade were founded in 2005, and Educons University in Novi Sad in 2008.

Today, impact of quasi-market in HE is relatively big. Competition for scarce resources is visible between public universities, as well as within. An attempt to analyse the functioning of competition, between and within universities in Serbia, led us to a relevant study. Education Policies Centre has conducted a research "The working conditions of teaching staff" in 5 faculties within the University of Belgrade (the biggest public university in Serbia) in 2008 (Jarić, 2009). When interviewed about day-to-day functioning of the University of Belgrade, teaching staff diagnosed the current situation as "defragmentation". They described defragmentation as present on every level – of universities on national level; of faculties on level of one university; and, on departmental level within faculty (Jarić, 2009).

We see defragmentation as the main driver-force for competition. Defragmentation is reflected in lack of cooperation and common strategic orientation. Some of the words used to describe this phenomenon are also "institutional isolation" and "atmosphere of autarky" (Jarić, 2009). Defragmentation leads to a specific kind of competition (unproductive competition) where units compete for resources not by defining their specific institutional profile, nor providing better quality and service. Rather, they call upon the established authority based in tradition and historically gained reputation. We see this as a legacy of communist worker self-management.

One of the alarming consequences of this unproductive competition is continuous 'brain-drain' that started during the 1990s. Defining the current situation of HE, Strategy diagnoses this problem and proposes a measure: improvement of HE quality by developing quality assurance system and intensifying competition (Strategy, 2012, p. 106).

There are some indications of change toward quality improvement in HE stimulated by private sector and opening to EHEA. Private universities offer modern, competitive curricula and greater student mobility steering the education towards market demands. There are different (often opposed) opinions about the impact of the private HEIs on the quality of the education as well as of learning outcomes. Opponents of private HE criticize consumerist character of private universities. On the other hand, private HEIs provide better condition for the advancement in science due to financial organisation and produce competitive professionals. This is an on-going debate with no definitive answers. However, it is evident that private sector stimulates competition and forces public universities to position themselves on emerging quasi-market. Second impetus for profiling of HEIs comes from competition within EHEA. Not just domestic, but also the foreign players will expand quasi-market and competition will play more important role in governance mode of HE system in the future.

Establishment of entrepreneurial universities and further internationalisation of HE (international study programmes and so called 'brain circulation') are also actions proposed by the Strategy, which will additionally sharpen the competitive edge of universities in Serbia (Strategy, 2012, p. 93&122).

3. Governance Equalizer in Serbia

Based on fairly detailed description of HE system in Serbia we designed the governance equalizer. Using this analytical tool we tried to visually encompass the five dimensions of governance mode in the past, present and future (see Figure 3).

The beginning of the arrows (green square) presents respective dimension of governance in the past – year 2000. Our description sometimes goes further back in the past due to estimation that historic background is needed. The current situation (2013) is represented by the point where the green and orange arrow meet. Length of the arrows shows the degree of change in respective dimension.

SR: State Regulation

ASG: Academic Self-Governance

EG: External Guidance

MSG: Managerial Self-Governance

C: Competition

à Past and current state

à Future outlooks

NPM benchmark

Figure 3: Governance Equalizer in Serbia

3.1 Tendencies

Summing up, it is important to point out some of the main trends of development regarding governance in HE in Serbia. The biggest changes (resp. the longest arrows) happened in the dimension of state regulation and competition. As we already elaborated, state regulation has significantly decreased (especially in last 5 years) since the adoption of the new reform-oriented Law on HE in 2005. The Law fully complied with Bologna principles and result was: less direct state regulation. It gave HEIs more academic freedoms and autonomy to decide upon internal organization and budget allocation. If we take NPM as the ideal model, this change can be perceived as a progress, a positive development. And, in reality it had positive consequences for HE, such as establishment of buffer bodies and introducing quality assurance system. However, decrease of state regulation had some negative aftereffects – strengthening of academic self-governance. Very often on opposite sides, state and academics are dominant in governing HE. The state has the role in defining the shape of the system through laws, while curves of the everyday life at the university are drawn by the academics (through statutes of universities and faculties).

Considering the entire previous analysis of HE, we find that the main reason for this inconsistency of developments (taking NPM benchmark) is the lack of accountability of HEIs in Serbia. Although present, the quality assurance system is still weak to go one step further and become *quality enhancement system*. HEIs are still untouchable Ivory towers.

Competition on quasi-market is the second dimension that significantly increased in HE in Serbia. As explained, the competition is still underdeveloped and quasi-market is emerging. It can be expected that this trend will keep increasing due to globalisation processes and perspective of EU accession. We see this as a positive development mainly because it can lead to lowering of the Ivory towers. The Strategy mentions, but does not elaborate on development of the performance-based funding or importance of efficiency in spending and allocation of scarce resources.

Less visible changes happened in dimensions of stakeholder guidance and managerial governance. Due to struggle between academic self-governance and state, and their overall dominance, there is still little space for stakeholders' involvement and managerial decision-making. We believe that the main obstacle lies in difficulty to overcome the communist legacy. Society that was oppressed by one political party is used to perceive any actor from 'the outside' - outside of profession or sector - as political control and threat to autonomy. This specific mind-set is the reason, we believe, for impossibility to fully apply NPM principles in the present HE system in Serbia.

3.2 Different Opinions

In order to explore the possibility of perhaps different opinions, we have created a small questionnaire (see Appendix 1) related to the Governance Equalizer and sent it to several contacts in Serbia. The aim of the questionnaire was not to serve as an opinion poll, but rather to provide an additional perspective. Participants were asked to estimate the influence of five governance dimensions on the scale 1-10 (1 minimum, 10 maximum) on HE system in past, present, and future. There was also space for comments where they could elaborate their opinions and experiences.

We have received 7 answers in total: 2 from university administrative staff, 2 from junior academic staff, 2 from senior academic staff and 1 from Non-Governmental Organisation (NGO) dealing with HE issues in Serbia. The results are presented in the Figure 4 below.

Figure 4: Different opinions

Although it would be hard to draw general conclusions based on such small sample, we did notice some trends. With regards to state regulation it can be noted that junior academic staff have perception of extremely high state control which they explain as a result of past tendencies. Senior academics also give higher importance to the state primarily due to its financial role. Other opinions fall more or less in line with our projections.

In the dimension of stakeholder guidance there is less divergence of opinion but noticeably academics have somewhat higher perception of stakeholder inclusion, which can also be explained by their background (can depend on their faculty).

It was very interesting to notice that junior academics recognize much lesser level of academic self-governance than their senior colleagues, who are also mostly part of the academic oligarchy and therefore have more knowledge on inner workings of the system. For junior academics the main actor, obviously, is the state and the role of academics is second stringer. It is also interesting to point out the difference in opinions between the junior and senior administrative staff, which can be explained by the lack of relevant experience.

When it comes to managerial self-governance it would be important to point out that different faculties can offer different perspectives and thereby influence the opinion of poll taker. Generally, moderately higher scores for Managerial Self-Governance in most of the answers can be noticed.

Results for the competition dimension are similar across the board. We would like to address to two opinions in particular - one junior academic and the NGO. In the opinion of the junior academic the reason for low competition lies in the fact that Serbian universities are not integrated. This stands in line with our analysis, that defragmentation creates unproductive competition based in authority ('quasi competition'). On the other hand, we cannot say that 'quasi market' is present, rather emerging (in the way that de Boer et al. defined it). Similar is the opinion of NGO that do not believe in existence of any kind of 'quasi market' due to the fact that Bylaw that regulates funding of public universities has not been changed and the current one does not promote competition. In their view private universities have too small market share to be considered serious contenders.

Overall, we do not think results were that surprising, but no conclusive remarks can be made due to small sample size. We believe that a more elaborate questionnaire on this matter could shed new light and help us better understand the governance of HE in Serbia.

4. Conclusions

In conclusion, we reflect on previous analysis of HE system in Serbia through several points.

First, we find governance equalizer, as an analytical tool, extremely helpful for better understanding of the way the HE system works. It offers five, quite different perspectives in examining the same phenomenon. It also helped us realize the interconnection and the mutual dynamics of these dimensions. We came to realization that usually the movement in one dimension resonates in other four. How will the sound (the change) resonate depends mainly on the resonance box (HE system) and the settings on the equalizer (governance forces). Tuning or equalizing the audio frequencies (governance forces) is crucial for producing good music (more quality in HE).

Second notion is that any process of change takes time. Serbia has a long way to go in order to overcome the communist legacy and consequences of war. While overwhelmed by the specific mind-set we mentioned, NPM ideal, as de Boer et al. defined, is practically impossible to reach. The main holdup is the lack of accountability in HE on every level. However, governance equalizer helped us detect some changes, which means that situation is slowly improving. Establishing quality control system, recognizing the potential of entrepreneurial university and opening to EHEA are some of the shining examples of improvement.

At the end, this analysis has answered some questions, but raised new ones. The recognized changes are mainly connected to democratisation of society. On the other hand, Bologna process has had a huge influence on HE. The question remains whether these changes are the result of Bologna process, the influence of NPM ideas, Europeanisation or globalisation processes. Most probably, the answer lies in the combination of all four, but that is a subject of some future research.

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Appendix 1: Governance equalizer questionnaire

Source: de Boer ,H., Enders J., Schimank U. (2007) *On the Way Towards New Public Management?*

The Governance of University Systems in England, the Netherlands, Austria, and Germany in: Jansen, D. (eds.): *New Forms of Governance in Research Organizations. Disciplinary Approaches, Interfaces and Integration*, Dordrecht, Springer, 135-152

Governance equalizer comprises 5 dimensions: state control, stakeholder guidance, academic self-governance, managerial self-governance, and competition. In ideal case put in the article by de Boer at al. State control should be on low level (2), as well as academic self-governance. Other dimensions are set higher (7-8).

Instructions: give estimate of past, present, and future situation in Serbia (1 minimum, 10 maximum) and mark with „X“:

1. **State control** refers to regulation by directives, i.e. detail prescriptions from the government for behavior under certain circumstances. Here authors denote the traditional idea of top-down authority vested in the state. For example financing, quota setting, legislation etc.

	1	2	3	4	5	6	7	8	9	10
Past 2000-2012										
Present 2012-2013										
Future 2014-2018										

Commentary (2-3 sentences):

1. **Stakeholder guidance** dimension concerns involvement of other actors through goal setting and advice (for instance, intermediary bodies or industry representatives). In public university systems the most important stakeholder is government, but not necessary the only one. For example buffer bodies, ex-ante or ex-post control, industry inclusion, student inclusion.

	1	2	3	4	5	6	7	8	9	10
Past 2000-2012										
Present 2012-2013										
Future 2014-2018										

Commentary (2-3 sentences):

1. **Academic self-governance** speaks about the role of academia and professional communities in HE systems. Their role is institutionalized through mechanisms like peer review-based

self-steering of academic communities or collegial decision-making at universities. For example power of bodies such as Senate, councils.

	1	2	3	4	5	6	7	8	9	10
Past 2000-2012										
Present 2012-2013										
Future 2014-2018										

Commentary (2-3 sentences):

1. **Managerial self-governance** concerns organisational hierarchies at the university level – regulation and decision-making of the university leadership (rectors and deans). For example performance agreements.

	1	2	3	4	5	6	7	8	9	10
Past 2000-2012										
Present 2012-2013										
Future 2014-2018										

Commentary (2-3 sentences):

1. **Competition** within and between universities for scarce resources (personnel, finances or prestige) doesn't involve real market. Rather, it is, so called 'quasi-market', where customer demands are replaced with performance evaluations by peers.

	1	2	3	4	5	6	7	8	9	10
Past 2000-2012										
Present 2012-2013										
Future 2014-2018										

Commentary (2-3 sentences):

Commentary (2-3 sentences):

A comparative case of Slovenia, Romania, Serbia and Macedonia in the context of EU membership status

Martin Galevski and Georgiana Mihut

Abstract: Academic literature suggests the emergence of New Public Management (NPM) as a driver for managerial and governance trends in higher education (Gibbons et al., 1994). We use the governance equaliser framework developed by de Boer, Enders and Schimank (2007) to comparatively analyse and discuss the state of affairs of NPM in Slovenia, Romania, Serbia and Macedonia. Additionally, as the selected countries vary according to EU membership status, evidence suggesting the impact of the supranational institution on national higher education systems is discussed. Trends counterweighting to NPM ideals are presented for all selected countries, with the impact of EU membership status on the use of NPM in higher education governance being nonlinear and limited

1. Introduction

Nearly two decades ago, across European Union member states, there has been a considerable shift in the governing of public funded institutions, most significantly of higher education institutions (Neave & van Vught, 1991; Sporn, 2005). The rapid increase in the number, and size of universities and the complexity of demands placed upon them, have, many writers contend (Gibbons et al., 1994; Delanty, 2001; de Boer et al., 2007) promoted new ways in which higher education institutions are governed. This constellation of events has created space for New Public Management (hereinafter NPM) - to describe a wave of public sector reforms seeking to enhance the efficiency of institutions by the use of more managerial and market based approaches of governing (Hood, 1991; Pollitt & Bouckaert, 2000).

Similar to other types of public sector institutions, higher education has also been largely involved and affected by the NPM reform process. Some of the most influential representations of this normative model have increasingly advocated for a reorientation of the tradition of higher education, suggesting that the traditional (liberal) definition of universities – as institutions of self-contained activities – should be abandoned and replaced by a more provisional and pragmatic view towards the role of universities – as highly contextualised, more business-like and immensely dynamic education institutions (Gibbons et al., 1994). Yet, the necessity for change in the governing dynamics of universities towards the characteristics of the NPM have not been equally apparent among EU member states, still less between countries aspiring EU membership.

This paper, in the most general sense, explores the changes taking place under the NPM modality of governing, as one of the most influential models linked with recent higher education developments. More specifically, the paper examines the impact of NPM by comparing two EU member states (Slovenia and Romania) with two EU accession countries (Serbia and Macedonia). The analysis measures how far and in what respect there are differences or similarities between the EU and non-EU states under study as regards the attributes of the NPM paradigm. Given that countries under study have commonalities in the historical development of higher education, as well as somewhat similar effects of the economic and political transition, the study provides a fruitful ground for comparative research.

In order to comparatively analyse and discuss the state of affairs of NPM in Slovenia, Romania, Serbia and Macedonia, the main framework for analysis of this paper is the concept of “Governance Equaliser” as defined by de Boer, Enders and Schimank (2007). The equaliser has the purpose of measuring the impact of NPM elements at system level. The concept distinguishes between five independent governance dimensions that together create a governance framework of a particular higher education system: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition for scarce resource.

State regulation concerns the traditional top-down prescription of reform, whereby the state imposes and instructs in (lesser or greater) detail the intensity and direction of reform. Under stakeholder

guidance the government remains an important actor, however, it does not have an exclusive decision-making power and as such frequently delegates public authority duties to “other actors, such as intermediary bodies or representatives of industry in university boards” (de Boer et al., 2007, p. 4). Academic self-governance concerns decision-making made by self-steering academic communities within the university. It tends towards strong collegial dominance of the professoriate in governing bodies. Managerial self-governance involves the formation of managerial leadership within universities. This spread of managerialism moves closer to a corporate model of governance with much tighter organisational structure and stronger influence of top level decision-making positions. Finally, competition stands for employing market-type competition principles within the higher education sector.

The authors of the equaliser also identify the suggested direction of reform, using NPM as a reference point. A perfect NPM model has a rather low level of state regulation and the role of academic self-governance should be marginal.

2. Applying the Governance Equaliser

2.1 Serbia

a) State Regulation and Stakeholder Guidance

The decade of the 1990s in Serbia was marked by a period of armed conflicts, political instabilities, devastating economic decline and international isolation. As other parts of the public sector, higher education was severely affected by the crises with most reform processes being suspended or under tight control from the authoritarian government – marking a lost decade for Serbian higher education. After the fall of the regime in 2000, the newly elected democratic government initiated a series of higher education reforms inspired by wider European trends. A major step in this direction was signing the Bologna Declaration in 2003 aimed to harmonise Serbian higher education towards the common European Higher Education space.

The new Law on Higher Education from 2005 served as the legal basis for restructuring the Serbian higher education landscape, with changes predominantly on system level and less on the institutional one (Branković, 2010). Referring to the higher education steering approaches, as defined by Gornitzka and Maassen (2000), and in close relation to the changes made to the legal framework, the Serbian higher education can be characterised as a hybrid model, incorporating aspects of both corporate steering and self-regulation. Traces of corporate steering are evident from the redistribution and transformation of authority on system level, with higher education moving away from the traditional emphasis on forms of state dominance towards a system of shared governance through buffer bodies (Vujačić et al., 2013). However, as most buffer bodies are mainly composed by members of the academic community, the distribution of decision-making authorities has now shifted predominantly in favor of the academic oligarchy rather than a wider pool of stakeholders. From this point of view, the Serbian higher education system falls close to the model of self-regulation, with the academic community setting the pace of reform. As pointed out by Turajlić (2009, p. 17) the transfer of power initiated by the state might be understood as a sign of “utmost confidence [in the academic community], but also of a complete disinterest bordering with neglect”.

b) Academic and Managerial Self-Governance

Decades long higher education governance tradition in Serbia is characterised by highly fragmented universities, representing a fairly weak conglomerate of highly autonomous units. Faculties thus tend to act as separate entities, representing virtually specialised ‘universities’ with little concerns over other units. With faculties having their own legal status, the role of the university has been reduced to administrative functions. The situation has created a misbalance between the authority of the dean as an executive position and the authority of the rector as an honorary position. While members of university leadership and administration incline to a more unified system of governance, the majority of academics and faculty managers have been reluctant to give up their administrative and financial autonomy and do not particularly welcome an organisational

rearrangement in favor of a centrally administered and strategically run university (Zgaga et al., 2013).

Although the Law on Higher Education from 2005 did not change the basic university structure of autonomous faculties, it introduced an article which broadly provides a pathway towards the integration of universities: "...by implementing unified policies aimed at continuously improving the quality of teaching and improvement of scientific research" (LHE, 2005, Art. 48). The introduced article intended to follow the recommendations made by the European University Association earlier in 2002, which suggested that the move towards integration in line with the objectives of the Bologna process must come from "a top-down legislative decision, since there are too many vested interests in the current fragmented structures for this radical change to be possible as an initiative from within the university only" (EUA, 2002, p. 6). It is worth noting, however, that buffer bodies, such as the Commission for Accreditation and Quality Assessment and the National Council for Higher Education, along with some universities had a more important role in bringing about the functional integration of higher education institutions than the state itself, in the period following the legislative changes. Within the scope of the GOMES Tempus project designed to support the structural reform of higher education in Serbia, a model of functional integration of universities has been developed; with the intention of its acceptance at the national level in near future. The so-called "functional integration" laid down in the model is described as "a pre-requisite to improve the educational and scientific activities of the university, aimed at achieving the goals set by the strategy 'Europe 2020' and the relevant national strategy 'Serbia 2020'" (GOMES, 2011, p. 1). While the model of institutional management proposed is in line with temporary requirements and trends in the EU, at this early stage of development it remains an open question whether it will gain traction to ensure a coordinated and substantive integration of universities in Serbia.

c) Competition

An important novelty introduced within the Law on Higher Education from 2005 is that the legislative act does not differentiate between public and private higher education institutions. However, public universities and private universities are in different positions in relation to funding, as private universities are not entitled to any public funding (EACEA, 2012). State funding for public universities is mainly allocated on the basis of line items, with predominantly input based criteria; leaving little space for funding allocation based on competition or performance or any output criteria (Ivošević & Miklavič, 2009).

In terms of the study programs being on offer, the majority of private universities compete with public universities in lucrative and low cost areas such as those of business studies, social sciences and humanities (Zgaga et al. 2013). Only few private universities have been able to diversify their portfolio in disciplines such as engineering, mathematics and other technical sciences (Vujačić et al., 2013).

2.2 Macedonia

a) State Regulation

After the dissolution of Yugoslavia, the Macedonian Constitution from 1991 granted independent legal status to universities, however, a more specific piece of legislation regarding higher education was missing. In 2000, a Law on Higher Education was introduced and later replaced by a new version in 2008. In the wider lawmaking tradition of the country, both laws were detailed in their content and envisaged rigorous penalties for higher education institutions up to 100.000 euros. Among the majority of academics, however, the high intensity of legislative change and tendency to overregulate has been perceived as an attempt of institutional intrusion and potential loss of institutional autonomy. By means of extensive legislative regulation, the state has recently increased its power to set the most important elements of reform. With a commitment to rapidly improve the number of graduates, particularly in rural and less economically developed regions, the government established three more public universities and doubled the number of faculties in just five years (Galevski, 2013). As a result, in 2011 the number of newly enrolled students in tertiary education has risen by 43 per cent compared to the levels in 2006 (SSORM, 2011). As regards the funding, the

Law amendments in 2003 and the later Law in 2008 handed funding responsibilities to the Council of Higher Education Funding, as an independent and intermediate body that operates on the principle of expertise and competence. However, until present, the body has not been formed, thus, the allocation of funds and the funding model remain the exclusive competences of the Ministry of Education; leaving little or no power to the universities for redistributing funds according to their particular needs. The present situation in Macedonia therefore falls close to the “sovereign state steering model” as defined by Maassen and Gornitzka (2000), where higher education is under tight control by political authorities and seen as a governmental instrument for reaching political, economical and social goals.

b) Stakeholder Guidance

In Macedonia, at present, the participation of various stakeholders, both on institutional and system level, is limited and only a small number of actors influence the decision-making processes. Strategic governing bodies such as University Senate and Rectors Board are consisted exclusively of traditional stakeholders, namely senior academics and students. After the signing of the Bologna Declaration in 2003, the level of student participation in governing bodies has increased overtime to a legally prescribed minimum threshold of 10 per cent. The Law on Higher Education from 2008 intended to introduce changes by establishing University Councils and Faculty Committees envisioned to incorporate external stakeholders from the business community, local government and other interest groups in the decision making processes. However, the practical competence of such bodies to represent the interest of various public groups within the university remains unclear and marginal. Periodic memorandum-based partnerships between the business community and individual faculties continue to be the predominant form of collaboration.

c) Academic and Managerial Self-Governance

In line with its previous socialist legacy, the Macedonian higher education system in the 1990s was characterised by a peer-driven model of collegial self-governance with the ‘academic oligarchy’ remaining the most important actor of internal governance. In addition, faculty units sustained a relatively high degree of independence, with little space for functional integration of universities. The internal organisational structure of public universities remained unchallenged for some time, despite a number of constraints being closely associated with the model in place. An evaluation carried out by the European University Association in 2003 identified the loose association of faculties as a major constraint and inadequate for modern universities (EUA, 2003a; 2003b). Following the changes of the Higher Education Law in 2008, public universities undertook an organisational and functional reform towards integration. The new Law took away the possibility of sub-units to act as legal entities and strengthened the role of centralised management (the University Senate, the Rector and the Rector’s Board). However, academic staff and student representatives remained as members of governing bodies. Bearing in mind the previous tradition of collegial self-governance, faculties maintained a considerable level of autonomy, particularly in areas related to curriculum and teaching (Vujačić et al, 2013b; EACEA, 2012).

d) Competition

Differently from some other countries in the Balkan region where competition among higher education providers has been developed mainly as a means of quality improvement and demand absorption in Macedonia competition came about as a secondary consequence of a politically driven discussion primarily focused on resolving the lack of higher education opportunities for ethnic minorities. In the 1990s the Albanian minority, which represented almost a quarter of the country’s population, was denied the right of higher education in the Albanian language, resulting with low number of ethnic Albanian students interested in furthering their education. In 2001, following the enactment of a new Law on Higher Education enabling the founding of private higher education providers, the South East European University (SEEU) was established as the first private university, aiming to respond to the educational needs of ethnic Albanians. Shortly after its launching, the functioning of SEEU created a situation where public universities faced the need to

reform and improve. Low barriers to entry resulted in the increase of private universities, however, due to limited operational capacities, often these institutions have been perceived as unprepared for creating their own quality niche. The amendments to the Law on Higher Education from 2003 did create a legal basis for public financing of private higher education institutions. Due to scarce public financial resources, however, such a scheme has not been implemented in practice. In addition, with a series of measures initiated by the state - notably reduction of tuition fees within public universities and the launching of three new public universities – the relative competitive balance between private and public providers has been considerably disrupted – mostly in favor of the second; leaving the future of private higher education uncertain.

2.3 Romania

a) State Regulation

Along with the academic oligarchy, the state is still the most important player in governing the higher education landscape in Romania. The most important tool the state uses to steer higher education is issuing legislation. After the 1989 revolution, the total number of students enrolled in public higher education grew from 164.507 in 1989-1990 to 240.000 two years later. Sixty-six private universities emerged in the same period incorporating an addition of 100.000 students (Owen et al., 1995). At the same time, Romanian higher education seemed to lack a proper legal framework, and the state relied increasingly on ministerial orders and decrees. By 1995, when the first post-socialist Education Law was published, more than 2000 ministerial orders and decrees were issued (Owen et al., 1995). One would expect that such a high number of orders and decrees signal a low institutional autonomy, but Prof. Robert Reisz[i] characterises this period with a high level of autonomy for universities, as government officials enforced the regulations and the directives in a selective manner. This statement does not apply to private universities, as the Law for Accreditation of Higher Education Institutions, issued in 1993, created a number of minimum conditions for universities to receive accreditation and operate within the Law. This Law was targeted at regulating the massive number of private institutions that emerged in the early years after the revolution, some of which did not have sufficient operational resources (Birzea, 1996). With the enactment and enforcement of the 1995 Education Law, the autonomy of all universities in Romania starts to decrease again, as line item budgeting was used and only few autonomous buffer institutions mediate between universities and the state.

Since 1999, the autonomy of Romanian universities has increased, with the state implementing lump sum budgeting and formula based funding. The reforms in 2005 and 2006 introduced buffer institutions to mediate between the state and the tertiary education system, including “a two level quality assurance system” (CHEPS, 2007, p 185). The role of the state registered “some increase” in the decade before 2007, as it is involved to a large degree in designing the university mission and strategy, in steering its human resource management by creating general guidelines, enhancing the emergence of public-private partnerships, and determining the number of state subsidised student places (CHEPS, 2007, p. 185-186).

According to Oana Sârbu[ii], the Romanian accession to the EU in 2007 did not bring about substantial changes to the position of the state and university autonomy in Romania. A rush to implement Bologna reforms and increase the role of the students characterises the years before 2007. The reforms continued after accession, but few changes attributed to the EU can be noticed since.

In 2011 a new National Education Law is enacted, which envisages a number of important changes pertaining to the higher education field, including strict regulations on the election procedure and the term limit for rectors. The 2011 Law was a top down initiative of the government at the time, aiming at changing the long entrenched leadership of most of the large Romanian universities.

b) Stakeholder Guidance

Historically, official involvement of external higher education stakeholders has not been visible in Romania. Universities did not and do not have advisory bodies or boards of trustees that would be

involved in the decision-making process of universities (Eurydice, 2008). The senate is formed solely from internal stakeholders of the university (Eurydice, 2008). The rector and the senate, as main decision making bodies within a university, become leading internal stakeholders.

Students gained more representation, not only at the university level, but also in the area of quality assurance. According to the 2011 National Education Law, 25 per cent of the university senate is comprised of student representatives (National Education Law, 2011, Art. 208). Two student representatives of the two student unions in Romania are members with voting rights in the Romanian Agency for Quality Assurance in Higher Education Council, the highest decision-making forum for quality assurance of higher education issues in Romania. Indirectly, quality assurance methodologies involve consultations of University stakeholders such as local and national companies and alumni (ARACIS, 2010).

c) Academic and Managerial Self-Governance

The concept of managerial self-governance has little or no significance in the Romanian context. The hierarchical structure of the Romanian university remained constant for the most part of its history. The most important decision-making bodies at the level of the university are the rector and the senate. Possible areas of tension might arise between different levels of governance within universities, specifically between the faculty level of governance and university level of governance, as Reisz indicates.

Middle management, in this case, faculties and departments, are involved to some degree in defining the mission and the strategy of a university, in designing new study programs, and in the arrangement of Public Private Partnerships. At the same time, they are involved to a large degree in the process of finance allocation, human resource management and student selection. All areas of involvement, with the exception of designing new study programs, coincide with areas of involvement of the central management (CHEPS, 2007). This overlap of responsibility could potentially lead to tensions between different hierarchical levels.

d) Competition

Competition for students is one of the main areas for rivalry between universities in Romania, as the main criteria for financial state allocations is the number of students (CNCFIS, 2007). Having in mind the decreasing number of students, partly influenced by the demographic loss of 17 per cent in Romania since 1992 (Cosciug, 2011), and along with the reduced success rate of national baccalaureate from 80 per cent in 2009 to 43 per cent in 2012 (Romania Libera, 2012), state universities struggle to attract students more than ever. In addition, the increase in the number of mobility programs in the EU context, as Sârbu points out, has resulted in a rise of the number of Romanian students choosing to study abroad.

The situation is even more difficult for private universities, the budget of which is based on collecting tuition fees. Reisz indicates the choice hierarchy of students faced with the decision of which university to attend: “the first choices are the public universities. Here, the more prestigious public universities have an advantage over the less prestigious ones (...). After state subsidised places are filled, there are not too many students left for private universities to compete for. This caused several of them to close down”.

Research funding represents another area of competition for universities, as research grants are allocated based on public calls for proposals. General funding schemes are based on set formulas, with both public and private universities that meet the excellence criteria being eligible to receive extra funds (UNEFISCDI, 2013). Other potential areas for competition, such as personnel and prestige seemed to be irrelevant in the perception of Reisz. What did seem to be relevant was the fact that universities in Romania started to compete in a global market, as more prestigious universities in Romania, such as the West University Timisoara and Babes-Bolyai University try to attract student from neighboring countries, such as Hungary and Germany.

2.4 Slovenia

a) State Regulation

According to article 58 of the Slovenian constitution, universities are autonomous. Early regulation of higher education attempts following the acquisition of national independence in 1991 address fundamental conceptual issues, such as the issue of the fragmented university system with strong faculties and a weak central administration, the quality and evaluation of institutions, and the Europeanisation and internationalisation of universities (Zgaga et al., 2013).

In 1993, the Higher Education Act (HEA) was adopted. The act started the abolishment of the legal status of faculties at the same time as allowing faculties to maintain ownership over financial accounts with “flows outside the public budget for higher education” (Zgaga & Miklavič, 2011, p. 16). Further amendments were introduced in 1999, when the concept of university autonomy was fully implemented and a lump sum budgeting scheme was introduced (CHEPS, 2006).

Slovenia joined the Bologna process in 1999. Both the Bologna process and the European Higher Education Area (EHEA) provided “a conceptual basis for modernisation” (Zgaga et al., 2012, p. 16) and steered the direction of state influence on higher education in relation to quality assurance.

In a personal communication, Pavel Zgaga[iii] describes a twofold status of the relation between the state and higher education. Firstly, the state creates a large space for autonomy for private higher education institutions. On the other hand, the political involvement in public higher education is very high, as changes in government are reflected in changes in policy. Issues of liberalisation of quality assurance criteria for private universities are at the heart of the debate between various political blocs in Slovenia. According to Ivan Laban[iv], the director of the Slovenian Quality Assurance Agency, the establishment of the agency as an autonomous agency in 2010 represents a signal for a diminishing role of the state in Slovenian higher education governance.

b) Stakeholder Guidance

The involvement of external stakeholders at a system level in Slovenian higher education is limited according to Zgaga. At an institutional level, students become prominent stakeholders in higher education in Slovenia. According to the HEA amendments of 1999, universities are required to create a governance structure composed by all faculty staff and at least one fifth of its members should be representatives of students (CHEPS, 2006). Similarly, students are involved in the process of electing the university rector.

c) Academic and Managerial Self-Governance

Traditionally, the academics have a high level of self-governing in Slovenia. The two most important governing bodies in a Slovenian university are the rector and the senate. Historically, due to legislation issued in late 60s, early 70s, faculties in Slovenia were provided with full legal personality. Universities were redefined as “associations of independent faculties” (Zgaga, 2011, p. 16-17). This heritage led to friction between the central level of university governance and the faculty level of governance that lasted past the HEA reforms in 1993 (Zgaga 2002, Zgaga, 2003). According to the personal communication given by Zgaga, managerial governance does not seem to be a relevant concept in the Slovenian context, as academic staff composes to the largest extend governing bodies.

d) Competition

Competition between private and public universities in Slovenia is virtually inexistent, as the private higher education institutions includes as little as 5 per cent of the total student population in the country (Ivošević and Miklavič, 2009).

Slovenian universities are financed through a lump sum budgeting scheme. The funding formula uses input and output criteria, along with field related factors and corrections based on the previous year budget. Slovenian universities have the autonomy to receive private funds from donors, rent and revenue of property, sponsorships, fees from service provisions, interest and the creation of commercial companies, but their ability to acquire loans is restricted by legislation (Eurydice, 2008). This budgeting scheme allows for a high level of financial autonomy (Ivošević & Miklavič, 2009). The lack of competition for general university funding incentivises universities in the public system to compete little with each other. Research funding, on the other hand, is distributed on a competitive basis. This area of funding brings some element of competition between universities.

As Zgaga indicates, partnerships for European funding acquisition determine universities to cooperate for economical reasons. International cooperation and mobility, under EU influence created an academic layer of competition between universities. As staff, teachers and students travel and as local universities become more international, new standards of excellence and quality are created.

3. Analysis and Conclusions

The country analyses above focusing on the elements of the government equaliser reveal the state and the academic oligarchy as the most important higher education actors in Macedonia, Serbia, Romania and Slovenia.

The role of the state varies discretely between the four countries, but regulations and finance quasi-monopolies make it a noteworthy player. May it be the national agencies for quality assurance, or independent funding bodies, buffer institutions in the selected countries decrease some of the state power over higher education.

Little external stakeholder involvement can be noticed in any of the analysed countries. The rector and the senate remain the most important internal stakeholders, and both these institutions are fully composed from representatives of the academia. As students gain increasing representation in higher education decision-making bodies, discussions about students as stakeholders become part of the academic jargon in Slovenia and Romania.

The concept of managerial governance has little manifestations in the nation states under scrutiny. It is the academic, collegial self-governance that describes the decision-making processes at an institutional level. Higher education systems in all analysed countries signal decision-making tensions between faculties, or middle level management, and the central administration. The reasons for this tension differ between Macedonia, Serbia and Slovenia on one hand, and Romania, on the other. The ex-Yugoslav heritage allowed for faculties to have individual legal status, and act insularly from other faculties and the central management. While current legislation in Macedonia, Serbia and Slovenia attempts at altering this heritage by removing the legal status of faculties, the cultural and behavioral ramifications can still be felt today. On the other hand, the reasons for tension between faculty and central management are due to overlapping areas of decision-making capacity in the Romanian context.

Areas of competition vary between the analysed countries, but the overall level of competition is rather low. This trend can be explained by the input based formula funding systems utilised. Competition between public and private universities has a low ramification mainly because of the quasi monopoly of the public universities over students in all countries. Research funding seems to be a common area of competition between universities. Recently, students became an area of competition for universities in Romania. Both in Romania and Slovenia, due to international mobility, universities perceive themselves as having to compete in the international arena, while competition in Macedonia and Serbia still pertains to the national borders.

Variations between the non-EU member states and the EU member states analysed are minimum. This serves as evidence of the reduced role of the EU in steering national higher education affairs. The Bologna process marked its fingerprint on all the analysed countries, but the EU functions mainly as a promoter of mobility, and a funding agency.

To conclude, our data suggests that concurrent trends to the ideal model of NPM can be found in our sample; the role of the state and academic governance, as opposed to the role of the market and managerial governance, appear to dominate the higher education landscape in the selected countries. Additionally, diverging from common beliefs on the leading role of the EU as a driver for NPM, we do not encounter evidence illustrating a significant discrepancy between the EU member states and the non-EU member states analysed in relation to the degree of prevalence of NPM in national higher education landscapes. This evidence suggests that alongside EU regulations, additional environmental and context dependent imperatives lead to usage of NPM in higher education governance.

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VIETNAM

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Introduction

Vietnam's Higher Education before the economic reform in 1986 (and even before the total collapse of Soviet bloc in the early 1990s) was an extremely small and underdeveloped system in which everything was dictated by the state. Then within the last two decades, the system has undergone a radical reform with a rapid growth in size but also in the number of problems and predicaments it has been facing. At the same time new actors and forces affecting the dynamics of governance in higher education have been introduced. This complexity makes it more difficult to find out which factors are pulling the strings in the new context and to what extent and more importantly which are causing problems. However, often the new dynamics is interpreted too simply as the shift from state control to state supervision and the rise of market force. In other words, this could be interpreted that Vietnam HE Governance is adopting New Public Management (NPM). But is it actually taking place? This question and those mentioned earlier are also the foundation of this paper. In order to answer them, the paper will analyze the governance of HE Vietnam since 1993 and predict its development in the future, using The Governance Equalizer as an analytical tool. The content of the paper is structured as follows:

1. The analytical tool- Governance Equalizer
2. Rationale behind the choice of the periods in discussion
3. 1993-2005: Extreme State Regulation
4. 2005-2013: Competition Rising
5. 2013-2020: Towards a possible Equilibrium
6. Conclusions

The analytical tool - Governance Equalizer

The Governance Equalizer is an analytical instrument devised by Boer, Enders, & Schimank (2007), to compare changes in HE governance in England, the Netherlands, Austria, and Germany over the past two decades. The idea was inspired by the practice of adjusting the balance of the sound frequencies with the help of an electronic device, called equalizer, which allows users to strengthen or weaken the energy of specific frequency bands. This is a nearly perfect analogue for the authors to illustrate the weight of each mechanism that has influence on one particular sector as the authors argue that "concrete societal sub-systems or policy areas can now be understood as configurations of various governance mechanisms." The Higher Education was chosen to make their case with five distinctively basic dimensions of governance: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition. In the authors' opinion, each dimension can be adjusted independently from each other. The Governance Equalizer is visualized as below:

Figure 1: The original model of the Governance Equalizer as used by Boer et al(2007)

The position of a black square in Figure 1 indicates the weight that each dimension should have when the system achieves NPM status. That means the combination of those illustrated black square is optimal configuration for NPM as NPM is just 'one specific configuration of governance'. According to this configuration, state regulation and academic self-governance should be low. In contrast, dimensions that should be turned up high are the other three: external guidance, managerial self-governance and competition, of which quasi-market competition should be highest because it is the best way to attain efficiency and effectiveness. Each arrow represents the trend of each force, whether it is going down or up. The end of arrow indicates the starting point in a particular period while its length embodies the degree of change.

The *strengths* of this tool lie in its simplicity and usefulness in analyzing and comparing the make-up of governance of different systems benchmarked against the NPM norms. It helps understand the complex dynamics, notice the main trends and the difference between dimensions as well as systems. Thus it is a powerful visual tool for both the audience and researchers to have a more systematic view on a HE system. In addition, thanks to its simplicity, it is easy to grasp and command even for those who are new to NPM and the governance concepts in HE. However, its simplicity is also its *weakness*. It is quite difficult to illustrate a trend if that trend is mixed (both up and down) in a period, which might require different arrows. And if more than one country with this special type of trend, the visual will be cluttered. Otherwise, some creativity will be needed. Another weakness of this tool is that it is rather subjective to define the positions of forces on each dimension bar. There is no instruction to measure how high is high. Similarly, it is a matter of subjectivity to state that, for example, the external guidance of one country is higher than that of another. Finally, since it is a conceptual instrument modeled after a physical one, it gives a somewhat false impression that each dimension can be tuned independently, like a real equalizer. But in reality, those forces are, to some extent, interdependent. The fact that one force goes up might pull down some forces or push up others.

Rationale behind the choice of the periods in discussion

There are three periods discussed in this paper: 1993-2005, 2005-2013 and 2013-2020. Two basic reasons justify the choice and division of these periods. First, 1993, 2005 and 2013 are milestones that marked major changes in Vietnam's HE history, which usually are the introductions of new strategies or laws from the governance. These have triggered and propelled, or are expected to, the transform of Vietnam's HE. 2020 is the end year of a major reform plan initiated by the government in HE. The first reason also leads to the second that the characteristics of the system remain consistently throughout each period. They are constrained by the events that formed them in the beginning of one period and will be changed by the events of the next one. Having said that, the status of the beginning and of the end of each period are not identical. In this particular case of Vietnam, they are in a continuum of the governance change. For the purpose of simplicity, the main characteristics are described for the whole period. The continuous change and its direction can be deduced from the snapshots of each period and the arrows of the equalizer.

1993-2005: Extreme State Regulation

Vietnam is a communist-governed country and until 1993 it still adopted the Soviet model of HE, in which the authority is mostly distributed to the Government, which in this case is controlled by a single political party- the Communist Party. This authority was channeled through multiple ministries including the Ministry of Education and Training (MOET) who, based on the plans of the government, decided nearly everything from the programs to curricula, from the number of students selected to the assignment of rectors, etc. Under such regime, Vietnam HE was classified as a very under-developed system. Work was divided more by enterprises than by disciplines, which means the institution decided what an individual could do and that person barely could change the institution to keep his or her preferred discipline. In turn, the institution bureaucracy was just an extended arm of the state bureaucracy. Regarding the belief of the system[1], access to HE was highly restrictive, very few places were available but HE was free then. In the academic year of 1992-1993, there were only 162 000 HE students, representing 2% of the age group; 103 HE institutions including 9 universities (MOET, 2013), most were mono-discipline, teaching-focus

ones, which means Vietnam's HE was overly specialized and its functions was to produce workforce for the government according to its planned economy. Research was by and large the function of separate institutes and not incorporated into universities (Hayden & Thiep, 2010). However there were changes under the way.

Back in 1986, before the breakdown of Soviet, the national congress of the Communist Party of Vietnam (CPV) announced a policy package of economic renovation, famously called DoiMoi in Vietnamese to supersede central planning in the Soviet tradition with a regulated market-oriented and open economy. This was supposed to bring about disruptive changes in the socio-political landscape of Vietnam but in fact it was just a transition in the economic terms. In spite of the limited transition, DoiMoi instilled its new thinking into HE. As a result in 1993, the Central Committee of CPV adopted a resolution on radical education reform (Resolution 04-NQ/HNTW), which was followed by an instructional decree (Decree No. 90/CP). There were three major achievements with this decree: 1/ unification and restructuring of the HE system, which were realized by merging several institutions into two national universities of Hanoi in 1993 and of Ho Chi Minh in 1995, 2/ establishment of semi-public and non-public higher education institutions with the approval of the first non-public university -Thang Long University in 1994 and the establishment of the first foreign university- RMIT (Australia) in 2001, and 3/ introduction of Tuition Fee with public higher education institutions (HEIs) collecting tuition fees within a regulated framework. In 1998, two significant events were anticipated to improve further the state of HE in Vietnam: the Law of Education passed and WorldBank's Higher Education Project 1 started. However, the Law says little about HE; remains unclear in issues such as the role of fees, private universities and the division of responsibility among actors in the education sector; and above all still stresses the importance of 'a socialist curriculum' (St. George, 2010). Meanwhile, the World Bank was progressively involved in advising Vietnam's higher education governance and funded more than US\$80 million the project but it could not boost the emergence of more non-state institution and failed to accomplish its mission in development policy lending in HE (London, 2010).

In summary, it could be said that despite some positive changes, the Vietnam's HE Governance was characterized by *extreme State Regulation*, which was still heavily influenced by Soviet system model. Decisions were concentrated centrally on MOET and line ministries including Curriculum, Admission, Rector Appointment and Finance. Due to the extreme State Regulation, the *other four dimensions on the equalizer remained weak*. Nevertheless, thanks to some developments in the restructure of the system and the new market-oriented economy, the Managerial Self-Governance and Competition slowly gained their ground over the span of the period.

2005-2013: Competition Rising

Though achievements in the governance aspect were limited, by 2005 the system had expanded rapidly in terms of quantity. In 2005, there were 1.387.000 HE students, which is as nearly 10 times as in 1993, account for 13% of the relevant age group compared just 2% in 1993 (MOET, 2013). The number of universities also increased dramatically from 9 in 1993 to 104 in 2005 (MOET, 2013). The quality of HE, however, did not correspond to this rapid increase of quantity. HEIs in Vietnam had a low and diminishing ratio of staff-student (1:19 in 2002 and 1:27 in 2005); the quality of staff was also alarming with only around 47 percent of academic staff in 2005 having postgraduate qualifications-most at the master's level [2]. Furthermore, the teaching curricula and methods were outdated with most university concentrating on teaching not research and on undergraduate level rather than postgraduate. All of these resulted in the inability of Vietnam HE to provide an educated and competence workforce and irrelevance to the need of economy and society (Valley & Wilkinson, 2008). On the other hand, the rapid expansion put a great strain on public funding when 70% budget of public institutions was funded by the State (The World Bank, 2008).

All in all, it led to the Government thinking of reforming the governance of the HE system, which was translated into the promulgation of Resolution 14 on the "Fundamental and Comprehensive Reform of Higher Education in Vietnam 2006–2020" (known as the Higher Education Reform Agenda- HERA). Besides from ambitious targets related to massification, modernization of curriculum as well as teaching methods and better integration of research, HERA emphasizes the need of institutional autonomy and the inevitable trends of privatization, marketization and internationalization. However, it was criticized for not clearly stating how these goals could be met

and in reality it achieved modest results (Nghì, 2010).

With regard to *State regulation*, this period witnessed the gradual shift from State Control to State Supervision but it remained high. The relationship between HEIs and State in Vietnam is both simple and complicated. It is simple because it is a politically centralized system. It is complicated because it involves many actors that have authority over HEIs and each type of HEIs has reported to different actors. National and some strategically important universities and research institutes are accountable to the prime minister office while some specialized institutions to their line-ministries (for example, The Diplomatic Academy of Vietnam is under management of Ministry of Foreign Affairs) and others to MOET. Additionally, Ministry of Planning and Investment (MPI) and the Ministry of Finance (MOF) control the planning and financial aspects of all HEIs. Their control has the preference of input over output. The budget is cameralistically allocated to HEIs according to the number of students recruited, which in turn is predetermined by MOET and MPI. Whether HEIs are public or non-public, their curricula in all disciplines must conform to strict curricula frameworks provided by MOET. On the bright side, since 2006, public HEIs can have autonomous authority on borrowed fund and the faculty hiring- firing. They are also allowed to pay their staff salaries three times as high as the basic salary level according to Decree 43/2006 by the Government. More freedom has been given for private universities but only in terms of managing staff and infrastructure. They are still managed under MOET guidance and supervision with their plan submitted to MOET consent and their tuition fee and admissions constrained within fee cap and annual quota respectively.

Interestingly, although HEIs have low autonomy, the *managerial self-governance* scores relatively high. Today in Vietnam, most HEIs gained the status of independent legal entities, which gives more power to Rectors. Unlike western counterparts, a Vietnamese rector has a powerful position within the institution he or she leads. All important decisions must be passed by the rector and no one can stand a chance against his or her decisions. This is due to Vietnam's specific culture that has high power distance index, which means the less powerful members of institutions accept and expect that power is distributed unequally (Hofstede & Minkov, 2010). If the rector has the vision, effective management skills and relationships with the right people in the Governance and CPV, the institution can make its way to success despite obvious constraints. Hanoi University is one of few successful examples with its Rector recognizing socio-economic trends and implementing innovative change management to modernize the university and transform it from an obsolete university of foreign languages into a multi-disciplinary player through the internationalization of its educational programs (Anh & Winter, 2010). Unfortunately, most Vietnamese rectors are appointed and upgraded from faculty who lack management and leadership skills; some are political opportunists with a penchant for power play or even corruption.

With two extremely strong top-down steering efforts from both the system level and the institutional level, the *academic self-governance* is stuck low. There is no such thing called academic freedom in Vietnam. National curricula frameworks dictate concretely what to teach, how to teach and even how to grade. Even in comparison to its socialist neighbor country- China, Vietnam is infamous in the degree to which its universities lack intellectual dynamism. Although they have gradually been given greater autonomy, a chaos of formal and informal controls and restrictions ensures that 'universities have remained intellectually moribund while the public discourse has grown more vibrant' (Valley & Wilkinson, 2008, p.4). The only power that lecturers/teachers have is over their students. Again, this privilege is a result of the culture, the combination of high power distance index and the influence of Confucianism in Vietnam (Marginson, 2011).

Provided that the state is excluded, the *Stakeholder Guidance* or *external guidance* plays a unsubstantial role in Vietnam's HE stage. Traditionally, Vietnamese HEIs are not accountable to external stakeholders other than the government. The industry, employers and even students do not know about universities' plans and strategies, let alone have a say in them. Even if the government is counted in this dimension, it could not control some aspects of HE such as quality because of the input control and funding mechanism, which are not related to performance and quality in any meaningful or competitive way (Valley & Wilkinson, 2008). Furthermore, Vietnam still has not a quality assurance framework, system or mechanism at national level for education, which could employ or create intermediate/ buffer bodies to cover the quality issues though there have been several experiments and attempts to rectify this issues (most notably, the Government made important progress in the area of quality by stating in the Education Law of 2005 that accreditation of institutions in Vietnam would be done by an independent agency). The WorldBank's Higher Education Project 2 launched in 2007 also addressed this issue but the results were delayed and

expected to be delivered in the future due to the contradiction of state-centric values and neoliberal principles (Madden, 2013). The problem can be attributed to HEIs themselves as most of them are not well prepared for accountability. Some initial steps have been taken towards deregulation in the administration of Vietnam HE, but the process is slow because the inertia created by the long existence of centralized mechanisms in higher education management (Pham, 2004). In this period emerged some suggestions that HEIs should have a governing board (similar to board of trustees) to improve the responsiveness to social needs. However, with this political environment, it could be a formality and have no impact (London, 2010).

The most salient change in this period is the *competition* dimension. Money is definitely a scarce resource for most HEIs, which are under-funded especially for public HEIs. Since they could not receive more than the budget that the state has set, they have to vie for aid fund and investment from foreign actors such as Asian Development Bank or World Bank. Another resource they have to compete for now is students. In contrary with the situation 10 years ago when university slots were so coveted—only one in ten Vietnamese of college age were enrolled in post-secondary institutions, in 2013 there were 650.000 prospective students who could be recruited according to enrolment quota but there were only 450.000 eligible applicants (MOET, 2013). To make the market more competitive, in 2007, Vietnam became a member of WTO and had to signed the GATS which allows foreign institutions to easily enter the country. There are now 441 HEIs in Vietnam including 81 non-public and foreign ones (MOET, 2013). They all have to use some sort of marketing to recruit enough students particularly the non-public ones, as students generate most of their income. Besides, some of these institutions are now starting to vie for prestige to attract brightest students, talent faculty and international collaboration.

All things considered, this is the *negative configuration* of governance for Vietnam's HE from 2005-2013. Since education in general and higher education in particular are highly important and sensitive fields that the government is not willing to let them slip out of hand. The state still controls most aspects of HE though they have given some autonomy to HEIs. The low degree of autonomy impedes HEIs to respond quickly or appropriately to this swiftly changing world and sometimes might not act in the best interests of society and students. On the other hand, the amount of autonomy that has been given to HEIs is concentrated on the top level of institutions, which causes two severe problems. First is the absence of academic freedom, which in turn makes the academic career unattractive and aggravates the low quality of teaching and research in Vietnam. Second, the monopoly power and discretion for few individuals accompanied by the lack accountability are perfect ingredients for corruption to thrive in Vietnam (McCornac, 2012). Moreover, the privatization and marketization here apparently give nothing else than competition for students, not the quality of students but quantity of students. Instead of improving the quality of teaching, learning environment and student service, increasing number of HEIs have been lowering their bar of entrance to accept more students. Consequently, there are wide public distrust in the quality of Vietnam HE with many HEIs being just diploma mills. So what does the future hold for Vietnam's HE?

2013-2020: Towards a possible Equilibrium

According to the HERA objectives, in 2020, there will be 4.500.000 HE students (40% of age group) in 900 HEIs, of whom 40% going to non-public institutions. Regarding the enrolment profile, 20% of students attend selective research-oriented institutions, while the rest attend institutions providing professionally oriented training programs. 25% revenue of HE system generated from R&D activities. However with just seven years to go and the low progression experienced, it seems those targets unachievable without dramatic reform in all aspects of HE including governance. Recognizing this reality, in 2013, the government passed the Law of Higher Education with the hope that providing a legal foundation will help tackle some problems in governance and pave the way for HEIs to thrive in the global context and to respond better to the needs of the economy and society. The law dedicates some articles to stress the *Institutional Autonomy*, details as follows:

- removes the government cap on tuition fees (though conditions may be attached to fee levels for public institutions)
- allows HEIs to issue degrees to their graduates

- allows HEIs to manage their academic affairs within the curriculum set by MOET
- allows HEIs to choose the education quality accreditation agency from a list of accreditation agencies approved by MOET

The *accountability* also is mentioned with the responsibility for each HEI to form its own University Council (for public HEIs) or Board of Directors (for private HEIs) comprised of various stakeholders (including a Communist Party member) to set and supervise the vision, mission and strategy of HEIs. The Law also requires internal and external accreditation of HEIs. The results of quality accreditation must be publicly announced.

Meanwhile, looking at the big picture of a foreseeable future, the recession will be likely to continue and start to affect HE (right now, it barely makes any impact on Vietnam HE) (Postiglione, 2011). The state budget will not be able to cover the cost the massification requires, which means public will have to manage to find alternative sources of funding. The cost of traditional HE will increase if the quality is to improve or at least remain, which leads the learners to find alternative types of HE such as MOOCs (Massive online open courses). A growing number of international HEIs will come to share the pie as the pie of their existing or home markets is shrinking. However the most underrated trend but often ignored in Vietnam is the stagnation of the relevant age group to HE thanks to the phenomenon of aging population starting to take place in Vietnam (UNFPA, 2011). A ranking system is expected to be introduced in the near future by MOET and the ranking of universities will inform the allocation of state budget. All point to the *fierce competition* facing HEIs in the future.

Taking all these developments into account, it is expected that the State Regulation will be moderate, leaving the space for higher autonomy of HEIs but not too high. The introduction of governing council and quality assurance/ accreditation agencies will be predicted to improve the status of External Guidance but not much as this type of organization is still, to some extent, politically oriented. Academic self governance will slightly go up as MOET is gradually loose the control on academic affairs but it is the least changing dimensions unless it adopts the collegial mechanism of American HE system (Boer, Enders, & Schimank, 2007). In contrast, the most changing one is the Competition which will be very high by 2020.

Conclusions

Putting all three periods in the equalizer graphics, a cohesive picture of Governance in Vietnam's HE from 1993 to 2020 will be formed. Before any conclusion drawn, it should be noted that in this paper the *tool is adapted differently* from the original to accommodate the function of this paper, which is to describe the governance of only one country but in three different periods. The black squares denote the current situation, in this case, the configuration of governance of Vietnam's HE in 2013. The pointed end of arrows indicates the status of each dimension in 2020 while the other end in 1993. (Figure 2)

Figure 2: The Governance Equalizer of Vietnam's HE from 1993 to 2020

Two most striking trends in the change of governance of Vietnam's HE from 1993 to 2020 are the *decrease of the State Regulation* and the *increase of Competition*. Between the two Competition has the biggest change. In 1993, with the introduction of tuition fee and the establishment of non-public HEIs, Vietnam's HE started to possess some market elements. Since then, the number of HEIs, whether public or private or foreign, has proliferated while the state budget is always modest and qualified academics are definitely rare commodities in this developing country. Consequently, the competition has been going up at a quite fast pace. The globalization, the e-learning and the aging population are predicted to accelerate this trend in the future. Inversely, the State Regulation has

been going into the opposite direction. In a communist nation, the extreme state control is typical. However with the pressure of the need of the economy reform to gain competitive advantage in the globalized and knowledgeworld and the limit of the State's capacity, the government has to deregulate HE, to some degree.

To this point, one could say that Vietnam' HE is "on the way towards New Public Management" because of the obvious "less state and more market" trend. But in practice, it is not. Just looking at the new Law of Higher Education, it is easily seen that the State does not give much autonomy for HEIs when stating that HEIs can manage their academic affairs within the curriculum set by MOET. How could HEIs be free to choose what to teach and how to teach when a strict and detailed curriculum is imposed on them? Since higher education is a highly important and sensitive field the government is not willing to let it slip out of hand, let alone the fact that Vietnam will remain a socialist country for a long time ahead. On the other hand although the competition in Vietnam's HE is rapidly increasing, it is mostly just for students. Only few HEIs go for prestige, for research fund or for the talents. If this pattern continues, the competition will stand still, not moving up to another level. So Vietnam's HE will probably not achieve New Public Management. It is even not going for New Public Management. Apparently, the governance in Vietnam's HE is just balancing itself, moving away from the extreme.

Another interesting trend is the *Academic Self-Governance going up*. It is the opposite direction of most systems in Western countries whose Academic Self-Governance is losing ground to other forces except the state regulation. A possible explanation for this is that it comes from a very low starting point with little freedom. Nearly it has hit the bottom so the only way is to go up. Therefore, when the State Regulation dispersed even to a limited degree, it took the opportunity to move up. A case in point is that reduced of the time of teaching the compulsory Marxism-Leninist subjects was reduced partly due to academic community's pressure (St.George, 2010). However it will not be long when the managerial self governance and external guidance take the lead in institutions especially considering the academic community in Vietnamese HEIs is quite passive and indifferent. Vietnamese lecturers mostly focus on teaching whatever the higher authority orders them to teach and then moonlight to gain more money to compensate their low salary. There is no research culture or no such thing called peer review, and the professional communities either do not exist or are inanimate. Consequently on the equalizer, Academic Self-Governance is the dimension with the least change.

Finally, *Managerial Self-Governance is one of the winners* on the governance configuration thanks partly to the modest State deregulation and mostly to the distinct culture of Vietnam's HE. It will climb up higher in the future but not much for three reasons. First, the State Regulation will not lose its grip further on HE. Second, there is growing public distrust and discontent about the malpractice, corruption and poor quality in HE because of the new found autonomy, even in small dose, but without competent management and accountability. Third, with the new law, universities must establish their university councils or boards of directors consisting of various stakeholders, which could take some power from the university leaders. It also means that the *External Guidance will gain ground* as it should have done in the past. However it is estimated that there is not much room for it to go higher because of the compulsory presence of Party representatives in such boards and councils, which is another kind of state arms in institutions, the political insignificance of Vietnamese students who rarely voice their opinion and when they speak no one listens to, the indifference of other stakeholders such as employers, industries, etc. when they do not see any benefit in short term (another trait of Vietnam's culture) and the ineffectiveness of buffer agencies. In addition, there will be tensions at play between the Managerial Self-Governance and External Guidance so that one will hold back the other.

To sum up, although there are some shortcomings, the Governance Equalizer is useful to analyze the governance make-up of a HE system and spot its trends. Using this tool, the paper is able to break down the governance of Vietnam's HE in order to answer the questions raised in the beginning. Although the state is giving some autonomy to institutions, it is still the one in control. The competition is a growing force that will make Vietnam's HE a very competitive market but hardly a competitive system. On the darker side, the new found autonomy and the marketization without accountability from HEIs and strong external guidance formulate opportunities for corruption and diploma mills. That combination will also equate rapid expansion with diminishing quality of Vietnam's HE. And being a communist country and a short term orientation culture [3], Vietnam is not going for New Public Management in any public service. Its HE's governance components are not approaching NPM configuration but balancing themselves, moving from extremes.

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[1]See more about the elements of organization in HE such as work and belief in Clark (1986).

[2] Source: MOET University Surveys 2002, 2005

[3]In short term oriented societies, values promoted are related to the past and the present, including steadiness, respect for tradition, preservation of one's face, reciprocation and fulfilling social obligations(Hofstede & Minkov, 2010).

China

Gaoming Zheng

Abstract

In the Post-Mao era, Chinese higher education is changing under the international impact. The introduction of new public management is one of the major influential force. However, Chinese reality, e.g. Chinese ideology and its traditional Ti-yong thinking, does not allow China to simply copy international successful experiences. The conflicts between international impact and Chinese reality lead to a higher education system with Chinese characteristics. By employing the governance equalizer, this paper analyzes the development of Chinese university governance in five dimensions: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition, and also discusses the conflicts between the international influence and the Chinese reality presenting in the university governance reform.

Keywords: university governance, new public management, changes, conflict, governance equalizer, educational reform

Introduction

Since 1980s, the New Public Management (NPM) has been the dominant paradigm in public administration theory and practice. Its rise, which mainly dated back to the UK experience, is one of the striking international trends in public administration. (Levy, 2010; Hood, 1991, Leisty & Dee, 2010; De Boer, Enders, & Schimank 2007; Ziegele, 2008). According to Hood (1991), the NPM's rise can be interpreted to be related to: 1) attempts to slow down or reverse government growths in terms of overt public spending and staffing; 2) the shift towards privatization and quasi-privatization and away from core government institutions, with renewed emphasis on 'subsidiarity' in service provision; 3) the development of automation, particularly in information technology, in the production and distribution of public services; 4) the development of a more international agenda, increasingly focused on general issues of public management, policy design, decision styles and intergovernmental cooperation, on top of the older tradition of individual country specialism in public administration. When it comes to the employment of NPM in the field of higher education, the term 'management' involves both the state management of higher education institutions and the management of decentralized levels within a single institutions, e.g. faculties, institutes, central units, by a particular management level (Ziegele, 2008). The reform from old public management to new public management in higher education, is a shift of management from 'government to governance', or more accurate, to be 'less government and more governance' (Leisyte, 2007; De Boer et al, 2007; Ziegele, 2008). The shift from the old public management to the new was further depicted into four aspects: from input-oriented to output-oriented, from process-political single interventions to regulatory policy framework, from ex-ante management to ex-post management, and from precision management to macro management (Ziegele, 2008). The analysis of higher education and university governance has been at the center of higher education research for decades.

Cai (2010) maintained that since 1980s, western countries has undergone two rounds of educational governance reform: the first round of reforms during the 1980s and much of the 1990s is much ideology driven with a particular emphasis on marketisation, privatization and decentralization. The second one after the end of last century is more driven by a pragmatic motive to correct the flaws of the early reforms, characterized by coordination, accountability, re-regulation and performance management. Under international impact, China commits to educational reform in the post-Mao era, but mostly corresponds to the first round of governance reform (Ibid.). The changes of Chinese higher education system under the reform include a shift from centralization to decentralization, diversification of funding sources, the establishment of an increasingly efficient educational, a devolution of authority in human resources from government to universities, privatization in educational provision (Cai, 2012; Yan 2010).

But actually, countries carry out the educational reform under the external impacts depending on their own context. The educational reform in Chinese is also not a simple copy of western experiences in a passive way. The ideology of the country and the Chinese Ti-yong theory encourage Chinese universities to adapt what is useful from western world and to abandon what is unfit to Chinese reality in order to preserve the core value of Chinese tradition (Cai 2012). Nevertheless, exposing to the western experiences will no doubt bring the exposure to the western thoughts and culture. Borrowing international experiences, as a shortcut for China to catch up with the western world, does not turn out fruitfully successful. Conflicts and challenges exist in the Chinese university governance reform. As to develop the Chinese higher education system, it is of significance for researchers, policy-makers and practitioners to be aware of and understand these these conflicts and the cause of the conflicts. The author assumes that the conflict between international influence and the Chinese reality is one of the reasons for the conflicts exist in the Chinese university governance reform. Hence , this paper aims at seek out the answers to a research question: what are the conflicts between international impacts and Chinese reality presenting in the Chinese university governance reform in the post-Mao era? In order to answer this research question, three sub-questions are needed to be answered: 1) in what way Chinese educational reform is under the western impact and the impact of Chinese reality? 2) what are the changes in the Chinese university governance the post-Mao era along with the educational reform? 3) Do conflicts exist in the educational reform of the university governance? What are they?

The paper starts with an introduction of the methodology and the analytical framework, and a brief description of the international impacts on Chinese higher education system and the Chinese Ti-yong theory, and then explores the reforms in Chinese university governance from the five dimensions: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition. After that, the paper discusses the changes and conflicts in the Chinese university governance reform. The last section summarizes the paper and concludes with some remarks based on the analysis and discussion.

Methodology

This is primarily a qualitative study to answer the research question. It is mainly based on desk research including the analysis of existing academic literature and government policy documents. After reviewing the documents, the author processed the information through using approaches such as key-words-in-context and mental maps to select, group and sort out data. There was no time to collect original empirical data.

Analytical framework

Several efforts have been contributed to develop the analytical framework of the university governance (Leisyte, 2007; De Boer et al, 2007). One of the most well-known and classic example is Clark's 'triangle of coordination'(1983) (the state, the market, and the academic oligarchy). De Boer et al (2007) viewed the governance perspective provides a general analytical framework for studying all kinds of coordination problems in higher education system concerning the NPM and used a governance equalizer as an analytical tool for that. The governance equalizer is a model consisting of basic dimensions of the governance: state regulation, stakeholder guidance, academic self-governance, managerial self-governance, and competition (Ibid.). The five dimensions are further depicted as follows:

- 1) 'State regulation concerns the traditional notion of top-down authority vested in the state. This dimension refers to regulation by directives; the government prescribes in detail behaviors under particular circumstances.
- 2) Stakeholder guidance concerns activities that direct universities through goal setting and advice. In public university systems, the government is usually an important stakeholder, but is certainly not necessarily the only player in this respect. It may delegate certain powers to guide to other actors, such as intermediary bodies or representatives of industry in university boards.

3) Academic self-governance concerns the role of professional communities within the university system. This mechanism is institutionalized in collegial decision-making within universities and the peer review-based self-steering of academic communities, for instance in decisions of funding agencies.

4) Managerial self-governance concerns hierarchies within universities as organizations. Here the role of university leadership – rectors or presidents on the top-level, deans on the intermediate level - in internal goal setting, regulation, and decision-making is at stake.

5) Competition for scarce resources – money, personnel, and prestige - within and between universities takes place mostly not on “real” markets but on “quasi-markets” where performance evaluations by peers substitute the demand pull from customers.’ (p.138-139).

De Boer et al (2007) believed that ‘a configuration of governance is made up of a specific mixture of the five dimensions at a particular point of time’ (p.139). In the governance equalizer model, each of the five governance dimensions can be turned up or down independently from each other (Ibid.). In this study, the governance equalizer model is used as an analytical framework to explore the university governance reform in China.

Background information

In the past decades, China’s higher education system has been undertaken tremendous changes. When the country was founded, it followed the Soviet-Model and the state regulated almost everything. In the Mao era (1949-1976), the Chinese higher education system was 'traditionally a centrally planned system: governments allocating higher education resources, appointing university leaders, assigning jobs for graduates and even deciding enrollment numbers as well as curricula' (Cai 2010, p.6). University life and work during Mao era was dominated by the ideology of Marxism-Leninism and Mao Zedong Thoughts, and the university was not one conducive to intellectual development or exploration (Ruth 2008). Only after the implementation of the “Opening-up and Reform” policy in 1978, the Chinese higher education system is opened to the outside world and began to be under reform. As a developing country, China’s development is under the influence of developed western countries. The influence is on-going in two ways: actively and subtly. The development of modern Chinese higher education is through borrowing foreign experience actively (Cai, 2012). On one hand, China introduces the advanced theories or models from western countries into its higher education system. On the other hand, the state encourages academics and students to go abroad to learn advanced knowledge. The going-abroad population grows almost from zero in 1978 to about 240,000 in 2009. Though only less than half of the people, around 100,000 will return to China, it is a great progress for the country (Fan 2012). Apart from actively embraces the western influence, the Chinese higher education is also under the subtle influence. Internationalization is seen as the most influential force. From 1980s, super-national organization, e.g. World Bank (WB), World Trade Organization (WTO), and UNESCO, began to influence Chinese higher education policy (Yang, Vidovich and Currie, 2007). The UNESCO reports and WB reports state the requirement for Chinese higher education institutions to reform in certain areas. Modernization can be seen as another important influence. As a late-comer in modernization, China undergoes a typical 'exogenous modernization' (Cai, 2012, p.3). Even though China borrows western experience in modernization, but goes in a different direction: the modernization in the West is mainly a process of change from spiritual cultural to material, while in China, the process started from the material level, then gradually moved to institutional layer and affected the spiritual core (Ibid.). The reason behind this difference is that the Chinese reality is quite different from the western countries’.

There are two Chinese elements needed to take into account when considering Chinese reality: the ideology of the country and Chinese Ti-yong theory. In China, the government and the Communist Party of China (CPC) have never been clearly separated. The role of the government is to implement the CPC’s guidelines (Cai 2010). Unlike that in western countries, political party influence university at a distance, in Chinese universities, CPC is one of the key stakeholders. Not only the ideology does not allow China to simply copy the western pattern, but also its culture and traditional thoughts do. From the beginning of 20th century, an idea “Zhong(Chinese) Ti(essence) Xi(Western) Yong(means)”, called Ti-Yong theory, proposes that Chinese people should maintain the Chinese

morality while making use of western science and technology (Cai, 2012). In this sense, the application of western experiences in China is either used as an instrumental strategy or as to solve some similar problems, rather than making a fundamental shift of value orientation (Ibid.). The contradictions between the impacts of the Ti-yong theory and the Chinese ideology, and the international impacts have influenced the Chinese university governance reform, which will be explored in the following sections.

Analysis

In the Mao era, the Chinese higher education system followed Soviet Model. State highly regulated university. There is almost no competition or self-governance in university. The state is the only decision-maker. In the post-Mao era, through educational reform, the state decentralizes its control on university and university governance changes gradually.

State Regulation

Since the publication of the article “Giving More Autonomy to Higher Education Institutions” in 1979 raised heated discussion in the society, the central government began to reconsider its role in Chinese higher education. Along with the implementation of “Opening-up and Reform” policy, market elements stepped into university–government relations and the central government began to turn into a “market manager” (Yang et al, 2007). State tries to shift its role from a controller to a supervisor in Post-Mao era. And this role-shifting process takes place in two levels: vertical and horizontal dimension (Zhou, 2012). In vertical dimension, the central government shifted its regulation responsibility to the local governments. In 2013, among 2,442 higher education institutions in China, only 102 are directly under the central government’s governance (MoE, 2013). In the horizontal dimension, the government shifts its governance to universities and gives greater autonomy to universities.

The issue of Higher Education Law (HEL) in 1998 is a turning point of Chinese university autonomy (MoE, 1998). The HEL states that a Chinese higher education institution has its autonomy in university governance. A Chinese higher education institution is a corporate organization since it is founded and a university president is the representative of the corporate. The HEL identifies Chinese university autonomy in seven areas (MoE, 1998): students enrollment, curriculum design, teaching activities, research, academic cooperation, faculty appointment and budgeting. Since then, de-regulation has become the major theme of educational reform. In 2011, the issue of Temporary Measures on establishing the Constitution of Higher Educational Institutes (“Measures”) (MoE, 2011a) meant a greater autonomy for the Chinese universities. 26 key universities under the direct governance of MoE began to establish their university constitutions. The university constitution is the fundamental principle for university to use their autonomy to manage the university democratically. “Measures” states that it is important to separate university management from state’s control and the constitution of university must be established in the purpose of protecting university autonomy. With the increase of university autonomy, the state control on university gets looser.

Currently, the Chinese government chooses to act as a regulator, an enable and a facilitator rather than an involver in the governance of university (Mok, 2005). Nevertheless, the state still play a key role in university governance.

Stakeholder Guidance

In terms of this dimension, the privatization in educational provision and the diversification of university finance are the most important and remarkable reform. From 1985, the establishments of private higher education institutions were allowed by the government, and then in 1998 the HEL guaranteed the legality of establishing private institutes (MoE, 1998). Since then, the state has been encouraging enterprises, social groups and other sectors or persons to establish private higher education institutions legally. The Chinese government supported private institutes in two ways: first, to establish minimum standards for licensing; and second, to provide potential consumers

(students, families and employers) with information so that properly informed choices can be made (OECD, 2003). The Regulations on Establishment and Administration of Min-Ban(Private) Institutes in 2007 (MoE, 2007) and the Measures on Establishment and Administration of Independent Colleges in 2008 (MoE, 2008) put the establishment and governance of private higher education institutions on a more solid legal footing. With the encouragement and support of the state, the number of private institutes grew rapidly in the past three decades. In 2013, the number of private institutes is 706 (MoE, 2013). With the privatization of higher education institutions, the only-public-university situation in China has been changed.

Before 1985, the Chinese government covered all the tuition fees for students. Since 1985, self-support students have been recruited in universities, which symbolized the very beginning of the diversification of university fundings. Student tuition fees have gradually become an important part of university fundings. Since 1993, the “Outline for Education Reform and Development in China” (“Outline”)(CPCC & SC, 1993) promoted the establishment of university diversified finance mechanism, though in which state funding is still the major finance resource. In 1998, the HEL encourages social groups, enterprise, private sectors or person and other social sectors to invest in higher education institutions (MoE, 1998). When the state decentralizes its regulation on university, it shifts the finance responsibility of universities from the central government to the provincial governments. By recruiting self-support students, the finance responsibility shifts from the state to the students’ family. At present, the major funding resources for public universities in China can be summed up in five groups (OECD, 2003; Cai 2010; Wang 2001): first, a per capita payment made to the institution by the central or provincial government; second, additional government funds provided (mainly) to the key universities; third, student tuition fees; fourth, additional income that universities and colleges are able to raise through supplementary teaching, research and other activities; fifth, other social incomes, including donations and endowments. For private institutes, most of the financial resources come from student tuition and entrepreneurial earnings (OECD, 2003).

With the privatization of educational sectors and diversification of financing, enterprises, social groups and other social sectors and persons have become important stakeholders for Chinese higher education system. However, the state is still the most influential stakeholder in public universities. Considering the majority of Chinese universities are public universities, the state is still the biggest stakeholder of Chinese higher education system. The state guides the university through setting up the agenda, financing, quality assurance and co-ordination.

Academic Self-governance

In Mao era, there is seldom academic freedom or academic self-governance in Chinese universities. The situation has been improved since the end of Cultural Revolution in 1976. When considering academic self-governance, two aspects should be taken into consideration: academic autonomy in the governance and academic freedom (Yang et al, 2007).

Regarding academic autonomy in the governance, as mentioned before, with the decrease of state regulation, universities are given more autonomy to govern themselves in the post-Mao era. According to the HEL (MoE, 1998), every university should establish an academic board. The Academic Board is responsible for all the academic issues, including formulation of courses, majors and departments, creating and implementing teaching process and research programs, evaluation of the teaching and research outcome (Ibid.). The Academic Board consists of professors and associate professors, and some of them are administrators in university. According to Bo and Wang (2012), there are two major changes in the academic autonomy in governance in Chinese universities since 1978: first, the expansion of academic power in the university governance. With the trend of de-administration, the administrative power is shifting from university administrators to academics. Academics are given greater autonomy of decision-making in academic field. Second, the change of university administrators’ role. The role of university administrators shifts from governors to servers. Instead of administering academics and giving them tasks, administrators begin to serve scholars and try to provide supportive environment to them. In the post-Mao era, more and more academic freedom is allowed. The Chinese lecturers can decide what to say in class and how to assess students’ learning; the national government now rarely interferes in curriculum design (Yang et al, 2007). But at the same time there are continuing constraints, especially in the aspects of political education, sensitive areas of research and the appointment of the President and Party

secretaries within universities by central government (Ibid.). Besides, the academic corruption and dishonesty behavior, occurring in recent years from time to time, has drawn the government's attention. As to solve the problem, academics also hope the state to get involved to solve the corruption problem, acting as a monitor instead of only a regulator (Zha, 2010). In response to that, the state began to place more constraints on academic field (Ibid.). The development of university academic self-governance is a "dancing in a cage" process: increasing but limited (Yang et al, 2007). Compare to the development in the former two dimensions (state regulation and stakeholder guidance), academic self-governance confronts more difficulties and there are still more to come in the future.

Managerial self-governance

Considering Chinese ideology, the Chinese university self-governance is quite different from that in western countries. Bo and Wang (2012) summarized three types of managerial models in universities: first, European model, of which French and German model is the representative. In this managerial model, academic power is dominant in management; second, American model. In this model, managers dominates university management; third, English model, which is a corporate management structure. Both university managers and academics are in power in different areas and try to keep a power balance. Then what about Chinese universities? Chinese universities try to work out a mixed managerial model of European and American model: the external management follows the American model and internal management follows the European model. It is hoped that a managerial structure with government's administration as an external governance power and academics' self-governance as an internal power, would be established (Ibid.). According to the HEL (MoE 1998), Chinese higher education institutions should establish a managerial structure with the university president as a representative under the guidance of CPC Committee of higher education institutions. CPC Committee of higher education institutions decides universities' direction of development and supports the president to fulfill his/her mission of managing the university. So, managerial self-governance in Chinese universities consists of three groups of power: political power, administrative power and academic power. The ideal managerial governance structure is a "check and balance" model.

However, in reality, this managerial model has never kept a balance. To the contrary, it is an imbalanced managerial structure. On one hand, the CPC has the strongest power in the university management and the CPC committee is the decision-maker of universities' management. A Chinese university president, as a representative of administrative staff is the executive of the CPC's decision. These two streams of power are strong in university management and cooperate closely. On the other hand, the academic power is too weak in Chinese universities' management and usually only has the decision-making power in the academic field. This imbalanced managerial structure declines academics' initiative in managing university and academics call for more academic autonomy in management of university (Bo and Wang, 2012). In reply for the demand of increasing academic autonomy, some measures are put into practice in recent years: First, involve more and more academics into university management, and at the same time, increase the number of administrators in the academic board. A dual identity of academics can make them think about university issues from both sides. Second, employ a distinguished professor as a university president. A university president should not only be the executive of the CPC committee, but also an expert in his/her disciplinary. In this way, he/she can perform for both sides and represents both sides' needs. Third, establish a university constitution. According to "Measures" (MoE, 2011a), university should establish its constitution based on the principle that political power and administrative power as well as the CPC's governance and university administration are separated.

Competition

Competition of universities in the Post-Mao China has been increasingly heated since 1980s. The Chinese government's attempts to internationalize the country, for example, by following the models set out by some of the supranational organizations such as WB and WTO, put the country in international market to compete with the rest of the world (Mok & Lo, 2007). The emergence of private educational institutions, the shift of state responsibility in educational provision to families and individuals, the permit of fee-charging, as well as the introduction of internal competition

among educational institutions, clearly suggest that Chinese higher education system has been going through a process of marketisation (Mok, 2002). The marketisation, accompanied with adherence to neo-liberalism must courage the domestic competition among universities (Ibid.).

In response to the international competition, in 1995, the Chinese government launched an ambitious project called “Project 211”. It aims to develop 100 world-class institutions during the 21st Century (OECD, 2003). Later in 1998, another program, the “Project 985” was launched. This project aims to develop several world-class research-oriented institutions in the future (Ibid.). Until the closure of the doors to these two projects in 2011, 39 universities are admitted to join the “Project 985” and 112 are admitted to the “Project 211”. Both projects aim to increase the competitiveness of Chinese higher education institutions and develop Chinese world-class universities in the world. University Rankings, the launch of key university policy and the encouragement of developing world-class university, make universities more sensitive about their competitiveness. Actually since 1993, the introduction of marketisation and neo-liberalism into higher education by no means have led universities to compete with each other almost for everything, including funding, students, prestigious professors and better facility, etc. Diversification of financing and the decline of state’s financial support force university to compete for funding. For example, the reason why universities compete to join in “Project 985” is not only that “Project 985” becomes a brand of excellence in China, but also universities in the project can get extra research fundings from the state (Hu, 2012). Moreover, stemming from the idea “better students, better future”, every year the competition of student recruitment between universities are fierce. Besides, the competition for excellent personnel is also fierce. Universities are trying to attract more excellent academics to join the university by offering better working environment, experimental facilities, fundings. etc..

According to Tang, Lam and Ma (2010), competition lies at the heart of the socialist market economy policy. The introduction of marketisation in Chinese higher education will unavoidably lead to increasing competition in this field.

Discussion

Based on the analyses above, the transformation of the Chinese university governance could be summarized in six points: first, the governance of Chinese universities has undergone substantial change in most respects rather gradually, and changes are going in the direction of NPM. Second, starting with a strong state regulation, the state regulation on Chinese universities decentralizes in the post-Mao era. Third, the stakeholders of universities have been diversified, even though the state is still the most influential stakeholder guiding the development of university. Fourth, opposite to the decentralization of academic self-governance in the western countries, Chinese academic self-governance started in a very low level and academics are still striving to have greater autonomy in the future. Fifth, regarding the university leadership, the CPC secretariat and the university president, as the representatives of the political power and the administrative power, take up the dominant role in the university self-governance. Sixth, the competition of Chinese university is increasingly fierce currently.

Besides changes, conflicts in the Chinese university governance must be seen and paid attention to as well. In the dimension of state regulation, conflicts exit in the process of decentralization and de-regulation. Take the key university policy as an example, the MoE tries to loose its control on the universities while keeping its eyes closely on key universities. Though there are only 102 (out of 2,344) universities under the direct governance of central government now, most of them are key universities in China. The central government is regulating Chinese higher education system through key university policy, thus guiding the development of the whole system. And among these 102 universities, 73 are under the direct governance of the MoE. In 2012, Regulations on Administrating Higher Educational Institutes under the Ministry of Education (“Regulations”) is issued. The “Regulations” gives a clear guideline about how to administrate universities under the MoE in key areas including constructing university, establish research projects, auditing, financing and quality assurance mechanism.

Actually regarding the state is the most influential stakeholder in university, it is noticeable that the situation of stakeholder guidance in university governance is closely related to the state regulation. Hence the same conflicts arise in this dimension. The privatization of educational sectors and the

diversification of university financial resources are unavoidably accompanied with the introduction of market. In recent years, economic crisis influences all over the world and almost all the areas, including higher education, which tells people that market force do not necessarily produce positive effects. This causes the tensions between the state guidance and the universities' wishes of operating more freely in a higher education marketplace. Besides, the diversification of stakeholders requires university to take into account their different needs, and this process may encounter conflicts as well.

While academics are granted greater autonomy, some problems occurred and conflicts exist in the development of academic self-governance. First, while there may be greater autonomy in governance, the introduction of performance management put pressure of accountability on academics, which constrains the academic autonomy. Second, the situation of the academic autonomy differentiates depending on the tiers of universities. Universities under the governance of central government have more academic freedom than provincial universities. This imbalance of development causes conflicts between universities. Third, though the government allows the academic board to be in charge of the degree conferment in university, there are still strict constraints in this area, especially in conferment of the post-graduate degrees. Until 2010, only public universities can confer master degrees and doctoral degrees can be only conferred by the state (Zha, 2010). Fourth, the state regulation in political education not only limits the academic freedom in this area but also discourages scholars' passion in other fields.

The conflicts in the dimension of the managerial self-governance are closely related to the conflicts in the state regulation and the academic self-governance. If we situate the Chinese higher education system in Clark (1983)'s triangle of coordination, it is quite closed to the state and the market and far from the academic oligarchy. Here the market is not a free market, but rather a state-led market. De-administration, to some extent, relieves the tension between administrators and academics in the university management, but tracing what behind the tension is the tension between the still relatively strong state regulation and the relatively weak academic autonomy.

Internationalization, university rankings, the key university policy, the privatization of higher education institutions, the diversification of university fundings, marketization all contribute to the increasing competition within and between universities. While the key university policy and all types of university ranking encourage universities to become world-class universities, it encourage the development of the vertical diversity in Chinese universities. And meanwhile, the massification of higher education, the privatization of higher education institutions and the diversification of the university fundings have developed the horizontal diversity in the Chinese higher education system. Then how to balance these two diversities, and to solve the conflicts in distributing educational resources to different types of universities is a big challenge.

Conflicts exist in all five dimensions and the fundamental reason lies in the conflicts between western impact and Chinese reality. China once followed the Soviet-model, the management structure of Chinese universities is still under great influence of bureaucracy (Zhou, 2012). While decentralization must be accompanied by the introduction of market-oriented elements, the conflict between the bureaucracy management and the need to follow the market hinders the university to march in its decentralization road. Even though the de-administration may free the university governance from the bureaucratic burden, the academic autonomy is still relative weak to take up the managerial role. The constraint on political education dis-encourages academics passion to conduct academic activities in other fields. It becomes an invisible constraint on academic freedom. Moreover, the Ti-Yong theory is planted deeply in China. When following the international trend to reform in the university governance, China is trying to preserve its essence. That is to say, while the Chinese higher education system is under the transformation of decentralization of state regulation, de-administration, privatization of the higher education institutions, diversification of the fundings, increase of the vertical and horizontal diversity, the Chinese universities also persist on the essence of Chinese university governance, e.g. bureaucratic management, state-led development, ideology education, etc.. Even though under the international impact, the Chinese government is motivated to loose the control of universities, the Chinese government is redundant to let go of that. Then how to face these conflicts and to march through these conflicts have become a challenge for the Chinese governance as well as the Chinese universities to face.

Conclusion

In 2010, the MoE published the Outline on National medium and long-term education reform and development (2010-2020) (MoE, 2010) and later in 2011, Suggestions on development of Higher Education during the period of 'Twelfth Five-Year Plan' was released (MoE, 2011b). The Chinese government encourages the Chinese universities to further reform in university governance (MoE, 2010; MoE, 2011b). When carrying on the governance reform, policy-makers and practitioners might need to first to consider what is a good governance? The UNDP defined it as a governance addresses the allocation and management of resources to respond to collective problems; it is characterized by participation, transparency, accountability, rule of law, effectiveness and equity and strategic vision (UNDP, 1997). Comparing the current status of the Chinese university governance to this standards as well as the NPM standards, it should be noticed there is still a long way for the Chinese universities to go. Changes will take place in the future and conflicts will still exist. The conflicts between international impacts and Chinese reality will still cause continuous different conflicts in the development of university governance. By encountering the conflicts through education reform, China higher education system has been changing. China will develop or has been developing a higher education system with Chinese characteristics in the Post-Mao era.

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NEW ZEALAND

Andrew Traveller

1) Introduction

Setting the New Zealand Scene

New Zealand is a small, developed country with a stable political environment located in the South Pacific. Its population is the third smallest within the OECD (OECD, 2008) with a little more than 4 million inhabitants (Statistics New Zealand 2012) spread sparsely over two main islands.

New Zealand underwent a major economic transformation during the 1980's, transitioning from a welfare state to become an early pioneer of neo-liberalism, with successive governments pursuing a more market-oriented agenda of liberalisation, deregulation, privatisation and fiscal austerity (Kelsey, 2000). As a result, New Zealand was transformed from one of the most regulated economies in the OECD to arguably one of the least (Brash, 2006). This saw it become an early pioneer of New Public Management (NPM), which will be outlined later.

Naturally, this transformation had ramifications for the tertiary education sector. The result was *broader participation (massification)*, *increased competition* and a *reduction in public expenditure* on tertiary education, very much in line with the ideals of NPM. These factors represent the general trend in higher education development in New Zealand since the economic reforms. The main implication of these changes was how the tertiary education sector was funded and a shift in focus from input to output orientation. Tuition fees were the main revolutionary vehicle used to broaden participation, increase competition and reduce public expenditure on tertiary education (McLaughlin, 2003). Fees were introduced in 1990. These fees took the form, and continue to, of a governmentally-sponsored, income-contingent student loan program to help cover tuition, course and living costs. Repayment is made through the tax system. Research & Development (R&D) also underwent the same liberalisation as the rest of the economy, creating a more lean and competitive sector. R&D concessions were abolished, public R&D work was subject to cost-recovery arrangements and contestable R&D funds were set up.

More broadly, New Zealand's tertiary education sector can be described as diverse. It encompasses all forms of post-compulsory secondary education including academic and more vocationally oriented education, with a diversity of institutional forms (Tertiary Education Commission, 2012). With over 900 institutions, the New Zealand tertiary education sector is a mixture of small and large, comprehensive and specialised, and private and public providers catering for over half a million predominantly domestic students (OECD, 2008).

Given this diversity and for the sake of clarity and focus, this paper, i.e. the equaliser analysis, will refer predominantly to academic institutions, specifically the universities. In New Zealand this includes eight universities, which together receive approximately 40% of their funding from the public purse (Universities New Zealand – Te Pōkai Tara, 2012) and can all be considered “public” higher education institutions (HEIs). The remaining income is derived more or less equally from student fees and other sources, such as research contracts and trading income (Universities New Zealand – Te Pōkai Tara, 2012).

New Public Management

Briefly, NPM can be described as the adoption of private-sector management techniques to reform public administration and management (Larbi, 2003). As an early adopter on NPM, New Zealand's reasons for this were largely in line with the general theoretical drivers or pressures to adopt NPM, namely; economic and fiscal pressures, public criticism, right-wing politics, the proliferation of management ideas, globalisation and the growth of ICT (Larbi, 2003).

Christopher Hood (1991) neatly outlines the key doctrines of NPM thus; hands-on professional management in the public sector, explicit standards and measures of performance, greater emphasis on output controls, shift to disaggregation of units in the public sector, shift to greater competition in the public sector, stress on private sector styles of management practice and a stress on greater discipline and parsimony in resource use.

The Governance Equaliser

In order to analyse the governance of higher education systems in light of NPM, de Boer et al (2007) have devised the concept of a *Governance Equaliser*. They distinguish five dimensions that can be turned up or down to create an *optimal mix*, much like an audio equaliser. The five dimensions are: state regulation, stakeholder guidance, academic self-governance, managerial self-governance and competition.

According to the NPM doctrine, the *optimal mix* for the governance of HEIs is depicted in the diagram below (Ziegle, 2012).

2) The New Zealand Mix

New Zealand's higher education landscape can also be analysed according to the *Governance Equaliser*. This paper will proceed to do so through three lenses; past, present and future expectations.

A) State Regulation

Past

The aforementioned market reforms of the '80s saw HEIs derive a high level of autonomy from the state, with the state exercising little monitoring or input. In other words, during the '80s and '90s, the state took a so-called 'hands-off' approach to the higher education sector (McLaughlin, 2003).

Government funding provides a good example of this distance between HEIs and the state. Funding was reduced, moving from an *elite* funding system, whereby a limited number of students were funded at a higher level, to a more *mass* funding system, whereby more students were funded at a lower level with private contributions expected to make up the difference in operating costs (McLaughlin, 2003). For the first time in New Zealand higher education history, HEIs were expected to set fees (up to a limit) and generate other sources of income. This resulted in the massification of participation in the sector and simultaneous state cost constraint, both symptoms of NPM. However, the state was still active in funding the sector through the purchasing of student places (Locke, 2001). In other words, HEIs' state funding was based on the number of *Equivalent Full-Time Students (EFTS)* enrolled.

State interests were nevertheless represented through a high number of Ministerial appointments to HEI governing councils. In fact, university councils were historically large with a high number of state appointees (McLaughlin, 2003) - not necessarily civil servants. This is somewhat at odds with the NPM notion of a private sector governance model, which emphasises smaller boards or councils and broader stakeholder representation through the election of stakeholder representatives (Biogen idec, 2012).

Present

Although there continues to be an emphasis on a market-based, or NPM, model, the state now has an increased regulatory function. The rationale for this is that central steering, coordination and strategic alignment with national objectives would support the country's economic and social development (McLaughlin, 2003). This can be attributed to Labour's electoral victory in 1999, who posited the notion of central steering in both their campaign and policy pledges and a subsequent Tertiary Education Advisory Commission (TEAC) report, which was delivered in 2002 (Tertiary

Education Advisory Commission, 2001). As a result, under the current regime the state exercises control over HEIs by requiring them to produce a Charter, or strategic plan, that aligns with the national Tertiary Education Strategy (TES) (Tertiary Education Commission, 2012). The Education Amendment Act (2003) stipulates that an HEI's governing council *must* have regard to the TES. This shift to increased state regulation is often referred to as the 2003 Tertiary Education Reform (TER).

However, an OECD report (2008) appropriately pointed out that “compliance is not synonymous with achieving nationally set goals”. The argument is that instead of truly achieving the desired outcomes stated in a university charter or the national TES, there tends to be an over-emphasis on details and compliance. In other words, the risk of requiring HEI charters to align with the national TES is that HEIs may tend to only include state-mandated strategic priorities as a matter of formal, documented compliance rather than making a concerted effort to realise these goals.

This increase in state regulation runs contrary to NPM and has the potential to be rather burdensome. For example, under current legislation the state has the right to directly intervene in the governance of an HEI. Firstly, it may take positive and supportive action at an early stage if it perceives a failure of governance on the part of the HEI. Following this, the state may appoint a Manager to the council, after which time, if the perceived issues are not adequately addressed, it may dissolve the council and appoint a Crown Commissioner. However, it may be argued that such cases are rare, if ever.

Another criticism with this regulatory approach is that it runs contrary to the flexibility and adaptability required of HEIs, which operate within a competitive globalised market. Even though HEIs are free to determine how they interpret and implement the TES, they are still constrained by the parameters of this state imposed strategy and therefore may not adequately adapt to opportunities and threats from the market in which they operate. However, one would find it difficult to find examples of this.

Due to criticisms that HEI councils were excessive in size and composed of an unjustified number of internal stakeholders and Ministerial appointments (Edwards, 2003), HEI councils today are smaller in composition, with 16 members on average across the sector (Edwards, 2003), and balanced in terms of stakeholder representation, which will be discussed further in the next equaliser dimension.

More broadly, the hands-off approach of the past caused the state to become concerned with the risk profile of HEIs. The aforementioned lack of monitoring of HEIs represented a significant liability to the state's approximately \$3 billion investment in the sector (Edwards, 2003). Consequently, HEIs are monitored and evaluated much more closely these days than they were in the past. The Tertiary Education Commission (TEC) was set up in 2003 to provide advice to the government on the activities and performance of HEIs (Tertiary Education Commission, 2012).

One explanation for this increased government assurance process comes from the theoretical underpinnings of NPM, specifically *Public Choice Theory*. Public choice theorists have criticized bureaucratic governments of lacking cost consciousness because of the weak links between costs and outputs (Niskanen, 1968). In other words, the state could be criticized of neglecting their constituents by not adequately ensuring value for tax-payer money. According to such economic theory, the government is compelled to closely monitor HEIs to ensure quality and value.

This may also help to explain the change in funding model from one based on the number of EFTS, to a more performance-based system today. The majority of state funding for universities now comes through a performance-oriented *Investment Plan*, including a *Student Achievement Component* for teaching and learning, and from the *Performance Based Research Fund*. To put it simply, HEIs compete for funds and are assessed according to a variety of elements, including quality evaluation, research degree completion, types of programmes or courses on offer, external research income, and number of valid enrolments. HEIs are then funded on the basis of their performance, resulting in increased competition between HEIs for state funds. This fits neatly with NPM theory, which espouses a performance-based, or outcome-driven orientation.

Future

New Zealand's current right-wing government led by the National party is in its second term and showing no signs of losing favour with the public (Colmar Brunton, 2012). The fundamental philosophy guiding National's tertiary education policy is the use of tertiary education to build a stronger economy (New Zealand National Party, 2011). It is safe, therefore, to assume that tertiary education will be increasingly instrumentalised to realise economic and labour market goals. This will require continued government steering and regulation in order to link HEIs' outcomes with state-determined goals.

The question is how the government will do so. It is safe to conclude that the preferred way for the state to steer HEIs is more of the same, i.e. performance monitoring linked to funding. In fact, the National party's tertiary education policy explicitly states that it aims to "link funding to educational performance..." (New Zealand National Party, 2011).

Additionally, a more direct link between university graduates and the labour market is another way in which the state will use tertiary education to realise its economic agenda. It can therefore be envisioned that students will be steered towards certain fields, possibly through the use of financial incentives, the access to information about what qualifications are deemed employable and even a restriction on courses that may not be viewed as contributing to the state's agenda. Again, National's policy statement clearly alludes to this, stating that they intend to "...publish employment data for graduates of each qualification, and simplify the number of qualifications on offer" (New Zealand National Party, 2011).

The question remains as to what the long term consequences of these actions will be in terms of social and cultural impacts.

B) Stakeholder Guidance

Past

The 2003 TER vowed to better "meet the education and training needs of stakeholders on a regional and national basis" (Tertiary Education Commission, 2012). Consequently, this translated into strong stakeholder representation on governing bodies, particularly better inclusion of external stakeholders (Edwards, 2003). We have already seen that prior to this, HEI councils were large, comprised a high level of Ministerial appointments and additionally included an "unjustified" amount of internal stakeholders, such as students and staff (Edwards, 2003).

The post-reform approach to stakeholder inclusion in the higher education sector can be described as the *stakeholder governance approach* (Edwards, 2003). This means that HEI governing bodies, such as a university council, are accountable to a broad range of stakeholders as opposed to shareholders (as would be the case for private-sector governance models) or purely government (as would be the case for other public entities). The implications of this were that HEI councils included a diverse array of stakeholders and were, and continue to be, judged on a broader range of criteria, including impacts on human capital and communities (Edwards, 2003).

This is also connected and can be explained by the aforementioned point regarding *Public Choice Theory*, which I think holds true in the New Zealand context. It can be argued that as publicly-funded institutions, HEIs are accountable to the community of tax payers, and therefore are obliged to include external stakeholder representation on its governing body.

Another key historical player of the New Zealand stakeholder landscape is the Maori population. Maori are New Zealand's indigenous people, and according to the principles of the Treaty of Waitangi (1840), the government, and its associated public entities, are duty-bound to consult with Maori and Maori are expected to be given the full rights of citizens (State-Owned Enterprises Act, 1986). Accordingly, Maori have played an increasingly larger role in higher education in New Zealand (Ministry of Education, 2005), including in the management and strategic development of HEIs (Durie, 2009). For example, Maori are well represented on HEI councils. However, under most university governance arrangements, Maori do not have dedicated seats.

Present

As a result of the aforementioned TER, HEIs continue to have strong stakeholder representation on their councils. Having reviewed the 8 universities' council constitution, it is fair to conclude that, in general, HEIs reserve seats for specific stakeholder groups as well as for fixed members, such as the Vice-Chancellor. These groups elect a representative to join the council. Ministerial appointments are now limited to four members.

Maori continue to play a role in the governance of HEIs in order to represent their tribal people or bring a wider Maori voice to the table. Again it is important to note that Maori involvement and guidance is not mandated by law or institutionalised by HEIs. Generally, Maori participation is achieved through council membership, advisory bodies, executive-level positions and through government and industry steering committees (Durie, 2009). For example, The University of Waikato has a tribal forum, Te Rōpū Manukura, made up of representatives from the eight major tribes in the region. The Forum acts as an advisory body to the Council and ensures that there are open channels of communication between the several Māori communities and the University. However, a key challenge for Maori stakeholder representation is the difficulty in finding willing and able Maori to take on such roles (Durie, 2009).

As mentioned, with the increasing instrumentalisation of higher education in New Zealand to meet economic goals, there is an increasingly strong link between HEIs, industry and businesses, with research and innovation seen as key drivers of economic growth (Key, 2011). For example, the commercialisation and industrial application of research has long been a focus for the universities. The trend is for HEIs to own commercialisation companies that act as a conduit between their research activities and business. Viclink in Wellington and UniServices in Auckland are two examples of such commercialisation arms.

Future

A key challenge that one may envision for the future in relation to stakeholder guidance is New Zealand's projected demographic diversity. Statistics New Zealand (2011) predict that between 2006 and 2026, the broad Asian, Pacific, and Maori ethnic populations will grow faster than the New Zealand population overall. It can therefore be reasoned that HEIs will be required to be increasingly attentive to this widening array of stakeholders, who will be both internal stakeholders such as students and staff, and external stakeholders representing the community that HEIs serve. With no explicit policies related to this from the current government, it is anybody's guess as to how this will take effect. I can imagine that as various ethnic groups increase, their presence in executive and non-executive level positions will be a natural consequence.

Importantly, with the change in ethnic diversity in New Zealand, Maori are projected to represent 16% of the population (Statistics New Zealand, 2011), an increase from their current proportion. Coupled with Maori's increasing economic and political influence in New Zealand as a result of historical land and resource settlements and strong party representation in parliament, it can be fairly surmised that this may result in binding requirements for Maori representation on the governing bodies of HEIs.

C) Academic Self-Governance

Past and Present

In line with NPM theory, which allows for a stronger and more decisive management, New Zealand HEIs have historically had, and continue to have, low academic self-governance in terms of the faculty's formal and institutionalised decision-making authority. Rather, the Academic Senate have a mere advisory role. It can be concluded that this is a result of the market reforms and the adoption of NPM, as mentioned earlier. Consequently, HEIs follow a more corporate model whereby an HEI's administration has more decision-making authority than the Academic Senate.

Little has changed in terms of how the Academic Senate is given a voice in HEIs. Although primarily an advisory body, mechanisms are in place to allow the Senate input into matters of HEI governance. First and foremost, the Education Act (1989) determines that the Council will establish an Academic Board/Senate as a sub-committee of the Council. The Council cannot make any decisions in relation to academic matters without first consulting the Senate, being obliged to request and consider its advice on matters relating to courses of study or training, awards, and other

academic matters (University of Auckland, 2012). However, as an advisory body the Senate can only exercise power if delegated by the Council (Edwards, 2003).

A strange phenomenon in New Zealand is that although the principals of NPM have been in place for decades, which clearly restrict academic self-governance, the state and HEIs continue to espouse the value of academic freedom and allude to its existence. For example, the University of Auckland's Charter states that "...academic freedom is exercised..." The Education Act also states that "academic freedom and the autonomy of institutions are to be preserved and enhanced". However, it also states that "academic freedom and autonomy are to be exercised in a manner consistent with the need for accountability by Tertiary Education Institutions (TEIs) and the proper use by the TEIs of the resources allocated to them." So we see an inherent conflict between the desire to uphold academic freedom and autonomy on the one hand and the lack of academic self-governance coupled with the state's increased ability to intervene on the other.

One explanation for this could be that despite the Senate's lack of formal decision-making authority, HEIs' management are required to act in *good faith* when responding to the voice and demands of the academic staff. Establishing and maintaining good faith relationships is the basis of the employment relations system in New Zealand, for both collective and individual arrangements and is a requirement of the Employment Relations Act (MoBIE, 2012). This means that HEIs, as employers, must be responsive and communicative when considering proposals from their employees. Ideally, this should allow the faculty the right to preserve their autonomy, albeit only according to a soft, psychological contract. However, the concept of good faith in a broader legal setting is not sufficiently supported by NZ case law (Bayley, 2009) and therefore this explanation can only be made in relation to the *employment relationship* between an HEI and its academic staff.

Another way in which the Senate's influence is extended is through legal precedent. A number of court cases exist whereby an HEI's Council has been successfully legally challenged for inadequate consultation with the Senate. For example, the University of Waikato was taken to the High Court following a restructure in 1999 for failing to follow correct governance procedures (Locke, 2001).

Future

As aforementioned, the future demands of an HEI will most likely be to provide skills and training to meet national productivity and economic goals and industry needs. With such a predefined focus, it is fair to conclude that academic self-governance, whereby academics are free to allocate time and resources to their own agendas, will therefore be less of a priority. On that basis, it can be expected that the current status quo will not change.

One factor that could impact this stagnation is the demand for HEIs in New Zealand to harmonise with other regions in the world. Peer-reviewed research output is increasingly important, particularly in relation to the existing world rankings (Altbach, 2010) and research-based funding model. Therefore, if HEIs are to compete in a globalised and competitive world market, due support and freedoms will need to be given to academic staff. In this context, the Senate's voice may get louder and more influential.

D) Managerial Self-Governance

Past

Managerial self-governance is inversely related to the first equaliser dimension, state regulation, in that the less the state intervenes in the governance of HEIs, the more managerial autonomy the HEIs have. This is certainly true in New Zealand. Therefore, I will not recap too many of the points I made earlier.

Briefly, the result of the '80s market reforms meant that HEIs operated within a market-like environment with little government involvement other than funding, which was also reduced. This meant that HEIs were independent legal entities with responsibility for their own strategic and operational affairs (Tertiary Education Commission, 2012). In other words, HEIs were seen to have a high degree of institutional autonomy, with freedom to determine HR structures, financial regimes, resource allocation and had (and continue to have) ownership of real estate and other assets and infrastructure (Tertiary Education Commission, 2012).

Government oversight of HEI governance and management was basically limited to the high degree of Ministerial appointments to Councils, as previously mentioned.

Present

HEIs continue to have a reasonable degree to managerial autonomy. The TEC explicitly states on their website that it supports HEIs to be “self-improving and self-managing” (Tertiary Education Commission, 2012), and the managerial responsibilities listed previously have not substantially changed. Currently, Councils, and consequently HEI management, are responsible for specifying intitutional objectives and strategies, improving business planning, internal auditing, developing control structures, risk management frameworks, identification of stakeholders, performance information and standards, evaluation and review, and a focus on client service (Tertiary Education Commission, 2012).

However, there has been a slight increase in government oversight, and consequently a reduction of managerial self-governance, as a result of the 2003 TER, which can be characterised by the notion of *accountability*. This notion very much persists today. It can be exemplified by increased state “guidance” and stricter monitoring of strategic, operational and financial affairs. The rationale from the government was that it wanted to reduce the risk profile of its \$3 billion investment in higher education. As mentioned earlier, this is enacted through the use of performance-based funding criteria, institutional audits and a linkage between individual HEIs’ strategic plans and the national TES.

It can be argued that the state’s increased guidance and new powers to intervene in managerial affairs represent a loss in managerial autonomy. Although it can be argued that HEIs still retain a higher level of managerial autonomy relative to international benchmarks (OECD, 2008), and that a greater degree of coordination was necessary to meet national needs (McLaughlin, 2003).

Future

With the global financial crisis and governments the world over seeking to reign in their national budgets, one may reasonably surmise that the NPM doctrine of “doing more with less” will persist in the higher education sector in New Zealand. I would imagine that this will continue to mean transplanting private-sector managerial disciplines into publicly-funded HEIs.

The New Zealand government’s current approach to public sector governance is best described as an investment model, whereby the focus has been on identifying what is core business and mobilising resources to where they deliver the best results and therefore best value for money (New Zealand Government, 2011). It remains to be seen whether this translates into the state increasingly determining such priorities for HEIs or whether HEIs will be given more autonomy to set their own strategic direction and target resources based on their knowledge of their own markets. A balance will likely occur whereby HEIs will retain some autonomy to meet market demand but will be strongly guided by state funding criteria.

E) Competition

Past

As evidenced in earlier sections outlining the market reforms of the ‘80s, New Zealand adopted more competitive, market-based policies for tertiary education. Again, this is very much in line with NPM doctrine. The main objectives guiding policy during this period were; introducing the efficiency of the market, making institutions more innovative and responsive to the market, opening up the market to new private sector providers, increasing student participation and constraining government costs (McLaughlin, 2003).

The main market-type mechanism employed by the government to seek a more competitive higher education sector was the introduction of user charges, or tuition fees. The rationale was that setting a price for the provision of higher education, and thus sharing the cost of service provision with the user, i.e., the students, would mean HEIs would be more responsible and accountable to their customers (Larbi, 2003). Therefore through a focus on service delivery and customer value, HEIs were able to distinguish themselves and compete for students on the market.

As aforementioned, government funding also moved to a demand-driven model, providing funding to HEIs based on the number of EFTS, resulting in significantly higher participation rates in higher education. This compelled HEIs to invest more in attracting students, thus increasing competition.

One explanation for this shift to a more competitive, market-oriented approach can be derived from the *principal-agent theory*, a key conceptual underpinning of NPM. In brief, the theory advocates greater competition in the public sector in order to reconcile the public's inability to adequately hold the government accountable as a service provider, in this case the provision of quality higher education. This inability to fully hold HEIs accountable is a result of insufficient information, such as the ability to fully monitor bureaucrats' behaviour to avoid the pursuit of narrow self-interest. The monopoly characteristics of public services and the huge transaction costs that would be involved in efforts to write and monitor complete contracts are prohibitive (Larbi, 2003). Therefore, competition is encouraged to ensure the more efficient and effective use of public resources.

Present

The question then emerged as to whether or not *the market* acted in the wider public interest. Judging from the move towards more central steering of today's model, it seems it did not. As we have seen, the government therefore took, and continues to take, a more centralised approach to the management of the higher education sector in order to ensure that HEIs are responsive to specific market elements that are prioritised by the government. In other words, because the Labour government felt that such free competition lacked appropriate coordination, HEIs today are guided by the state in what is hoped to be a more strategic approach tied to national socio-economic needs. As we have seen, this currently takes the form of HEI charters that are aligned with the national TES.

This could be seen as a reduction in competition in the higher education sector, as HEIs are now required to meet certain pre-defined goals, thus limiting their ability to respond to the market without restrictions.

Another contributor to this relative reduction in competition is the diversity of institutional forms that currently exist in New Zealand. One could argue that if HEIs cater for specific individual markets and are increasingly centrally coordinated, they will be less likely to compete for the same market segment. As mentioned in the introduction, New Zealand higher education sector comprises a high number of institutional forms, or as the TES 2010-2015 states, "New Zealand has a broad range of tertiary education providers to meet the varying post-school education needs of New Zealanders" (Ministry of Education, 2010). This diversity continues to be a priority, with HEIs encouraged to "focus on what they do best" (Ministry of Education, 2010). In fact, The OECD (2008) saw this institutional diversity as one of the strengths of the higher education system in New Zealand, particularly the fact that HEIs appear to be conscious of the role they play in the bigger socio-economic picture. As a result, one may argue that by focusing on their strengths, HEIs are becoming less concerned with winning market share in other areas, and therefore less competitive.

However, it is worth noting that despite more state guidance, the tertiary education system still encourages competition. As already mentioned, HEIs are essentially forced to fight for funds through the strict monitoring of performance, which informs the state's investment decisions. Additionally, New Zealand ranks highly in terms of attracting a significant number of foreign staff and students from the international market (OECD, 2008). In fact in 2008, New Zealand was ranked third by the OECD in terms of growth in international students.

Future

The above-mentioned fight for funds ethos is anticipated to only increase under the National-led government. National's policies for tertiary education state that it plans "to remove differences in funding treatment between public and private providers" (New Zealand National Party, 2011). The rationale is that this will "ensure funding is prioritised at all times to the results achieved, rather than towards who owns the tertiary institution" (New Zealand National Party, 2011). One may therefore reasonably conclude that according to such policies, competition between HEIs will increase, specifically between the public and private sectors competing for funds. Some commentators in Scandinavia, where similar developments have occurred, have argued that this actually represents a move back to an elite system, whereby fewer, supposedly better, institutions are funded at a higher

level (Berg, 2012).

On the other hand, the demand for HEIs to “focus on what they do best” will likely result in greater institutional specialisation, which may see a further reduction in competition.

3) Conclusion

The New Zealand Mix creates a very clear sound from which we can ascertain a couple of key macro-level developments. Namely, it can be seen that New Zealand comes from a background of radical policy reforms aimed at transforming New Zealand from a welfare state with an elite education system to become one of the early adopters of what could be considered NPM, with a strong market-oriented approach characterised by competition and the resultant massification of higher education. This is followed by a shift towards a more centrally steered higher education system aimed at instrumentalising HEIs to meet national socio-economic goals.

This is manifest in the equaliser dimensions depicted below.

Briefly, it can be seen that *state regulation* has gone from being hands-off to taking a more involved, subtle form of steering. The policy instruments used tend to be soft, rewarding obedient HEIs through the allocation of state funds. *Stakeholder guidance* has always been strong in the New Zealand mix and continues to be so as a result of ethnic diversity and the demand to be accountable to the tax-paying public at large. *Academic Self-governance* is valued immensely in New Zealand but has failed to be institutionalised. Rather, it is extended through good faith relationships and legal precedent. As a result of increased state intervention in the higher education sector, *managerial self-governance* is somewhat diminished from its glory days following the '80s reforms. While HEIs are still free to manage their own affairs, they must do so within strategic bounds and prove accountability *or* suffer from reduced funding or state intervention. Finally, *competition* has gone from free-market enthusiasm to a more considered approach, with HEIs encouraged to focus on what they do best. However, the fight for funds is still very much a reality.

Furthermore, New Zealand's small size and culture of stewardship allow pragmatic and direct communication between the government, HEIs and other stakeholders. This has contributed to the willingness to adopt and implement NPM in the higher education sector, and also its ability to adapt and tweak the system in more recent years. We can only speculate as to what may need further tweaking in the future.

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ETHIOPIA

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Abstract

The emergence of New Public Management (NPM) in the 1980s and its popularization through the 1990s has resulted in massive reforms in the public sector of many western countries. Privatization and structural reforms became common practice; marketization, market-like, new approaches of governance, 'network governance', 'evaluative state', state supervision, accountability (Boer & File, 2009, p.9), decentralization and autonomy came to be key words in everyday language. In the meantime, in developing countries, like Ethiopia, political instability and power struggle did not give enough space for reforms to take place in the public sector. Until recently, and even currently, in most developing countries, the public sector, in general and the Higher Education (HE) sector in particular, is under the heavy hands of the state.

This paper attempts to draw a general picture of the changes that have taken place in the past decade and the likely future of the higher education sector in Ethiopia by taking the perspective of NPM as analytical framework. It specifically relies, as analytical tool, on what is called "the governance equalizer" by Boer, Enders and Schimank (2007, p.4) which focuses on the five dimensions of NPM: state regulation, stakeholder guidance, academic self-governance, managerial self-governance and competition. The paper begins by introducing the Ethiopian higher education sector, gives a short description of the methods used and the corresponding methodological limitations encountered, discusses analysis of the governance equalizer, and concludes with assessment of strengths and weaknesses of changes in the sector based on the equalizer as criteria.

1. Introduction

Before proceeding to the discussion of the status of the Ethiopian higher education in terms of the governance equalizer, it will be extremely important to take a brief look at the peculiar characteristics of higher education in Ethiopia. By looking at these points and establishing the background we will be able not only to better understand but also to justify some of the issues to be discussed in the later part of this paper. In doing so it is important to look at how long the Ethiopian higher education has existed, what the major area of emphasis has been in the past two decades and its relationship with politics [and state].

A) Having short history:

Modern higher education in Ethiopia has a history of only a little more than sixty years. The founding of the first higher education institution, the University College of Addis Ababa, in 1950, marked the beginning of modern higher education in the country (ICHEFP, n.d.). Later promoted to Haile Sellassie I University in 1960, and renamed Addis Ababa University in 1974, remained the only university until the establishment of Alemaya University in 1985 (elevated to university status from Alemaya Agricultural College as part of Addis Ababa University). No graduate program was offered until mid 1979 (Araia, 2004). Until the government launched a set of new universities by the end of 1990s, there were only two universities and more than fifteen affiliated higher education institutions of different kind. In their academic organization, these institutions were somewhat more American and less British than higher education systems in the former British colonies of East Africa. Many of these institutions hosted an educational culture that was heavily influenced by its long informal association with the Orthodox Church (Wagaw, 1990).

It is very important to note that though higher education has a short history in its modern (secular) sense, Ethiopia possesses a more-than 1,700 year tradition of elite education linked to the Orthodox Church (Saint, 2004, p.84). While the elementary religious teaching was the basic education that

everyone was expected to attend, many of which end in church services as deacons and priests, the equivalent of higher education was reserved for students who intended to advance themselves to becoming *debtera* or *liq*. This was a very small elite group of scholars. Advanced courses were only offered at special centers located in northern region of the country (Education Encyclopedia, n.d.). As the Ethiopian Orthodox Church assumed the exclusive task of designing and propagating the education system during this time, the central subjects were the religious beliefs, values, and practices of the Church. Nonetheless, in addition to religious instruction, the teaching had a secular component that dealt with Ethiopia's history and socio-political organization (Pankhurst, 1955). Therefore higher education of this period can be notably characterized by small number of students (elite), and content largely focused on Ethiopia (Ethio-centered).

This in general implies that the Ethiopian higher education system, having such a short history, cannot be on the same ground for evaluation, in terms of reforms pertinent to the governance equalizer, compared to the higher education systems of European countries where the only reforms have lasted for more than thirty years.

B) Massive Expansion

Another typical character of the Ethiopian higher education for the past fifteen years is the massive expansion underway. Expansion of the education sector in general was the agenda of both the Imperial and Dergue eras. However the expansion process in both cases was highly focused on primary and to some extent on secondary education. The current government however, against all the criticisms, has been successful in the expansion of education at all levels. The expansion in the tertiary level, in recent years, is rather remarkable. The amount of investment in the massification of higher education is estimated to have reached as high as 4.2% of the gross domestic product (Ashcroft, 2010a).

The Ministry of Education (MoE) launched five new universities by the turn of the century (by upgrading junior level institutions) marking the beginning of this aggressive massification program. By the year 2014/15 Ethiopia will have 33 full-fledged universities compared to only two by the end of the 1990s. Total enrollment has increased from 42,132 in 1996/97 to 192,165 in 2004/05 (MoE, 2005, p.12) quadrupling in less than a decade. The annual enrolment growth rate of 50.86 per cent was possibly the highest in the world during this period (Waweru & Abate, 2011). It further reached 319,217 in 2010/11 and is targeted at 467,445 by 2014/15 (MoE, 2010, p. 62 - 64).

Yet the massification process is not without a problem, the biggest of which is related to quality and proper management. As Yizengaw (2005, p.5) puts it "tertiary education remains underdeveloped, access is still very low and the quality and relevance of the education and research activities of the institutions are not up to expected standards and levels". In some cases, the opening of new universities is considerably politically motivated. Some of the universities are opened in areas where there is chronic shortage of infrastructures and where qualified academic and administrative staffs, and even students, are not willing to go. This in itself leads to improper organization of the universities as they are there only for satisfying quota. Above all, with all the attention and resources devoted to the overarching issue of massification, the Ethiopian higher education had very little chance of sustainably enjoying the necessary reforms it needed.

C) Higher education and Politics

Higher education and state (the political power) have always had a precarious relationship in Ethiopia. This two way relationship works in such a manner that each supplies the other but remains suspicious of the same. On the supply side, the higher education system contributes to the always elitist government and policy making system (Abebe, 2011) while the institutions are fully funded and controlled by the state. On the other hand, the university has always been a source of resistance, protest, revolution and even a starting point of an armed struggle. In return all the three regimes [the imperial, the *Dergue* and the EPRDF regimes] have been, at one time or another, brutally repressive to the university (Balsvik, 2007). The government therefore has all the justification to look at the higher education system as a potential source of resistance to power and to use all the possibilities to keep it under a close supervision, and manipulative maneuver when necessary. With interest to look at the current state of higher education in Ethiopia it is important to consider the profound impact of the 2005 election (Abbink, 2006); how stringent measures are taken by the government that affected every single higher education institution in terms of its management practices, academic freedom and governance – a setback in almost every aspect of institutional autonomy.

2. Methodology of the paper and limitations

The construction of this paper relied on two major forms of data: secondary data of literature, and interview. First, existing literature on Ethiopian higher education: researches, reports, statistical abstract, commentaries, official documents...etc are used as major source of information. Second a skype interview with an expert has been undertaken as a way of supplementing the secondary source of data.

Yet it is worth to mention the methodological limitations encountered in the process. The first thing is, as in all other areas in Ethiopia, there is lack of properly organized data. The MoE web site does not have relevant data accumulation. It does not even have the annual reports which the ministry prepares every year and present to the House of Peoples Representatives (HPR), even though this is normally assumed to be a public information. The educational statistics abstract are not consistent in timing; some year data are not available. One of the directly concerned institutions, the Higher Education Strategy Center (HESC) does not even have an online presence (as of October 19, 2012).

The second problem was the existence of extreme views on the subject leading to the questioning of the reliability of information. Mainly because of the high degree of politicization of education in Ethiopia, what the government reports and what the opposition parties, independent media and civic organizations claim are quite different sometimes both in direction and magnitude. This polarization of views is also reflected in the writings of the academics. For instance while Yizengaw (former vice minister of Education) and Ashcroft (advisor to the MOE) write about the remarkable success achieved in the higher education sector (Yizengaw 2003, 2005; Ashcroft 2004, 2010a, 2010b), on the contrary, scholars like Bishaw, Negash and Telila write about crisis and collapse of the same (Bishaw, 2002; Negash, 2006; Telila, 2010). This polarization makes it difficult to get a clear picture of what actually is happening, or which direction the Ethiopian HE is going.

3. The Governance Equalizer

What is the governance equalizer? Boer, Enders & Schimank use the analogy of the equalizer which is an electronic device that allows attenuation or emphasis of selected frequencies in an audio spectrum. 'It can be used to alter the relative balance of frequencies to produce desired tonal characteristics in sounds. Assuming that a configuration of governance is made up of a specific mixture of the five dimensions at a particular point of time, in the equalizer model each of the five governance dimensions can be turned up or down independently from each other'(2007, p.3-4). These dimensions of higher education governance are:

- *State regulation*: refers to the traditional notion of top-down authority the state is endowed with, and with which it regulates through directives. The government provides for detailed expected behavior of institutions.
- *Stakeholder guidance*: refers to the idea of directing universities with the advice and participation of stakeholders. Even though government is a very important stakeholder for public universities, it is not necessarily the only one. Powers of the government over the universities may be delegated to a lower level governance body usually in a form of board, which in turn is composed of representatives of concerned parties such as industry, intermediaries and society.
- *Academic self-governance*: refers to the institutionalization of collegial decision-making within universities and the peer review-based self-steering of academic communities, for instance in decisions of funding agencies.
- *Managerial self-governance*: refers to the role of university leaders at the top and middle level in goal setting, regulation, and decision-making. It is concerned with what universities look like, as organizations, in terms of internal hierarchies.

- *Competition*: refers to the race within and between universities for scarce resources – money, personnel, and prestige. These competitions do not necessarily take place in “real” markets but mostly in “quasimarkets” where performance evaluations by peers substitute the demand pull from customers.

4. Governance equalizer of the Ethiopian Higher Education

Now let us turn to looking at what the Ethiopian higher education system looks like in terms of each of the five dimensions of the governance equalizer. This part is divided into two: the first looks back at changes that happened in the past fifteen years while the second attempts to look in to the future.

4.1. The Past

While the 1994 Education and Training Policy [of the Federal Democratic Republic of Ethiopia] is still in force, since the end of the 90s a number of reform agendas have been pursued. The 2003 Higher Education Proclamation no.351 was a significant outcome of the reform process. The proclamation, for the first time, came up with a comprehensive legal framework to govern issues of higher education. In 2009 this proclamation was replaced by a new one (proclamation 650/2009) which has introduced certain changes. However for both of the proclamations key issues were left for further regulation by the Ministry of Education and both lack far behind in terms of effective implementation.

A) State regulation

The Ministry of Education, [along with its institutions], is the federal government body mandated for oversight and regulatory provisions of the education sector in general (Yizengaw, 2003). In the public higher education state control appears to be very strong and can be explained in different ways.

- *Budget dependence*: Ethiopian public universities are generally funded by the state. This situation gives the government the prerogative of giving detailed instructions as to what it wants from the universities, and has put the universities in a weak position to negotiate with the government on the directions they intend to pursue. The 2009 proclamation (650/2009) indeed stipulates block grant method of budgeting. Article 62 (1) states that “public institutions shall be funded by the federal government or states through block grant system based on strategic plan agreements”. This, which theoretically could have given better bargaining power for the HEIs, has not so far come in to practical effect. As witnessed by Ashcroft and Rayner (2011), ‘the problem is compounded by an inflexible system of line budget negotiation between government and institutions that encourages universities to cling to the status quo as far as the expenditure is concerned, to overstate their needs and to spend to the limit’.
- *Appointment of the board and the president*: Since the board is the highest governing body of a university, another way government control can be seen is in how the board members and the president of a university are appointed and by examining their affiliation with the government. In this regard while the 2003 law goes unclear about how board members are appointed or elected, the 2009 proclamation (650/2009), making the board accountable to the ministry (Article 42(2)), states that four out of the seven voting board members, including the chairperson, are directly appointed by the minister, and the remaining three are appointed by the minister, upon the recommendation of the president who in turn is appointed by the minister himself (Article 45(2),(3); Article 52(1)). In other words, all the board members and the president of all universities are one way or another appointed by the minister. This being so, it is very unrealistic to expect the university governance to be independent of state influence. Besides, the ministry reserves the right to reform the board fully or partially (Proc. 650/2009, Article 47(5)).
- *Dictation of strategies and reforms*: Mehari (2010, p.87) observed that reforms in universities are dictated by the state. The universities have no opportunity to resist the

change that comes in a unidirectional flow from the center. Moreover, since the launch of the Growth and Transformation Plan (GTP) in 2010, every public institution is required to revise its policies and strategies in conformity to the GTP. That in deed extends even to academic programs and curriculum of universities. Though [theoretically] universities have the right to open, close and to determine the content and structure of academic programs, that can be done only as per the interest of MoE regardless of the interest and readiness of the universities (ibid, p.75).

- *Staffing of [new] universities:* The government centrally hires and assigns graduate assistants mostly to the new universities, thereby denying them the right to hire the person they want. Besides the vice presidents of universities are appointed by the board which simply is an indirect appointment by the government.
- *The 70-30 policy:* The government has recently launched a policy that 70% of students in higher education have to go to fields of natural sciences and technology, while the remaining 30% go to the social sciences and humanities (MoE, 2010, p.63). This is done in each university without any discretion left for the universities - whether or not they have the interest and the capacity.

B) Stakeholder Guidance

The involvement of various stakeholders in the governance affairs of universities is another dimension of governance to consider. In this regard, reports in general suggest that the Ethiopian higher education has the state to be the most significant stakeholder in all areas. Contrary to this, Ashcroft (2010b) argues that higher education has become adapted to government objectives, donor agendas, internal stakeholders and the operation of differential power among stakeholders. More student involvement in matter such as evaluation and governance are promoted. Points that can help show the stakeholder involvement include:

- *General Objectives:* One of the objectives of higher education in general is set to ensure participation of key stakeholders in governance of institutions (Proc.650/2009, Article 4(6)). Yet there are no details provided as to how that can be realized, in effect, the objective of stakeholder involvement remains rhetorical.
 - *Composition of the governing and Advisory bodies:* The proclamation states that individuals nominated to board membership should be past or present holders of responsible positions and notable personalities especially in teaching or research and in integrity, or be representatives of the customers of the products and services of the institution and whose exceptional knowledge, experience and commitment are such as to enable them to contribute to the attainment of the mission of the institution and the objectives of higher education generally (Article 45(5)). Here one can notice that the proposal of the law for the inclusion of stakeholders is not well balanced. For instance representatives of industry, local communities etc are not specifically guaranteed participation. Besides the inclusion of stakeholders is not for the purpose of taking account of their interest in the university decisions, rather it is for them to contribute for the university's success.
 - *Research themes:* The proclamation directs that every institution has to set its core research area and theme in consultation with its key stakeholders (Article 24(2)) though this is far from practical realization. Yet in recent years universities have made progress in undertaking researches that ensure benefits to local communities and other stakeholders.
 - *Community based education:* Pioneered by Jimma University (assisted by the Belgian government), Ethiopian universities are tending to the philosophy of community based education, thereby increasing their responsiveness to demands of stakeholders.

C) Academic self governance

To what extent do academics participate in the various affairs of the university? How much collegial decision making is exercised? Considering the following points gives a mixed picture of the situation where contending views prevail.

- *Participation of the Academic Staff:* On one hand, there is a significant difference between the old/established and the newly emerging universities- generally it is observed that in the old universities the role and /or influence of the academics in the decision making is significant; more of a collegial approach is used; while in the new universities the academics is under a vertical authority of the management giving the earlier less chance to influence decisions (personal communication, October 2012). On the other hand, from the perspective of the law, academic staff are not only allowed but also have the duty of participating in various committees, in their respective departments and colleges, dealing with academic matters. Besides, the HE proclamation requires that academic staff be included in the senate and university council (Article 50 (2); Article 57(1)). On the contrary, Mehari (2010, p.87) argues that the bureaucratic nature of the governance model influences the academic community not to fully participate in the university affairs. But it is important to note that there is no clear distinction between academic and managerial responsibilities. In all universities most managerial positions are assumed by academic staff, not by purely managerial professionals. A person with a managerial position also assumes teaching duties.
- *Overall Academic freedom:* the prevalence of academic freedom in general reflects the extent to which academic staff can decide on various matters including, but not limited to, academic affairs. Various human right reports (Human Rights Watch, 2003; US State Department, 2010) and researches by independent institutions/scholars (Teferra, 2005; Forum For Social Studies, 2007; Areaya, 2010) report that there exists a gross violation of academic freedom in Ethiopian public universities.

D) Managerial Self governance

As far back as 2003 the government claims that ‘In order to improve efficiency, there is a push towards decentralization of management to the level of departments, which at the moment is only at the level of faculties in only few universities. To revitalize institutional governance, new board structures were put in place. Board members include regional government representatives (to assist local networking and close working relations with the community)’ (Yizengaw, 2003, p.12). It further says that ‘accountability to the institution’s community (students, staff, etc.) and the public at large is also an issue addressed by the reform. Accountability involves transparency, participatory management, and efficiency. The fundamental question of accountability revolves around who is to be held accountable, for what, to whom, through what means, and with what consequences. Putting in place mechanisms of accountability helps avoid arbitrary and corrupt power’ (ibid, p.13).

Yet it is important to note that what is referred to as ‘reform’ in this context is the changes that were incorporated in the 2003 higher education proclamation, the realization of these changes was far away from reality. On the contrary even in recent years studies suggest otherwise. For instance Ashcroft (2010b) describes the internal management situation of public universities as filled with tension ‘control versus autonomy, modernization versus ‘government knows best’, democracy versus the need to control dissident voices. Dilemmas arise within institutions themselves because of these tensions and the need for managers to work out the hidden as well as overt agendas’. Mostly related with the degree of state regulation, the extent to which universities enjoy autonomy in determining their internal affairs can generally be reflected in the following points.

- *Financial Autonomy:* Though the HE law provides for financial autonomy of universities to receive their budget in block grant form, and determine their own ways of utilization, it has not been practically realized yet (Mehari, 2010; Ashcroft & Rayner, 2011).
- *Setting of Vision and Mission:* the setting of vision and mission is the starting point for any institution to determine what it pursues and how. Though universities are allowed to set their own vision and mission, due to the state influence the vision and mission of all universities is closely similar to that of the MoE itself (Mehari, 2010). This is because even though universities may develop their own vision and mission in quite independent manner from that of the ministry, practically they have to follow the directions of the ministry and their vision and mission would have to be shaped accordingly.
- *Staffing Autonomy:* Mehari observed that because budget cannot be administered the way the universities determine and because all employees of universities have to be administered in a centrally determined manner, universities do not have the chance to compete in the labor

market and attract excellence (ibid, p.85).

- *Centralized decision:* Though the HE proclamation has created the room for a more decentralized structure, practically universities still have tall organizational structure and decisions are pushed down from the top. There exists trust issue between university managers and presidents on one side and the government on the other. The government does not have confidence on the competence of the management while the later have the fear of their decisions being overruled by the earlier (Ashcroft, 2010a).

E) Competition

Taking consideration of the above discussed issues i.e. absence of financial autonomy, lack of staffing autonomy, complete dependence on government budget, centralized direction and decisions etc. it is impractical to imagine competition among the Ethiopian public universities. Students up on completion of secondary school are assigned by MoE not only to the different universities but also to the field of study they will study. Therefore competition for students is nonexistent. The only possible kind of competition available is competition for reputation or good will. Two years ago MoE has launched annual competition and ranking of universities based on overall performance. Though the competition does not have a clear structure and guideline known to all, it takes a number of issues in to account e.g number of programs, research engagement, community services, conformity to quality standards, etc. Even this lacks proper communication not only to the general public but also to the competing universities themselves (personal communication, October 2012). Without the results well publicized, the competition does not make any difference on the image of the universities and the institutions also will have no motivation to participate and to endeavor to a better rank.

4.2. The Future

Higher Education in Ethiopia has always been a derivative of the political situation. There has never been a long term plan that could stand political changes. That makes it difficult for anyone to make a reasonable forecast about the future of higher education in the country. Currently the longest plan the government has set out for the sector is the Education Sector Development Program (ESDP) IV. This is the continuation of the previous three similar plans each covering five years plan of the government in all levels of the education sector. The current plan, ESDP IV, covers the years 2010/11 to 2014/15. Therefore this particular section of the paper is based on this official document of the MoE and can extend as far as only three years in to the future. Moreover, the forecast that are made are on the basis of expectation that the 2009 higher education proclamation would be effectively implemented and the ESDP IV plans shall be realized in practice. Later on, whether that became a reality or not is a question that requires a study. Taking these points in consideration lets go back to the dimensions of the equalizer to see what we can possibly think of the Ethiopian higher education in the future.

A) State regulation:

State regulation is likely to continue strong for the coming years as the government has made it clear that it needs to keep its control over certain sectors to ensure the effective implementation of the GTP. This can be understood by looking at the ESDP IV plans and how detailed the MoE responsibilities are for the higher education targets to be achieved by 2014/15 (MoE, 2010, p.62-68). The kind of mistrust that exists between the political power and professionals (discussed in previous sections) indicates that the government wants to continue its control over higher education for the years to come.

This can also be viewed in the general framework of the political ideology of the government, the revolutionary democracy or developmental state, which entails detailed state control over major sectors like education, communication and finance. Therefore as long as this ideological inclination stays valid, one can safely stipulate that state regulation in the higher education sector will remain the same.

B) Stakeholders guidance

It has been realized in the past few years that the inclination to attach to and work with industry has increased at institutional level particularly in fields like engineering and agriculture. Besides, community based education and professional practices and apprenticeship are gaining more recognition in the older universities which indirectly allows stakeholders to involve in university matters. The ESDP IV put a target to achieve higher degree of stakeholder consideration in the management and research activities of universities by 2015 (MoE, 2010). However, there are no details with regard to how this is going to take effect. With respect to stakeholder involvement in the governance system of universities, the 2009 proclamation generally goes positive. But, again, this has to be viewed with the government's interest to keep its hands in the daily business of the universities. The more is the stakeholder participation, the less will be the direct control of the government, which the later does not seem willing to trade.

C) Academic self governance

The new universities are more populated with young academics mostly with just a first degree. The chance that academics may have strong influence in the decision making process remains doubtful for reasons of lack of experience and comprehensive understanding of the higher education landscape in the country. In the meantime it is important to note that assignment of the young academics is done more on the basis of political commitment to the ruling party than competence (personal communication, October 2012). This coupled with the contradicting ideas between the legal requirement and observations of the practical aspect (c.f. Mehari, 2010) in general suggests that the academic self governance appears to continue with its current state as long as a major reform is not taking place in this particular regard, which at this point in time is not implied in any way.

D) Managerial self governance

The government, along with donors, has recently initiated capacity building programs directed to administrative and academic staff of universities as well as their institutional systems (MoE, 2010). On the other hand there has been a growing tendency towards more financial autonomy, which in turn, requires the desired level of capacity on the side of the universities. It has been proposed that the budgeting system of universities change to a block grant form that base on performance of the institutions. However this could not be realized because of lack of institutional capacity. Further, institutional self-assessment of their own strengths and weaknesses is expected to lead institutions to seek and implement improvements (Ashcroft, 2010b). From these one would fairly expect that the government will give more autonomy in decision making for universities and their respective academic units once the desired level of capacity is achieved.

E) Competition

While currently universities are entirely dependent on government budget, there is a plan to promote more income generating activities. ESDP IV accentuates this target of 'building the capacity of the universities in generating sufficient income i.e. 5% of the budget shall be their internal income that can enable them to strengthen the relevance and quality of their training' (MoE, 2010, p.65). This possibly promotes the competition in different areas of income generation including distance education, consultancy services, trainings, research, and sale of other products and services. However, this is, to some extent, challenged by the fact that the universities operate in different geographic areas and their target market usually lies in their respective region. On the other hand if block grant form of budgeting takes effect, universities will compete in various forms for resources.

5. Concluding remarks

Considering the move to NPM in higher education as a general framework (normative scenario) and specifically using the governance equalizer as a tool or criteria for evaluation, it can be said that, overall, the Ethiopian higher education is far away from having NPM driven reforms realized. State regulation is excessively high, leaving institutional autonomy for universities at a very low level. This indeed has been worsened since the 2005 political upheaval which demonstrated strong power resistance in universities and in return to which the government further strengthened its tight control (Personal communication, October 2012). The government not only sets detailed regulations and appoints all the important decision makers, but it also goes all the way interfering in the day to day activities of the universities. An important factor explaining the process of reform implementation in

Ethiopian public universities is the MoE's excessive intervention and control, rather than steering and supervision. The Ministry has become unnecessarily busy by involving itself in to the day-to-day routine activities of public universities (Areaya, 2010). A typical example of the government's position, in this regard, can be seen in Yizengaw's (former vice minister of Education) remark: "with universities being public institutions but seeking to free themselves from certain common orientation and guidelines, it has become increasingly difficult for the regulatory body (the Ministry) to monitor and supervise the institutions under its purview" (Yizengaw, 2003, p.3). This has also resulted in the enforcement of uniformity across all universities rather than encouraging institutional diversity by letting them follow their own directions and build their own culture.

Lack of trust between the government and the management of universities has resulted in the absence of institutional autonomy in the aspects of financial management, staffing and internal administrative affairs. It is indeed a positive move that the block grant budgeting was proposed in 2003, and it is included in the 2009 legislation. However even after such a long time it has not come in to practical effect for reasons of lack of capacity by the universities, as claimed by the government, or lack of the government's will to let things go out of its tight hand, as critics point out. In fact even in the first case the question goes back to the government as it is inherently its responsibility to build the capacity of the universities and to enable them function autonomously.

The attempted top-down reforms keep producing no significant result because of the government's absolute ownership of the reform agenda that does not give enough space for the participation of the academics and other internal and external stake holders. This reduced the required support of stakeholders for the implementation of the reforms. Therefore, by practically encouraging stakeholder participation in the governance system, the government has to ensure that the reform agenda is set through the consultation of, and is mutually owned by, all concerned bodies inside and around the universities.

It is to be noted that the aggressive massification process in the past fifteen years has achieved remarkable success in terms of enrollment. But there is no point of agreement as to its impact on quality of education and efficient resources management. Areaya notes that it has now become 'clear that there has been a growing mismatch between the expansion of higher education and availability and management of resources and facilities, leading to declining standards in the quality of instruction and research in Ethiopian public universities' (Areaya, 2010, p.114). While efforts are made to make universities corporate-like by adopting business models to their organizational and administrative aspects, it is also observed that these changes are turning public universities into simple corporate institutions that treat students as clients. This point may deceitfully look like the exercise of NPM reforms in the universities. But, in fact, it is typically where the whole thing could go wrong. The reinforcement of market principles coupled with the practices of bureaucratic authoritarianism, undermines collegiality on one hand, and encourages managerial efficiency and accountability to the government on the other (Aronowitz, 2000). In effect, the general purpose of education will be undermined and universities degenerate in to knowledge factories.

The alternative is, in general, for the government to rethink its reform efforts in the higher education sector. State control should be relaxed and universities should be endowed with real autonomy by building up their capacity. The overall policy of the government should shift from direct control to facilitation and supervision, from concern with process to concern with outcomes, from directing each institution to creating a competitive environment. Similarly, the optimum parity has to be identified between concern for efficiency and concern for quality. Importing the business principles in to higher education does not necessarily guarantee competition; rather institutional autonomy, academic freedom and professional competence of top management play pivotal role. A proper study should back up the massification program to ensure the balanced match between the expansion and availability of resources and facilities. By promoting all rounded stakeholder participation, internally as well as externally, it is possible to create a sense of belongingness that ensures the commitment of all to contribute for the effective implementation of reforms.

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