

Academic Governance

Governance is a highly contested concept that concerns the exercise of collective control towards common goals. In higher education institutes' (HEIs) context, the concept of governance refers to their internal structure, organisation and management. Simply explained, academic governance is the way in which universities are operated; it concerns both the internal (institutional) and external (system) governance of the institution. Internal governance refers to the institutional arrangements within universities (e.g., lines of authority, decision making processes, financing and staffing) whereas external governance refers to the institutional arrangements on the macro- or system-level (e.g., laws and decrees, funding arrangements, evaluations).

The principal academic governance model for both public and private universities, until the 1980s, was based on a collegial shared form of governance. The tradition of shared governance rests on the assumption that faculty should hold a substantive role in decision making alongside the institution's key stakeholders; these stakeholders include the university Rector/President/CEO, and representatives from the management, administrative staff, and the students. The most visible vehicle for faculty involvement is typically a faculty senate or a similar body with a different name; such senates currently exist in more than 90 percent of colleges and universities in the U.S.A. and with small variations in Europe and the rest of the world.

During the 1980s the idea of the so called corporate or entrepreneurial university emerged; it was based on the notion that, even non-profit public universities should be run as a business in order to address both the society and market needs and be able to control their own budgets. In practical terms this meant that universities should develop relationships with the industry, secure external (other

than government) funding, and be able to at least break even in terms of managing their finance. Today, both models co-exist in a delicate balance: the traditional model advocates for free public higher education (HE) for anyone at any cost, whereas the new model argues for a market-driven performance-led university for those who can afford it. This entry is about the existing models of academic governance, their structure, key issues, and the current and future perspectives.

Five Key areas in academic governance

It can be argued nowadays that the governance of HEIs faces some unique and difficult challenges. During most of the 20th century governments exercised considerable control and influence over the sector, to help pursue objectives such as economic growth and social equity. Today, on the one hand, governments have a greater interest than ever in ensuring that educational institutions help meet economic and social needs, based on the emphasis given in knowledge creation by modern societies. On the other hand, they accept that central planning of knowledge creation, teaching and learning is often inefficient, and that a thriving society and economy require institutions to operate with a degree of independence. By these means, HEIs have become an important strategic lever for governments to achieve national objectives.

The discussion of academic governance can be complicated and multidirectional based on the existence of many different models and approaches currently in the world. Nevertheless it can be argued that five key themes emerge from the literature, namely institutional autonomy, funding, quality assessment, institutional governance and institutional leadership.

Institutional Autonomy

Institutional autonomy is the capability and right of an institution to determine its own course of action without undue interference from the state. Such autonomy is a relative concept, which exists to different degrees in different contexts. In general, it can be argued that universities in western countries (Europe and the United States) enjoy considerable freedom to determine their own policies and priorities in a wide range of activities. Thus, in most of the cases it would be expected that HEIs would be responsible for setting academic structures, determining course content and hiring academic staff. On the other hand, central authorities (e.g. the Ministry of Education) commonly have control over certain other features such as borrowing funds, setting tuition fees, or indeed allowing tuition fees in the first place.

Even within each of these categories of autonomy, considerable variation in practice exists. For example, the freedom to control student admissions can be conditional and dependent on meeting various criteria, ranging from the fulfillment of institutional tasks laid down in a budget document (e.g. in Sweden) to the admission of a contracted number of students across broad subject categories (e.g. in the United Kingdom). A study from the Organisation of Economic Cooperation and Development in 2003 identifies high, medium and low autonomy levels in certain countries:

- Universities in Australia, Ireland, the United Kingdom, Mexico, Netherlands and Poland enjoy high levels of autonomy in most areas of their operations.
- In Austria and the Nordic Countries, universities' autonomy tends to be more constrained, especially in regard to borrowing funds and setting tuition fees.
- There are also countries such as Korea, Japan and Turkey where public

universities are treated as part of the government, thus they are highly regulated and controlled from the state.

Based on the same report OECD suggests that the broad trend globally is the reduction of direct state control of HEIs. Since the early 2000s, countries such as Norway and Austria have considerably increased their HEI freedom, and now universities are free to decide on employment conditions, academic programmes and resource allocation without government approval. There are even efforts in countries with limited HEIs autonomy, such as Japan and Korea, to limit the state control e.g. the Japanese government has changed the legal status of national universities into public corporations.

Although the HE reforms wave in Europe and the rest of the world during the 2000s aimed to reduce the government interventions into HEIs the results were controversial: these changes have often been accompanied by new mechanisms for monitoring and controlling performance, quality and funding. In Europe for example, greater operational autonomy and has generally been closely connected with external evaluation of performance and quality by semi-government quality assurance bodies such as the Quality Assurance Agency for Higher Education (QAA) in the United Kingdom. In this way the price that public HEIs have to pay is relatively high since this system renders them accountable for their outputs/outcomes. In addition, governments impose new controls on inputs through task oriented contracts or indicator-oriented recourse distribution. In other words public universities, on the one hand, have to compete for government's support and overall, prove that they produce wider social and economic benefits, i.e. from a social perspective ensure that lower income students are not disadvantaged and from an economic perspective ,that universities produce graduates that match the market's needs.

As a concluding point it can be suggested that in most countries there is a mix of government intervention and institutional autonomy; governments have been generally involved in ensuring various aspects of accountability such as financial control and quality assurance of teaching and research, as well as protecting the interests of vulnerable groups. The real challenge for governments and HEIs is striking the right balance between autonomy and control, based on the social, cultural, legal and economic environment of the country.

Funding

The governance of HEIs is intimately tied up with funding. One of the direct implications of the governments' funding of HEIs in the post World War II years, was the huge expansion in enrolments; that has changed higher education from an elite sector into one providing education opportunities for a wider section of the population. Governments that were held responsible to fund this expansion with the tax-payers' money, are bound to hold HEIs accountable for outcomes.

The way in which HEI's funding is allocated has undergone extensive change since the beginning of the new millennium. The allocation of government funds for HEIs is conducted now on the basis of a lump sum or a block grant, rather than by detailed itemized budgets. In the case of block grants for recurrent funding, it is often the case that governments use a *formula funding* based on services provided and performance aspects such as student enrollments, and student completion rates. The changes of the funding system were also followed by the introduction or increasing of tuition fees in public HEIs, where until recently this would be considered as a red line. These changes came as a result of the increased autonomy and accountability of universities discussed in the previous section.

In recent years, the rates of growth of public and private funding have tended to differ, which inevitably have resulted in a shift in the share of total HEIs funding coming from public and private sources. The rising share of private expenditure in some countries such as Australia, Portugal and Sweden, can be attributed to the growing importance of HEIs that charge fees. Another factor can be, as already discussed above, the introduction or increase of tuition fees in HEIs that previously depended on public funds. This controversial issue illustrates two different approaches in HEIs funding. On the one hand stands the U.S. approach, where all HEIs charge tuition fees according to different categories, and many students can pursue scholarships and/or financial support. On the other hand, for some European countries like Finland and Greece it is constitutionally impossible for HEIs to charge tuition fees. Nevertheless, the rapid changes in HE and the global economic crisis resulted in a less predictable funding environment for HEIs, which in turn has affected the largely inflexible European HE funding national policies.

While the general rule of thumb is that the HEIs' general funding became less specified, the funding for research seemed to follow the opposite direction. The trend towards funding for specified research activities (known also as earmarking) originates from the United States, where earmarked research is well established, but is new for Europe and the rest of the world. Countries such as the Netherlands and the United Kingdom have moved particularly strongly towards the earmarking of research funding. The specification of a research grant for a particular purpose can be distinguished from another trend, namely towards the assessment of entitlement to research funding based on specified performance criteria. In the United Kingdom for example, a very detailed and extensive competitive research-funding tool has been developed. The Higher Education Funding Council for England (HEFCE) and the

Scottish Higher Education Funding Council in Scotland distribute funds selectively to HEIs with reference to the quality of research as assessed in a Research Assessment Exercise (RAE) conducted every four or five years.

The effects of the so-called “*third party funding*” are controversial for the governance and health of HEIs. The search for private foundation and industry funds especially for research and development, will transform universities into corporations competing against each other for funding streams. Although the funding from different sources other than the state may increase in the short term the HEIs’ autonomy, it renders them vulnerable to fluctuations of the resources’ flow. Thus in countries such as the United States, where these conditions have long applied, a large number of HEIs have closed over the years due to financial pressures. There are also concerns raised from scholars about the character and the mission of HEIs: the production of knowledge becomes a commodity that serves the market needs only, for those who can afford it.

Quality Assessment

In recent years, a growing emphasis has been placed upon the market regulation through standard setting and performance monitoring. Although HE accreditation has existed in the United States for more than a century, quality assurance agencies were almost unknown in HE in Europe and the rest of the world until the 1990s. The situation changed dramatically in early 2000s when the majority of the western countries established national agencies for the assessment of quality in HEIs. The most important common characteristics are that, they operate independently from governments, they are state funded, and they rely on judgments made by external evaluation teams mostly comprising of academics from other institutions and even in

some cases, from other countries. There are also distinctive differences in terms of ownership: many are set up by governments (e.g. Denmark, Australia, Japan); some are owned collectively by a number of HEIs (e.g. Portugal); others are independently constituted (e.g. France, United Kingdom and the Netherlands). Despite the existence of different types of quality assurance agencies for HE, it can be argued that their credibility and legitimacy are based on the fact that they rely on the expertise of academics with a proven record in their field.

In most of the cases the evaluations from the assessment of the HEIs are released to the general public, generally through the agency's official website. There were until recently a few exceptions like for example in Italy, Greece and Austria where these reports were confidential; the European reform in HE and the quest for transparency have changed this status quo and now it is possible to access the HEIs' evaluations in the vast majority of E.U. countries. It can be argued that the purpose of the HEIs assessment is a form of regulation and information rather than a decisive factor for public funding. Nevertheless, this is not the case for British HEIs where funding is directly linked with the evaluation outcomes.

A controversial issue in HE quality assurance is who determines the assessment criteria, in other words, "*who makes the rules*". There is no doubt that governments can still exert an indirect yet powerful form of control, as the values embedded in quality assurance mechanisms become deeply woven into the procedures and judgments of the institution. On the other hand, non-government funding bodies are also putting pressures to the HEIs' senior management. The challenges from these external pressures are discussed in the following section.

Institutional Governance

As already mentioned above, the traditional model of governing universities is collegial and consultative in nature, with representatives from all the main stakeholders involved. In recent years, there have been efforts to enhance the position of the HEIs' senior leaders; as a consequence a significant portion of authority has been transferred to the institutions' Rector, Vice-Chancellor and / or other administrative figures. As a result, the traditional participative and collegial decision making process has weakened, and other stakeholders such as faculty staff and students were found with reduced power. In addition, the increased weighting of the so-called '*external constituencies*' and outside interests, has contributed to the general loss of the faculty power and the strengthening of executive authorities.

The manner in which these changes took place varies considerably in each country. For example in the Netherlands, during the HE reform in the late 1990s, the Ministry of Education decided to share the HEIs leadership in two key positions: a Rector with executive responsibility and a President of the Board, with its members drawn from outside the institute. This is very similar to the U.S. university model with a President and a Chairman of the Board of Trustees. In Sweden a different approach was followed with the Governing Board Members majority originating from the industry, business and the local/regional authorities.

The rationale for actively involving external representatives in HEIs governance lays in the governments' effort to link HE with the industry and produce graduates who match the market and the wider societal needs. In addition, the inclusion of external members who are somehow related to government and non-government funding sources, contributes to the institution's financial health. While such representation tends to reduce the faculty power, the outside interests do not

necessarily prevail. It is however the main reason for the strengthening of the Rectors' position due to their increased access to internal information and knowledge.

There is no doubt that the transition from the collegial participative model to the so-called corporate model can create tensions in HEIs. The real challenge for the future university is to strike a balance between internal and external pressures. Thus, a modern university should be able to disseminate academic values and knowledge, serve the public good and at the same time satisfy the market needs. It can be argued that this is not impossible to achieve with the existence of a strong leadership, capable of minimizing counter-productivity by motivating the different stakeholders to work towards a common goal.

Institutional Leadership

The wider changes in HE and the pressure for HEIs to become more accountable and develop external collaborations to secure funding and resources require exceptional leaders. A key point for the development of capable HE executives is the process by which they are appointed, and the actual job description combined with a detailed person specification. Traditionally in many public HEIs around the world, an academic is elected as a Rector. Although the election of the HEIs senior leadership is still the norm, the trend seems to be moving towards appointment, often by a board with a majority of external members. It is often the case that an appointed rather than elected Rector, may find it easier to implement major changes and cut across vested interests. In addition, the process of appointment is vital to ensure that the institutional leader is credible inside and outside the HEI.

It can be argued that a strong academic background continues to dominate HEIs' leadership appointments. An underlying reason for this is that, despite an

increased emphasis on general leadership skills and managerial competence, governing bodies largely continue to hold the view that universities have to be run by academics or those with academic backgrounds, because of the distinctiveness of universities as institutions. Thus, managerial expertise is seen as additional to a strong academic track record rather than the driving consideration in an appointment.

Academic Governance in Online HE Programs

The new millennium has brought sweeping changes globally, in the way undergraduate and postgraduate programs are designed and facilitated. The widespread use of the Internet in every aspect of our lives has also influenced HEIs, which have moved towards new methods of learning that involve heavily the use of Information and Communication Technologies (ICTs). The first online programs in HE appeared during the late 1990s and since then, they enjoyed increasing popularity among HEIs and students globally. Some of the reasons HEIs invest in on-line education are the following: revenue growth; serving non-traditional populations; improving retention; responding to space constraints; managing costs; and improving learning outcomes. In terms of online education governance, it can be argued that HEIs and faculty staff face the same or similar challenges in the five key areas discussed above (institutional autonomy; funding; quality assessment; institutional governance; and institutional leadership).

Online education faces some additional governance issues in comparison with traditional HE programs. This is a relatively new or even alien method of instruction for the majority of faculty staff. This means that HEIs must invest money and time for further training and development of their existing staff. In addition, even if the

'technical' part of the problem is removed with ongoing training, there will still be a fear that online instruction will be used to diminish faculty ranks and change the status quo in terms of employment terms and conditions. Another issue is that developing an online course requires much higher time investment by faculty staff than teaching the same course in a traditional format. One of the key challenges is that faculty staff are extremely reluctant to facilitate courses that do not allow for a certain degree of customization in how, what and when relevant material are presented to their students. The copyright of the material developed for online instruction appears to be another issue for the creation and adoption of high-quality sophisticated online courses. Finally, accrediting bodies do not appear to be inhibiting the growth of online learning. It seems that there is a difficulty for the different HE regulatory bodies to agree even on a common definition regarding online education. For the above discussed reasons it can be argued that online HE governance appears more challenging than traditional modes of instruction in HEIs.

Future developments

Universities and colleges globally, have undergone profound transformations since the emergence of the entrepreneurial university in the early 1980s. The changes to institutions and the nature of academic work have no precedent in the history of HE. Nevertheless, HEIs can still be viewed primarily as a part of the public sector, since governments still play a key role, directly (funding) or indirectly (accountability and quality assurance). This is the situation even for countries such as the United States where despite the fact that entrepreneurial universities have a long history of seeking funds from a variety of sources, they are still largely funded and regulated by

state authorities.

The existing environment and the changes which occurred in HE since the early 2000s, are pushing HEIs to compete against each other not only within the same country but globally. The national, regional and global universities rankings published annually, is a very good example of the new environment that HEIs operate in. Therefore, under these conditions HEIs compete not only for funds but also for students and academic staff, increasingly outside national borders.

The new governance model in HE is defined by the co-existence and combination of the market and government needs. The increased HEIs' autonomy has introduced new forms of governmental control mechanisms and influence, mainly through the introduction of quality assurance in HE. On the other hand, the fast changing environment and the insufficient government funding has ended an era that the existence of the public university has been taken for granted. The academic governance in the 21st century needs to develop a fusion of academic mission and executive capacity, rather than substitute one for the other.

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See also **higher education governance; academic administration; shared governance; academic entrepreneurship; quality assurance in higher education; accountability in Higher Education**

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<http://www.eua.be/Home.aspx> *The European University Association*