

REAL-TIME SYSTEMS

Reflections on Higher Education in the Czech Republic, Hungary, Poland and Slovenia

Jon File and Leo Goedegebuure (Eds.)

Real-time systems *(An ICT definition)*

In real-time multiprocessing there is the extra requirement that the system complete its response to any input within a certain critical time. This poses additional problems, particularly in situations where the system is heavily loaded and is subject to many simultaneous demands. Real-time systems are always dedicated. Most systems are not real-time.

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9. New Rules of the Game? Reflections on governance, management and system change

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With special thanks to Emanuel Ondráček (Czech Republic), István Bilik, Vilmos Sándor (Hungary), Piotr Wach (Poland), Darinka Vrečko and Eva Marjetič (Slovenia)

Introduction

The question of how to steer higher education systems and their institutions has been a recurrent theme in the higher education policy debate over the last forty years. A debate that has been fueled by a number of interrelated developments. Our systems have gone through a period of substantive expansion, transforming them from elite to mass systems. Both in terms of numbers of enrolled students and in terms of numbers of institutions, today's higher education systems bear little resemblance to those found in the late 1960s. This massification has led not only to a reconsideration of funding issues – funding mass systems on the same level and basis as elite systems simply takes up too much of the national budget, as many governments have found out over the years – it also has brought the issue of steering and control explicitly on to the table. In principle, one can imagine a relatively concise and homogeneous system being directed by a national ministry according to a uniform set of rules and regulations, as traditionally has been the case in many continental systems in Europe (e.g., Neave, 2002). But a whole new situation arises when these systems expand and subsequently diversify in terms of student bodies, functions and orientations (Meek et al., 1996). Systems of an unprecedented complexity emerge that are at odds with uniform and central steering and control. It is simply no longer viable to 'run' a system from one national control centre, as again many of our European governments have discovered – sometimes to their shock and horror, sometimes to their relief. And increasingly, it is not only the government-institutional nexus that drives our higher education systems. A wide range of interest groups make claims on higher education, a new situation often described as the rise of the stakeholder society (see: Enders, 2002; Neave, 2002; van der Wende, 2002).

All of this not only has far-reaching implications for the way systems can be run, they equally affects the management of individual higher education institutions. These issues are at the heart of this chapter, and will be explored in more detail in the following sections. Before doing so, however, we acknowledge the fact that the vocabulary used by the higher education policy and research community is often far from uniform and uncontested. Certainly in different contexts – as we ourselves have found during our work with colleagues in Central and Eastern Europe – particular concepts can take on quite different meanings which frequently results in

misinterpretations and misunderstanding. In this chapter we have therefore made a conscious effort to be sparse in terms of the number of concepts used, and explicit in what we mean by them. The following form the backbone for our discussions and analyses, as adapted from Gallagher (2001):

Governance: the structure of relationships that brings about organisational coherence, authorised policies, plans and decisions.

Management: achieving intended outcomes through the allocation of responsibilities and resources, and monitoring their effectiveness and efficiency.

The Evaluative State, New Public Management, the Audit Society: “These are all essentially solutions to what some economists have called the ‘principal-agent problem’, that is how does a government as principal ensures that its agents – hospitals, public utilities, schools and universities – provide their services in the optimum way from the point of view of society as a whole. Traditionally, this was done through detailed state regulation of the provision of these services, a procedure that reached its apogee in the centrally planned economies of Eastern Europe; but it was also the normal way of delivering most public services, including higher education, in most of the countries of Western Europe.” (Williams, 2003).

The Entrepreneurial University, the Enterprising University: “Enterprise is an enabling process through which the more fundamental aims of universities can be protected and pursued in mass-higher-education systems. Competitive enterprise can certainly result in dumbing down, but it can also lead to great works of scholarship and artistic and intellectual creation. Research at the boundaries of knowledge (...) are all produced and made widely available as a result of enterprise. It is the challenge facing those who manage and work in universities to ensure that the dominant outcomes of their enterprise are the proven virtues of exciting teaching and discerning research and not the transient rubbish of the mass media or the mass instant-food industry.” (Williams, 2003).

While this clarification of the core concepts we will be using throughout this chapter should assist in making our comparative analysis of trends and developments in the area of governance and management more accessible and better understandable, it nevertheless remains a fact that this is an area wrought with complexities and nuances. In order to structure our analyses, in the next sections we deal with the following issues. We start by focussing on the changes that appear to have taken place at the national level, where we argue that the changes we see taking place in Western European higher education are a reflection of wider public sector reforms. We then analyse in more detail the changes in the higher education sector itself, and explore the consequences they have on the governance and management of institutions. Having painted this picture, or at least our particular interpretation of it, for Western Europe, in the third section we attempt to present a similar analysis for the changes that have taken place in the Czech Republic, Hungary, Poland and Slovenia over the past ten years. Here again we start with an analysis of changes at the system level and then

explore their impact at the institutional level. Finally, we draw together both analyses and formulate some conclusions from a comparative perspective.

Western Europe: Reinventing Government, Neo Liberal Ideologies and Resulting Changes

The changing position of national governments

For centuries higher education in almost all Western European countries was considered to be a public affair and, even today when many of us speak of the marketisation of higher education, it seems inconceivable that national governments can stand aloof from higher education in our societies. Because the government's position towards higher education is so crucial in many respects, including the governance and management of universities, we will briefly elaborate upon this changing position over the last decades.

The relationship between national governments and higher education institutions was, and still is, a highly contested issue. Though both governments and institutions tacitly admit to the interdependence of their relationship, governments on the one hand regularly complain about the esoteric and irresponsible stances taken by higher education institutions, and the institutions on the other hand criticize governments for unjustified and indelicate interventions (see e.g. Teichler, 1991:44). We will illustrate this by taking a brief trip through recent higher education policy history.

In the 1950s governmental intervention was rather ad hoc and incremental. Its interference was mainly re-active not pro-active. In those days national governments in continental Western Europe did not develop comprehensive, future-oriented plans for their higher education systems, despite the enormous, and from a historical point of view unique, quantitative expansion of higher education. In the 1960s, however, the attitude of national governments started to change. In their attempts to steer society in the direction of the modern welfare state, national governments intensified their grip on the public sectors in their countries, and consequently developed more comprehensive plans concerning the role and place of higher education in society. Generally speaking, in continental Western Europe public management was regarded as a means by which society could realise its substantive and common goals. The increasing use of comprehensive blueprints as a technical steering device certainly embodied the aim to rationalise public policy. The end of the 1960s and the 1970s exuded an atmosphere of rock-solid faith in the possibilities for national governments to steer society, amongst other things in the area of higher education. In this period governmental ambitions to arrange or even design public areas such as higher education reached an all-time high. There was a widely shared belief in the necessity and value of quantitative and structural planning by government. Ambitious mechanisms were introduced to develop strategic, long-term plans for higher education. The expanding and detailed interference of most European national governments in higher education expressed itself in an increasing number of laws, decrees, procedures, regulations, and administrative supervision.

From the late 1970s onwards the capabilities of national governments to arrange society by means of detailed, monocentric steering was called into question more and more as a result of several developments such as the disappointing outcomes of comprehensive governmental interventions (Hall, 1980). A major underlying ideological and political force was the rise to power of conservative governments in a number of European countries (Maassen and Van Vught, 1988). Their neo-liberal ideologies, reinforced by economic recessions, led, amongst other things, to the end of the more or less unconditional funding of large parts of the public sector, including higher education. This was not to be a one-night stand. Neo-liberal ideology has infiltrated the minds of politicians and managers to the point where it has become internalised and, quite regularly, normalised. The spread of the philosophy of the global economy, including the notion of lean government, has been strongly supported by international organisations such as the World Bank, UNESCO and the OECD (see e.g. Currie and Newson, 1998).

In political science literature, this transformation of the role of national governments in the 1980s is often referred to as “*reinventing government*” (Osborne and Gaebler, 1992). It implies that government is still active, but in a different way. National governments retain the prerogative to set broad policies, particularly budgetary ones, while increasingly transferring the responsibility for growth, innovation, and diversification to public institutions. ‘Reinvented governments’ are supposed to:

- promote competition between service providers;
- empower citizens by pushing control out of the bureaucracy, into the community;
- measure the performance of their agencies, focusing not on inputs but on outcomes;
- be driven by missions and goals, and not by rules and regulations;
- define their clients as customers and offer them choices;
- decentralise authority, and embrace participatory management;
- prefer market mechanisms to bureaucratic mechanisms;
- steer rather than row.

In a relatively short period of time, catchwords such as competition, empowerment, mission-driven, result-oriented, customer-driven, profit centre, decentralisation, and market-orientation became well known in the public sector at large, including higher education. Whether or not one believes that this has led to substantive change, it is evident that at very least a complete new jargon has entered in higher education with all the ensuing problems of rhetoric, confusion and misunderstanding referred to earlier.

National governments and higher education

In higher education this reinvention of government has been described as a paradigm shift from the *state control* model to the *state supervisory* model (Maassen and Van Vught, 1994). In the state control model – traditionally found in continental Western Europe – the government is the overarching and highly powerful regulator of the system. In such systems the government controls nearly all aspects of the dynamics of higher education. It regulates access conditions, the curriculum, the degree requirements, the examination systems, the appointment of academic staff, etc. The

government finds legitimisation for the detailed control of the system in its self-proclaimed task to steer and further the nation's economy. The state control model reigned supreme in the 1970s, as described earlier. In the state-supervising model – traditionally found in the US and the UK – government's role is more limited. The government sees its task only as supervising the higher education system in terms of assuring (academic) quality and maintaining a certain level of accountability for the use of public funds. It respects the autonomy of institutions and stimulates their self-regulating capabilities. This model found increased resonance in continental Western Europe from the mid-1980s onwards.

In other words, the prevailing view towards the end of the 1980s was that governments should interfere less directly and in less detail in higher education. The firm belief in the virtues of regulation, planning, and central co-ordination, which were common sense in the 1970s, were replaced by a philosophy in which government's role is more modest (Goedegebuure *et al.*, 1994). The government should set the boundary conditions within which universities operate, leaving more room for manoeuvre at the institutional level. In fact, what was under attack in the 1980s was not governmental interference as such but its increasing all-pervasiveness.

In the late 1980s and 1990s it became clear that the nature of governmental intervention had changed. This was the age of the Rise of the Evaluative State that emerged from different discourses (Neave, 1998).¹ The Evaluative State is a rationalisation and wholesale redistribution of functions between governments and higher education institutions such that the government maintains overall strategic control. It can be regarded as a watershed development turning primarily around a more remote, semi-hands off nexus between government and university. Functions that previously were vested in government, are assigned to the individual institutions. The Evaluative State is linked to lump sum budgeting, contractual financing, greater margins of discretion in internal budget allocation within the university, the increasing importance of staff productivity and the means of verifying it, and the assignment of responsibility for 'strategic development' to institutional leadership and its supporting management. During the 1990s – which might be referred to as the institutionalisation phase of the Evaluative State – the changes, intended and unintended, of the shift from state control to state supervision became clearer. In the next section we present some of these that are related to the issue of governance and management in higher education.

¹ Neave (1998) makes a distinction between the European and political discourse on the one hand, and the American and economic one on the other. The former tended to predominate in countries such as France, Sweden, Belgium and Spain, whilst the latter held sway in the UK and the Netherlands. The economic discourse was more radical. It was a direct bid to reduce the ambit of government through deregulation and to substitute government steering by market steering.

Changes in higher education²

The first change that we mention here concerns the marketisation of higher education – i.e. the introduction of market-like mechanisms such as competition, tendering and differential funding – that seems to go hand in hand with neo-liberal governments steering ‘from a distance’. Amongst other things this marketisation implied a fragmentation of the funding base for higher education institutions. Government’s share in the overall funding of the system is reduced, whilst other parties such as students/parents or beneficiaries of research outcomes are ‘stimulated’ to contribute more. There is an increasing reliance on ‘third party funding’ which places a considerable burden on academics and administrators to maintain stability in institutional income flows. A stability, or at least a reasonable certainty, that hitherto had been the advantage of substantive public funding. In the 1990s, universities needed a growing number of specialist services within university administrations in order to try and deal with these changed circumstance: their fundraisers, contract negotiators, liaison officers, project managers, and so on. And of course, trying to maintain a certain level of stability and predictability also implied a stronger grip from the central institutional management on the processes that take place within the academy. With this, a paradox becomes apparent: freedom from national bureaucracy for all intents and purposes requires universities to expand their own internal bureaucracy. This development is inextricably linked to the next point.

Second, as has been argued earlier, governmental strategy to increase institutional self-regulation was tied to demands for institutional accountability. It is the obligation of institutions to report to others, to explain, to justify, and to answer questions about how resources are being used, and to what effect (Trow, 1996). Higher education institutions have to demonstrate to the public that what they are doing is in line with public expectations and with the specific interests of those who seek their services. Although accountability is seen by many as legitimate, one should keep in mind that it can serve several functions. It may strengthen the legitimacy of institutions or it may raise standards (because institutions are forced to examine their operations critically). Or, accountability may be used (and is used) as a regulatory device, through the kind of reports it requires, and the explicit or implicit criteria it requires the reporting institutions to meet (Trow, 1996). As such, it is a double-edged sword. And if this is the case, the good intentions of governments – as stated in vast numbers of national policy documents – may be called into question. One might wonder whether accountability demands are equated with governmental centralism in a new form, seriously impeding institutional autonomy.

According to Neave (1998) this is the case. He argues that in the 1990s the concept of institutional self-regulation has been tempered by increasingly sophisticated systems of accountability. According to his view, it is one of the more bitter paradoxes that the

² In this subsection we do not deal with changes and developments in the ‘knowledge area’ itself. The expansion of knowledge, for instance, is beyond belief in speed and scope and has without any doubt major implications for governance and management. We leave these issues unexplored in this chapter.

introduction of mechanisms for self-regulation involve massive investments in legislative effort. But not only these mechanisms have caused a legislative 'burden'. The new type of legislation – so called framework legislation – that accompanied the Evaluative State, led to further fine-tuning and detailed specification by various agencies. Consequently, the number of rules and rulers appears to be larger than ever before. Neave (1998) argues that the, on the surface, lighter form of governmental co-ordination goes hand in hand with a veritable orgy of procedures, audits, and elaborated instruments. There is a tendency towards re-regulation instead of de-regulation. The ever-increasing bureaucracy and form-filling that has accompanied the accountable institution is one of the primary complaints of academics: it distracts them from the "main game".

Third, it has become clear that the functions of definition, implementation, interpretation and verification were separated and assigned to different structures and different levels of decision-making rather than being concentrated in a central ministry. For a long time the external relationships of universities were largely focussed on one single actor – national government. Today universities have to operate in a multi-actor arena with plural interests (see our earlier observation on the rise of the stakeholder society).

Fourth, governmental policies, driven by the ideology of the global market, provide incentives for institutions to change the mix of research and education from predominantly discipline-inspired to market-driven systems. The increasing emphasis on contract activities is a rational response that may have several consequences at the institutional level. First, it changes the nature of the organisation. It is no longer a 'pure' public institutions, but a hybrid in which different norms and values, public and private, have to be combined.³ If this blend is not successful, the organisation may be torn apart into two different, competing entities. Moreover, it is argued that contract activities may divert attention away from traditional activities, because the first brings in money and thus prestige in a global market or in an institution run by managers (In 't Veld, 1997). The displacement of fundamental research by contract research is obviously the biggest bone of contention for many scholars. Generally speaking, 'Academia Inc.' or 'Academic capitalism' (Slaughter and Leslie, 1997) is, at least in continental Western Europe, regarded as a threat to academic freedom. It has been argued, for instance, with respect to British universities that research endeavors are increasingly geared towards the requirements of government and industry (Halsey, 1992:13). According to this view, the don increasingly becomes a salaried worker in the service of an expanding class of administrators and technologists. The commercialisation of research has resulted in closer links with industry and, consequently, a move to more applied research agendas with an accompanying reduction in curiosity-driven research and serendipitous discovery. Furthermore, it is argued that the opportunities to carry out contract activities are not equally distributed. Technological, or engineering departments, for instance, have more possibilities in this respect than social science or humanities departments, and, consequently may be

³ In 't Veld (1997) argues that the different sets of values cannot be united, but they can be successfully mixed.

treated or rewarded differently. This may initiate new internal distributions of funds and status favouring units close to the market. If this inequality in opportunities is true, universities face a fundamental and tough question regarding their internal policies: egalitarian (spreading costs and benefits among all departments) or competition supporting policies (leading to ‘money making’ and ‘money spending’ departments in one and the same institution).

Clearly, the above mentioned consequences of the push towards accountability and market-like behaviour are both serious and real. There is no denying that the day-to-day lives of academics in Western Europe have become harsher in the sense that more emphasis being placed on performance which can be operationalised in different forms, ranging from traditional academic excellence to raising outside funding. Yet, we also need to be careful not to fall into the trap of academic nostalgia. Whether we like it or not, our world is rapidly changing, not least because of the inescapable consequences of globalisation – interpreted here as the international integration of economic markets – the rapid rise and expansion of information and communication technology, and the emergence of the knowledge society (see e.g. Castells, 1996; van der Wende, 2002). These are profound developments that also put pressure on higher education institutions and, more likely than not, require them to reconsider their traditional modes of operation, including a possible redefinition of values and reward structures. Traditionally, higher education institutions in Western Europe and especially universities have been insulated from external pressures by their national governments (see: Neave, 2003) on the basis of a rationale that was considered quite appropriate for that time. But if times indeed are changing, than it is likely that rationale for insulation will change as well, forcing higher education institutions to be more open to exactly these pressures in their direct and more distant environments. It would seem unlikely that academia can escape these changes or remain unaffected by them given the nature of its work. We will come back to this point in the concluding section of this chapter.

New modes of university governance in western Europe⁴

The consequences for universities of the changes and developments discussed above are far-reaching. In essence:

“modern universities develop a disturbing imbalance with their environments. They face an overload of demands; they are equipped with an undersupply of response capabilities. (...) demands on universities outrun their capacity to respond. (...) As demands race on, and response capabilities lag, institutional insufficiency results. (...) Universities are caught in a cross-fire of expectations. And all the channels of demand exhibit a high rate of change” (Clark, 1998:129-32).

⁴ In the previous sections we have spoken deliberately about higher education institutions and avoided the term ‘university’. In this section we explicitly refer to universities because the changes in the governance structure of universities have been far more pronounced than in other types of higher education institutions.

The relative contraction of financial resources together with increased demands on services of all kinds – teaching, research, technology transfer, consultancy and public service – obviously poses problems for higher education institutions in general, and universities in particular. The traditional ‘continental model’, the blend of state bureaucracy and faculty guild, has been characterised by a weak central level at the university through which weak institutional steering became the norm (Clark, 1983). This weak central level at the university, though strengthened over the years (see e.g. de Boer *et al.*, 1998), has severely limited the university’s capacity to change (Clark, 1998). Collegial decision-making, the norm in the traditional faculty guild structure, seems unsuited to coming to grips with the problems of this imbalance between demand and supply capabilities. The collegial structures in place are too slow and cumbersome to meet the needs for flexibility and responsiveness. Nor are they effective for taking the kind of cost-cutting and resource allocation measures that are called for in the harsher financial climate within which higher education in Western Europe now finds itself. Operating in a ‘market’ demands quick responses and sometimes tough decisions. It is argued that these cannot be dealt with without strong, risk-taking executive leadership. Institutions need to assess situations comprehensively and to take a holistic view of their operations so that they can respond quickly and effectively to external pressures. Co-ordination, teamwork, and pulling people together may not have been the typical characteristics of university life. Yet, they now may be much more necessary.

What happened in several western countries was the re-definition, or abolition of collegial decision making bodies. Middle managers such as deans and department heads, certainly from the point of view of governments, must be clearly accountable to superiors or boards. Corporate managerialism and line management have replaced elected deans and have marginalised faculty senates and academic councils, leading to a general decline in collegiality. Presidents, vice-chancellors and rectors no longer think of themselves as ‘first amongst equals’ or as operating through consensual leadership, but as chief executive officers of corporate enterprises with multimillion-euro budgets. However, top-down decision-making by university chief executives, well intended as it may often be, has a bad track record in universities. This change in roles, functioning and structures is not appreciated by all. There is a definite feeling amongst academics that both external agencies and managers internal to their universities are shifting the balance of power and are taking autonomy away from them. Academics perceive these moves as an attempt to centralise power in the hands of a few senior managers who make decisions more quickly. As a result, academics are consulted on fewer decisions, mainly those dealing with curricular issues. Some even hold the opinion that an administration designed to serve the academic function of the university has succeeded in making that function subservient to the managerial imperatives of ‘the new dons’.

This ‘managerial revolution’ is a complex process, with competing discourses of centralising control for policy directions (ends), yet devolving responsibility for spending (means). This new relationship within universities between devolved means and centralised ends has been referred to as “*decentralised centralisation*” (Henkel, 2000). More corporate strategies and structures for academic development were

perceived to be needed to manage the implications of external policies. In most cases this meant the creation of new roles at the centre. But this does not imply that the academy is fully subordinate, even if some academics may have that feeling. There is a prevailing understanding that the future lies in the institution's academic strength. Therefore, academically strong basic units are essential. The present environments of universities emphasise the ability to take opportunities when they arise. But this requires an effective and efficient governance and management structure. One in which a 'managerial' type of decision-making contains a strong element of collegial participation. Otherwise decisions taken opportunistically over time will create so much negative feedback that each opportunity will be more difficult to grasp than the last. In other words, there has to be a balance between effective academic participation and the need for speed and decisiveness. The development of a structure that contains both the elements of clear division of responsibilities (managerialism) and guild like structures (collegialism) is not, as many seem to believe, a mission impossible⁵, though it is not an easy one. In the next section we address the implications of these 'modernised' universities in Western Europe.

Implications of the rise of the modernised university

For the purpose of this chapter, we identify six sets of implications that we consider of relevance for a debate on institutional governance and management. First, the changes in the internal balances of power through the introduction of executive leadership might stir up tension between academics and managers. The coexistence of academic and managerial values is an uneasy one. It is not too much to suggest that the success of the widely discussed transformation of universities will depend on the way in which the interface between academics and professional administrators is managed. The key question is how to support and sustain the transformation of universities while acknowledging and accommodating the basic sentiments and work practices of academics considered central to the idea of the university as a community of learners. The simultaneous existence of both a professional and managerial ethos results in a conflict over demands and preferences to be incorporated in a managerial strategy. This is the case because the two perspectives emphasise different institutional solutions to the problems of organising, carrying out, and controlling the work to be performed. Professional authority and control rest on the notion that only professional peers are qualified to judge the adequacy and appropriateness of professional performance. In contrast, bureaucratic forms of control rest on the authority vested in the organisation's hierarchy. It should be clear that the relative dominance of one of the two groups with respect to managerial strategies leads to differences in the management practice of public organisations. And for the moment, the co-operation between ivory tower and market place is more of a *marriage de raison* than a *marriage de passion*. If managerialism means a tendency towards greater directive control through a line-management structure, then one of the main problems is that academics

⁵ Trow's analysis of governance and management in the University of California shows how 'managerialism' and 'collegialism' can be successfully fused. He spots an overriding esprit de corps that urges academics and administrators to pursue jointly goals of excellence and autonomy (Trow, 1998).

in a university possess the 'line' expertise necessary to evaluate the feasibility of strategic proposals (Dill and Peterson Helm, 1988).

The second implication is that concepts such as 'managerialism' are rather broad and vague (Clarke and Newman, 1997). This leads to ambiguity and a lack of coherence, which might have several consequences. One of these consequences is that decentralisation, while enhancing the market responsiveness of departmental units, can tend to erode rather than enhance the power of the executives at the central level and the strategic coherence of the university as a whole. It can also produce high levels of internal competition. This shift to a market-driven regime entails some control risks for top management. Decentralisation offers professionals new areas of opportunity and discretion, and new ways of playing political games or exercising their skills. Professionals may even revel in the competitive excitement of the market, while top management strives to rein them in.

Third, the dispersal of managerialism might lead to the embedding of calculative frameworks throughout universities. This refers to the processes by which employees come to find their decisions, actions and possibilities framed by the imperatives of managerial co-ordination: competitive positioning, budgetary control, performance management and efficiency gains. Academics become increasingly consciousness that managerial agendas and the corporate calculus condition their working relationships and processes, and that these have to be negotiated.

Fourth, tensions may also arise between belief, language and practice. That is, people may adopt new behaviours but retain old values. They play the game, apparently in the way intended, but in essence they stick to old values (cosmetic operations). It has been argued that organisations develop plans, strategies and visions as a matter of symbolic compliance or legitimisation - that is, producing the symbols that organisations ought to have.

Fifth, academic chief executive officers often find themselves in multiple binds. When acting as change agents, they will often encounter resistance within the institution, while at the same time they must defend and interpret the very institution they wish to change.

Finally, the new governance structure provided by the legal framework and regulations offers an incomplete set of instructions and incentives to those supposed to implement them, leaving considerable room for judgement and discretion. Furthermore, the incentives offered are in some ways contradictory, not providing the possibility of a fully consistent response, and threatening to undermine some of the outcomes – such as high quality and falling costs – which they are supposed to promote. With respect to managerialism, there are at least three variants: an efficiency oriented variant (stressing productivity and managerial control), a market oriented variant (stressing competition and contracts) and a user oriented variant (stressing service quality and responsiveness). These variants may all be present in a single university, and are potentially contradictory. Such contradictions may produce tensions and dilemmas. Incentives and constraints linked to managerialism do not all work in the same

direction. There may be inherent tensions between internal decentralisation and the possibilities of a coherent strategic role at the centre. Tensions may arise from the coexistence of multiple rule systems in the process of change. For example, rules of audit (performance measures, standards, and inspection) are in potential – and often in actual – conflict with the rules of the market (flexibility, responsiveness, and dynamism).

Summary

Put succinctly, the changes from one mode of governance to another in universities in continental Western Europe have created a number of dilemmas and tensions. It has not been a simple displacement of one model by another. Becoming a ‘more business-like’ university means more than the adoption of good business practices, whatever they may be. New concepts are rarely straightforward; change is seldom linear. Moreover, we like to stress that we have described changes and their implications in a general way. We have not discussed how much change actually has taken place or how serious the implications are, for instance, at shop floor level. It might well be that in some places the new governance structures are just a bit of cosmetic surgery, while underneath it is business as usual (de Boer *et al.*, 1998). And of course the implications of similar trends may be perceived differently in different institutions or different countries (Currie *et al.*, 2003).⁶ It is these issues that we will address in the next section, when maintaining our substantive focus, we shift our geographical attention to Central and Eastern Europe.

Central and Eastern Europe: Reinventing Government, but in a Different Vein

As has been argued in the previous chapters of this book, it is very obvious that the post Second World War period of communist rule and the in many respects very rapid demise of this system after the fall of the Berlin Wall, has left a deep mark on the institutional fabric of the four countries. We use the term ‘institutional fabric’ in the neo-institutionalist interpretation to refer to the existing system of norms, values, formal and informal rules – the social and cultural structures that bind a particular society. Within such a framework, it becomes perfectly clear that you cannot ignore the legacy of forty years of communist rule. It has had an impact on social structures, on cultural values, on norms, on rules, and most definitely on people. And as has been the case for all public sectors, it has had a massive impact on the way in which the higher education sector has been steered, organised, structured, and controlled. As Neave has argued in the introductory chapter to this book, we should not close our eyes to the fact that even within a doctrine that by many outsiders is perceived as homogeneously oppressive, diversity and nuances have existed across the countries in Central and Eastern Europe. And individual countries have experienced their own form of communist rule, depending on their own systemic contexts. This has important ramifications for the unique histories that unfolded in the last decade of the previous century.

⁶ In their study, Currie and her colleagues analyse that managerialism could be regarded as a global trend in higher education but that it is perceived differently in various countries.

With respect to the impact that the ‘winds of change’ have had on the way in which higher education in the respective systems has been steered from the national level, one could argue that, indeed, in Central and Eastern Europe we have seen the reinvention of government. And, falling into the trap of nominal similarities, one could also argue that there is a remarkable resemblance between the developments in Western and Central/Eastern Europe. For do we not also find here the thrust of neo-liberal ideologies, of market-like forms of co-ordination, of competition, and of individualism? But even though many of these tendencies can indeed be observed the bottom-line is that nothing could be further from the truth. Yes, we witness a reinvention of government, but in a form and fashion that is almost foreign to western observers. The reason for this is at least two-fold. On the one hand we cannot dismiss the pace of change. Whilst in the Western Europe we have experienced a relatively gradual process of change from central co-ordination to state supervision, lasting in effect some two decades, in Central and Eastern Europe this change has taken place at lightning speed. In a time-span of mere years complete systems have been re-arranged, sometimes in a more nominal fashion, but predominantly in a substantive manner. And this has rocked the boat as the winds reached on gale force status. On the other hand, the whole notion of government, governance and control needs to be seen in a different light. Without intending to start a normative debate on ‘good governance’, we believe it fair to argue that in Western Europe the forms of central government steering and control described in the previous section can be captured under the concept of the ‘benevolent state’. Therefore, despite the often heard and voiced university critiques on the role of national governments, there seldom has been an atmosphere of absolute distrust or overt rejection. This situation is completely different in Central and Eastern Europe. It would be an almost Herculean task to find someone who perceives the past forty years of communist rule to have been benevolent. It would be equally difficult to find strong support for the notion that governments, despite all their failures and flaws, at the end of the day can in principle be trusted. This legacy, again cast in terms of the institutional fabric, has had a major impact on the notion of reinventing government, as will be demonstrated below.

The changing relationship between national government and higher education

The most extreme case of the reinvention of government can be found in the Czech Republic, where at the beginning of the 1990s this could almost be equated with the abolition of government, though in a very democratic and organised manner – not through a process of anarchy and destruction as most in the case when we speak of abolishing the concept of government. Immediately after the Velvet Revolution, ‘policy’ in some senses became a forbidden word, and decentralisation and liberalisation key concepts. For the higher education sector, these principles were embodied in the 1990 Act. Not only was this act prepared and implemented in a very short time-period and with little debate, it also transferred practically all powers from the state to the institutions. The ministry was left responsible for the allocation of the state budget and the co-ordination of system development. All other powers resided with the institutions. Even though it frequently has been argued that the ‘power of the purse’ is one of the most influential policy levers available, in the Czech case in the

early 1990s this potential was seriously curtailed by the provision that all important issues, which obviously include funding issues, needed to be discussed with the Council of Higher Education Institutions (Šebková and Beneš, 2002). The Act of 1998 had more of a flavour of policy orientation; national policies and objectives in terms of mission and vision emerged. The system moved from a full institutional focus to a more mixed and balanced state-institution-market focus.

Poland experienced a similar policy development at the system level to the Czech Republic, though not as sharp. At present we see something like the reinvention of the State, partly as a result of all the requirements that accompany the entry into Europe. This is accompanied by a shift of powers from 'bodies' to the Minister. The only body outside the influence of the Minister is the Central Committee for Degrees and Titles, which is completely controlled by academics, and whose members are elected, appointed by the Prime Minister, and who generally are traditional and old academics. Another reason for the reinvention of the State is that higher education funding has gotten out of control. The 1997 legislation created the possibility for establishing vocational schools. The 2001 amendment brought power back to the Minister and introduced accreditation. The rationale for this was that higher education institutions enjoyed too much freedom and misused that freedom (for example the explosion of private higher education and the very dubious quality of some of this provision). The primary instrument in the hand of the Minister, had been the funding formula, but it was concluded that this did not offer enough grip on the system for the Minister and this was subsequently suspended.

The process of change in Slovenia has been relatively gradual compared to Poland and the Czech Republic, and reflects developments in the political and economic system. In terms of regulation, the two universities have to operate within the same legal framework, but have their own statutes. As is the case in the other countries, the role of legislation is important, and in the Slovenian case this is quite detailed. Following independence in 1991, the first Higher Education Act was passed in 1993, followed by an amended version in 1999, the latter having a major impact on institutional governance (see below). A process of changing to a lump sum funding system has been set in motion, but again is slow. At present, the state of affairs is such that the Boards of Trustees together with the Rectors have managed to achieve one-year stability in funding, which in the Slovenian case appears to be unique. At least now the universities know what they will receive from government for a period of a year, even though it remains a line-item budget, which leaves little room for manoeuvre in terms of institutional management. In terms of the direction of change, the emphasis has been on increasing efficiency and rationality regarding the issues of governance and management and on the creation of *de facto* higher education institutions: the university as a real institution rather than as a loose federation of individual faculties (see Chapter 5).

For Hungary the situation is somewhat different in the sense that regime-change in this system was not as abrupt as in the other three countries. As Darvas (1998: 1–2) notes, the particular functioning of the Communist Party in Hungary

“brought about cycles of relatively lenient and reform-oriented periods in which government strategy focused on the traditionally more marketable economic sectors of agriculture and consumer goods. From the mid-1960s on, economic reforms in Hungary established progressive internal models of market economy as well as interests in export-oriented business. (...) The establishment of a market-friendly environment drew in the most significant overall amount of Western investment within the CEE region.”

The more 'western-oriented' approach was continued and strengthened in the post-communist period. For the higher education system, this implied a further reduced role of the national government. However, it should be noted that state influence is not absent. Government still has a prominent role through the funding of the system, and appears to use this role in a more pronounced way than is the case in e.g. the Czech Republic. But important powers also reside outside of the government, in the hands of national committees, resulting in a complex governance structure of “joint bodies of policy-making in which both government and the higher education sector is represented through delegates” (Darvas, 1998: 8). Examples of bodies outside government influence that hold key positions in important areas are the Hungarian Accreditation Committee with respect to quality assurance (see Chapter 8) and the Strategic Expert Committee of the Higher Education and Research Council, responsible for strategy development for the higher education sector. Institutional leaders play an important role through their respective collective bodies, the Hungarian Rectors' Conference and the College Directors' Conference, while academia itself has an important role to play through its representation by leading academics on the boards of bodies such as the Higher Education Development Fund (see Chapter 3). From the above it follows that policy-development and decision-making to a very large extent are based on negotiation, which also implies that these processes are fairly lengthy. This particular feature of the Hungarian system also implies that the overall thrust, as expressed in formal policy statements, on effectiveness, efficiency and autonomy need to be interpreted in this context and takes on a somewhat different conception than traditionally understood in the literature.

Bringing the four histories described above together, our argument is that all four systems in a way have experienced the same transition: from a (very) detailed system of government regulation and planning to an autonomous, decentralised higher education system, with emphasis on accountability. But we also should note that the process has been very different in all countries. The Czech Republic clearly has seen the most abrupt change, followed by Poland, whilst in Hungary and Slovenia this process has been more gradual. Although with respect to the two latter systems we clearly should differentiate with respect to their different starting points. Early in the 21st century we see a good deal of convergence: the systems more or less coming together at comparable points on the centralisation-decentralisation axis. In the Czech Republic and Poland we can see governments and national policies carefully taking on a more prominent role, though still within the context of explicit institutional autonomy. And in Hungary and Slovenia we continue to witness an intricate balancing act between governments, institutions and collective bodies. For all four countries it could be argued that the dust of the transformation is settling down and the proverbial pendulum is finding its point of equilibrium.

Changes in higher education

For the Czech Republic, democratic principles are very important in the area of institutional governance and management. The position of Rector is a mixed one. Though the Rector should be responsible for everything within an institution, Senate's approval for many things is required. As the Senate is a body whose members are elected from the academic community, this basically means that on all matters of true importance to the institution, the Rector cannot act without the support of the academic community. The Rector chairs the Scientific Council, which has one third external membership, and deals with issues of research and academic programmes; its members are nominated by the Rector, which, from a comparative perspective, is a rather unique feature. The 1998 Act also introduced the Board of Trustees; a board consisting of external members, nominated by the Minister. It embodied the shift from higher education institutions as state institutions to public institutions.⁷

Governance and management are very complex and complicated issues in Czech institutions. There are many bodies with different responsibilities and interrelations. No doubt, this structure again is the result of the strong emphasis on democracy, although interpretations on this differ. According to Cerych, as a result of the Velvet Revolution "anything evocative of the old central control was banished, including the powers and competences of rectors or deans as effective managers of the higher education institutions. The prevailing *Weltanschauung* was a radical liberal stance with as little as possible of state intervention and with an almost unlimited faith in free market forces." (Cerych, 2002: 113). We will not again go into a prolonged debate on the relationship between the market and institutional management (see the first section of this chapter), but there is little contestation of the fact that decision-making within Czech institutions is a lengthy process, involving much discussion by many parties. For example, before Senate discusses an issue – and in the end gives its approval – it is usually required that the matter has been debated in the Scientific Board or in the Board of Trustees, or even in both. The Rector is nominated by Senate and appointed by the President of the Republic. The deans are nominated by the faculty senates and appointed by the Rector. In Senate, 30–50% of the seats are taken by students, which means that quite often they hold the balance of the vote. This constitutes pressure for consensus, and thus results in a management style that best is described as collegial management. Institutional administration supports the Rector and the other bodies and is small in size. At the national level we find the same focus on democratic/collegial decision-making, featured in bodies such as the Rectors' Conference and the Council of Higher Education Institutions.⁸

With respect to management and government, in the Polish system there is very strong autonomy for the higher education institutions, as also is suggested by the emphasis on

⁷ This change basically implied the transfer of ownership of property from the state to the institution. The Boards of Trustees were introduced to assure responsible use and maintenance of this former state property by the institution.

⁸ The Council is composed of representatives of institutional and faculty senates.

decentralisation discussed in the previous section. Funds come in the form of lump sums, buildings are the property of the institutions, and so on. A cap on this vast autonomy may be placed by the newly introduced accreditation system, but this remains to be seen. Overall, it can be argued that – like in the Czech Republic – the power of the Ministry has been considerably limited compared to the situation before 1990 (Jabłocka, 1998).

Higher education institutions, as said, are fully autonomous institutions that frame their own statutes. They are characterised by strong decentralisation. With respect to degrees and research, faculties are fully autonomous. As regards appointments, they are made by the Rector, on the advice of Senate, and in the case of academic staff after a selection process by the Faculty. Deans are elected by the appropriate faculty body – in most cases the Board of the Faculty – without any influence of the Rector. Senate is composed of a majority of academics, a maximum of 15% students and of administrative personnel. It approves the mission and strategy of the institution, it attempts to balance the central-decentral issue, and it decides on internal resource allocation. Although the Rector can overrule Senate (if an issue is 'in the vital interest of the university') this seldom occurs. Yet, the Rector is directly responsible to State bodies. This is another example of being caught in the middle and of the need for a difficult balancing act by the Rector. The Rector attempts to do this by interacting with the important committees of Senate. There is some discussion over whether the Rector is the prisoner of Senate, or whether in fact it is a fairly powerful position. In terms of formal powers, it is at least a complex situation as the Rector is elected by Senate⁹, but at the same time the Rector employs and pays the staff. The Rector is supported by the administration, whereby there is little to no relation between the central and the decentral administrations. The top administrative structure appears fairly stable, and is slowly evolving in terms of professionalisation. Key functions would be: director of administration and treasurer/questor, people who normally would be members of Senate.

The above holds true for the public higher education institutions. In private institutions the position of the Rector (or Chancellor) is much stronger. In these institutions Senate only has an advisory role on matters relating to education. As laid down in the law, the founder of a private institution appoints the Rector. In the private sector there is substantive diversity as regards the issues of management and governance, a diversity that is formalised through the statutes of the higher education institutions.

As regards external pressures, these are very strong regarding the effectiveness and efficiency of higher education. Like all other public sectors in Poland, higher education is coping rather well with these pressures. The sector is characterised by spectacular growth as regards student numbers. In the early 1990s legislation, a strong liberal approach was chosen, which opened the system, including private higher education, and a strong demand for higher education existed from 'the people'. In terms of

⁹ Formally, the Rector is elected by the highest body defined in the statutes of the state university; often this is Senate, but sometimes it can be a much larger body.

management style, this can be characterised as rather traditional, non-managerial. But again, there is considerable diversity in the system.

In Slovenia, there are three public universities (the third has been recently founded) and 11 independent institutions (see Chapter 5). The emphasis in the change process has been on academic autonomy, which in a way is an interesting concept in Slovenia due to the enormous decentralisation within the institutions: extreme fragmentation, and hardly any concept of an institution. As argued by Kump (1998: 358-359), this has been a heritage of the post Second World War higher education system, which resulted in

“the disintegration of the university into isolated parts with very low levels of co-operation and communication” ultimately leading to “a permanent problem of the university [that] turns around the lack of both a concept of mission and a global strategy”. This particular situation, however, has been realised at the national level. In 1997 the Council for Higher Education in discussing the starting points for the Master Plan on higher education stated that: “The basic objective of institutional development in the field of higher education in the Republic of Slovenia is to ensure that universities are integrated and autonomous. Only an integrated university incorporating various disciplines and professions can pursue its scientific, cultural and wider social mission. By autonomous research and teaching, management and administration, the universities and higher education institutions assume their part of responsibility for social development. Integrated and autonomous universities ensure that their members apply uniform standards in the adoption and implementation of study and research programs, in academic promotion, admission of students, award of degrees, etc.” (Council for Higher Education, 1997: 14).

Yet, effective institutional administration remains an area of both difficulty and concern in Slovenian higher education. Although there were differences between the two universities, the OECD’s review team in 1999 still concluded that:

“Already when the two Slovenian universities drafted their constitutions it became evident that the institutions which were to form the universities are reluctant to accept effective coordination at the university level. (...) This raises the question whether the organisational structures and the power of the central organs are sufficient for efficient co-ordination and to handle conflicting demands. There are signs of a danger that conflicts remain unsolved and are passed back to the Government which would threaten the newly acquired autonomy and academic self-government. (...) [T]he review team considers that more effective government and decision-making at the university level is highly desirable in the interests of reform. (...) Adjustment of resources to meet new demands by industry, students and society -- never easy in any higher education system -- would be facilitated by a more centralised system of internal government and management within each institution.” (OECD, 1999: 44).

Although perhaps change is slow, nevertheless there is change. There is an increasing awareness that universities have a role to play in the development of Slovenian society (the concept of university responsibility), both within and outside universities. Students press for more relevance in their programmes, which has resulted in a

stronger labour market orientation. And at least in Maribor, the university administration has been strengthened: from 18 to 94 fte staff over the period, which has been accompanied by increased professionalisation. A development that has been supported by government, which has approved these new positions and provided, again, line item budgets for them. Ljubljana also has experienced an increase in staff numbers as a result of massive enrolment increases and the push for internationalisation. A major area of change, and one very much in line with the 1999 OECD recommendations, has been the opening up of internal university governance, embodied in the 1999 revision of the Higher Education Act. Traditionally, university governance was the exclusive domain of full professors. The 1999 Act brought this dominance to an end. A new body, the Academic Assembly was established, in which all academic staff and their assistants could participate and which also reserved a minimum of one-fifth of the seats for students (Zgaga, 2002). The Academic Assembly elects the Senate and nominates the candidates for the position of dean, who is elected by Senate. Also, the composition of Senate has been changed from the exclusive domain of the full professors to a body consisting, in theory, of a variety of academic staff and students. This 'democratisation' of institutional governance is also reflected in the election procedure for the Rector: all full-time academic staff members can vote, as can the representatives of the student councils. And the position of the dean is now open for all academic staff, not only for full-time professors.

Institutions have a Managerial Board, consisting of 3 government/ministry representatives, 1 student, 1 non-academic staff member and 4 academics. The power of this Board relates to the long term institutional plan, budget policies and university buildings. The president of the Board is elected, but he/she does not get time off to actually seriously do anything as the president: it's an add-on job. To what extent all these formal changes and new bodies will affect the nature of institutional management and decision-making obviously remains to be seen. Yet, from an outsiders' perspective it would appear that some major initiatives have been implemented to break the deadlock of a very bottom-heavy, insulated and consequently conservative academic system facing vast and inescapable pressures for change as a result of both within-system developments and imminent accession to the European Union.

In Hungary, the management of the university is in the hands of the Rector and the Senate (which equates to a university council). Senate is composed of senior academics, non-academic staff and students (one third) and it elects the Rector. A striking feature of the Senate is that the students usually carry the balance of the vote as staff are normally divided on most issues. This implies a strong lobbying by all parties for the students' vote. Senate also is responsible for the institutional development plans (IDP's), which are accepted by Council (an external body, consisting of higher education experts, appointed by the Minister). Senate has a number of advisory councils. There is an intention to separate academic and management affairs, which is not the case yet; institutional management is an 'add-on' to the regular (academic) work. The above is the situation for all higher education institutions.

With respect to research, the universities face the competition of the Hungarian Academy of the Sciences (HAS), an independent body that decides over and holds the majority of research funds. The existence of the HAS inhibits the development of professional institutional management, since academics are dependent on the HAS for acquiring research funds and these are distributed on the basis of academic achievements. Yet, another peculiarity is the way in which professors are appointed. They are nominated by Senate – interesting given the student position in these councils – discussed by the Hungarian Accreditation Council, and when the advise is positive, appointed by the President of the Republic.

At the system level, as noted before, there is only direct influence on higher education institutions through funding (see Chapter 3), which comes in the form of a lump sum. Yet, administration is not a significant function in most institutions. Overall, the common understanding is that policy development and management basically is a bottom-up process, except in those cases where there is unequivocal support of Senate (which as stated above, is not very common). Consequently, institutional policy-making is very much a political process. Over the years, institutional autonomy has increased. Though in the past an average situation (financially) for institutions would be 75% government funding - 25% external income, there now are vast differences between institutions in this respect, as a result of increased autonomy. Differences between institutions also appear to be related to the extent to which they are willing or have been able to ‘open up the ivory tower’. From 2001 higher education institutions also are obliged by law to have a so-called Social Board, a kind of Public Senate, which is an advisory body consisting of regional and industrial representatives.

Conclusions

For all four countries it is clear that the changes at the system level have had their impact within the higher education institutions themselves. Although any generalisation does injustice to country-specific issues and within-country differences, we believe the following observations to be a fair synthesis of what in themselves are complex processes of change and adaptation. In all systems it would appear that the institutions have opened up. The traditionally dominant and sometimes exclusive position of full-time professors in the governance and management of institutions is making way for more democratic and inclusive forms of governance and management. Yet management itself, especially in the way it has been used and described in the first section of this chapter, should not be interpreted in a managerial sense. The powers of institutional leaders are limited, with the exception being the private higher education institutions. Institutional decision-making is a time-consuming and complex undertaking. And the role of academia in governance and management, despite the changes that have taken place within institutions, is still pronounced. A professional institutional administration is emerging in many instances, though overall this is a slow process. Although changes in both the structure and nature of governance and management at the institutional level have been brought about through national legislation, they are without doubt the result of the mixture of internal and external pressures that are besieging the institutions in all four countries. Internally, previously underrepresented groups successfully have claimed a more prominent position, which

could be interpreted as the rise of the internal stakeholders. Externally, institutions increasingly are facing demands to increase the relevance of their programme offerings and their relationships with local and regional industries. As such, we also witness the rise of external stakeholders. The combined impact of these claims and demands will pose a major challenge to the management of the higher education institutions in the four countries a challenge that has to be taken up in order to successfully complete the transformation process that has been set in motion.

Comparative Observations

When we look at the developments at the system level analysed in the previous sections, a number of things come to the fore. First, despite the fact that on a very high level of abstraction one could argue that there are comparable developments taking place in Western and Central/Eastern Europe, we have to recognise to the fact that these developments in essence are quite different. The surface similarity lies in the overall shifts towards a reduction of state influence, an increase of institutional autonomy, and an increased reliance on the market as a mechanism for co-ordination. But realities are far more nuanced. In Western Europe, to the extent that one can identify a common trend (see our first section in this chapter), it would be triggered by a mix of diverse forces such as prevailing political ideologies, semi-rational responses to tackle perceived problems, the massification of higher education systems, and a continuing reduction of public expenditure on higher education. Clearly, some of these forces are at play in Central and Eastern Europe. But the great divide, at least conceptually, between the two parts of Europe is between gradual system change and abrupt change, or, phrased differently, between evolution and revolution. Here it is not only a question of the time-frame in which change has taken place, but as much the deep psychological impact of radical political change. The four countries version of 'reinventing government' was driven by an almost complete loss of faith, at least in the immediate period following the system changes, in the virtues of the role of government.¹⁰ Such an explicit rejection of the role of government has not been the case in Western Europe, nor has it been a driving force for change. Without having the opportunity in this study to go to great length and depth in terms of scientific analyses, a plausible assumption arising from this would be that the adjustment to a new mode of governance at the system level, has been a much more profound and problematic matter in the four countries than it has been in Western Europe.

What can be argued with more force and substance is the notion of a lack of within-system steering capacity. One of the great difficulties that most continental Western European systems have experienced is to deal adequately with devolved authority. Though the processes of decentralisation and the devolution of power and authority have been far more gradual than has been the case in Central and Eastern Europe, the real trick has been how to accommodate these powers and responsibilities at the lower levels of the higher education system: the institutional and the 'intermediate' level, the level of buffer bodies in those systems where these exist. In all fairness, we should be open to the fact that in most of the Western European systems, both institutions and

¹⁰ But again, we need to note the differences in this respect between the four countries.

buffer organisations have had – and sometimes still are having – great difficulties in dealing with their increased responsibilities. For despite the fact that cries for increased autonomy and a reduction of state influence have been frequent and continuous, taking full responsibility for one's own affairs *and* being truly accountable for proper use of public funds has proven to be no mean task.

In a slightly more theoretical vein, the argument would be that in order to govern a higher education system, a certain degree of steering capacity is required. This capacity is independent of where – and at what level – in the system it is located, or how it is distributed over the various system levels. Whether it is the state, academia, or the market (Clark, 1983) that co-ordinates, steers, or governs the system is not the point; a particular 'total volume of steering capacity' is needed to co-ordinate a higher education system effectively. When in a system degrees of power and authority to steer are devolved to lower levels, but not accommodated at these levels, steering capacity seeps away; the system loses steering capacity (energy so to speak) and the system's performance is subsequently reduced.

This we have seen happening in many of the Western European systems in a fairly gradual form. And in a way we can still observe the problematic of dealing with increased institutional autonomy both at the national level – political and governmental complaints about the inadequacy of institutional behaviour – and at the institutional level – complaints about insufficient resources and still stifling regulations. But self-reflection and self-criticism are less frequently found attitudes at both levels. In the four cases discussed in this chapter, our argument is that we see a similar development taking place, but in a far more condensed period of time, and therefore more pronounced. But again, the discussion needs to be nuanced to do justice to the four cases. At the system level, it would appear that much of the devolution of power and authority has been accommodated by the creation of collective, intermediary bodies, mainly in the form of 'National Councils on Higher Education' that have very important advisory powers which in practise are often decision-making powers. Consultation is vast, decision-making slow, but decisions are reached, and are implemented. Again generalising, the nature of these decisions is general, setting the parameters within the system has to operate, although the ensuing legislation can be quite detailed.

Yet the crux of the matter would seem to reside at the institutional level, where the actual implementation has to take effect. It is at this level that the four systems seem to run into the same types of problems encountered in Western Europe. In Western Europe this is in essence the result of the specific nature of a higher education organisation – a professional bureaucracy, fragmented, bottom-heavy, and with diffused decision-making authority (Van Vught, 1989) – in which institutional executives increasingly are being placed in a position of authority. In the four countries the latter is almost completely lacking, and the basic characteristics of higher education organisations are even more pronounced. It is not for us to argue that managerialism or executive types of decision-making are better than collective forms. The reality is that in many of the institutions in the four systems, there is a serious lack of formal authority at the central institutional level to take decisions and to implement them.

There is also no strong tradition of professional institutional administration. And the core academic staff is 'not appreciative' of being steered. The 'steering capacity' that has been devolved in the system to an extent then disappears into black holes of academic decision-making; the energy gets lost and the overall system underperforms.

Is the above, perhaps confrontational, conclusion surprising? It should not be. Western European systems have experienced quite similar tensions and still are trying to come to terms with them. In the four systems we discuss in this book, it would have been a sheer miracle if these tensions were not apparent. Social theory has attuned us to the fact that social institutions take time to adapt to new situations. And for us, it goes without saying that academe is a social institution *sui generis*. It does adapt over time, but ten years is a very short period for a fundamental adjustment. What we see evolving are particular adaptations and accommodations to governance and management models and practices that will continue to change over the years to come. What is most encouraging is that they have changed so much already.

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