

CHAPTER

Variety and Impact: Differences that Matter

Some Thoughts on the Variety of University Governance Systems and their Impact on University Policies and Strategies

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INTRODUCTION

"I am very proud of the progress we made, while I was president, even though we followed policies that some people now prefer to fault. I'd hate to think where we'd be if I hadn't followed those policies and I refer to affirmative action policies. And by affirmative action policies I don't mean what some other people mean by it. What I mean is that we make a determined effort to increase the pool of historically underrepresented minorities who are eligible to be admitted out of high school..."

David Pierpont Gardner¹

In 1995, the Board of Regents of the University of California decided to halt all forms of affirmative action on its university campuses. President Gardner had discussed at length the pros and cons, and the advantages and problems of affirmative action policies in contracting and purchasing and in personnel and admissions with the Regents in 1990. The Regents had agreed in 1990, but no longer did in 1995. The Board of Regents, created to keep the university free in its internal affairs from political and sectarian influences, had itself become a highly politicized institution.

¹ Kreisler, H. (October 21, 1998) *Leadership in Education – Conversations with David Pierpont Gardner*, Institute of International Studies, UC Berkeley

In California, but even more so in the rest of the world, particularly Europe, the decision of the Board of Regents attracted a lot of attention. Indeed, such political interference with established university policies would be unimaginable in many countries. In countries where public universities do not have a Board of Trustees or Regents—or where persons holding office in government cannot be members—a decision this would at least have resulted in direct involvement of the Minister of Science and Education. This action of the Board of Regents would have most certainly been interpreted as an unacceptable violation of *university autonomy*, a basic value upheld by all, and guaranteed by law, if not the constitution.

This example illustrates clearly two important facts:

- The governance structure has an important impact on the outcome of university debates on policies and strategies;
- The same institutional framework can bring about very different policies and strategies depending on the people operating in it.

Both of these facts have not been given much attention in the rapidly expanding literature on higher education. In particular, legislation regarding the way(s) in which universities govern themselves, and the actual ways in which they do this, has not yet received much analytical attention. Characteristically, the *World Declaration* and the *Framework for Action* of UNESCO's World Conference on Higher Education (Paris, 1998) do not mention these topics at all. Nor does the *Follow-up Strategy* for 2000 and beyond.

Still, there does exist an astounding variety of governance systems in academia: with or without intermediate layer(s) between the government and the individual institution, with elected or appointed or elected and appointed heads of the institution (rector, vice-chancellor, president), from outside or inside the institution, only from the body of full professors or also others, linked to university policies only or based on nationwide political parties, with a strong direct line from the chief administrator to the minister or not, with an academic senate or a much broader university council with representation of students and technical/administrative staff in very varying strengths, with much institutional independence in management issues or more strictly regulated by the ministry, etc. In this chapter, we look at some of the choices that can be made, and the impact these might have.

GOVERNMENTS AND UNIVERSITY GOVERNANCE

Governments pay growing attention to proposals to improve university governance. This has most certainly been the case in Western Europe, and since the fall of the Berlin Wall in 1989, increasingly also in the rest of the continent. The rapidly increasing numbers of students and, related to that, the

rapid expansion of academic, technical and administrative staff of higher education programmes as well as teaching and research facilities are among the main reasons for this drive towards "improved" university governance systems.

The general trend towards democratization since the *cultural revolution* of the late sixties, as well as the need for more transparency and accountability contributed importantly, too. The size of operations, the need to diversify programmes, to diversify also financial sources for expanding budgets, and to increase cooperation with the world of work, all necessitate more effective, more efficient and more flexible governance structures and regulations.

Most of the reports and proposals aimed at improving university governance systems, however, focus largely on legal aspects and broad interpretations and pay scant attention to the realities of university life. In the Netherlands, for instance, successive measures to reduce government expenditure on student grants, combined with a highly consistent financial policy to not adapt university budgets to yearly inflation did more to bring about Guy Neave's mode 2 revolution than any action to change the university governance system. It is therefore good to understand governance in a broader way than just a system of legally defined structures and processes. The people implementing the system and the way in which they interpret the rules from within the system, as well as from outside the system (the "environment") are also of paramount importance, as are their various differently motivated and sometimes very individual and specific actions.

In the more complex society of today, it is questionable whether governments can still perform in much detail the wide variety of functions they were used to perform. Hence the trend towards decentralization, delegation, and for instance, privatization of formerly state-owned companies in the public utilities sector (transport, mail, communications, etc.). In Japan, the government is moving now to make the public universities more independent public agencies. Characteristically, the government of the Netherlands decentralized the construction-investment budgets to the individual universities (1995) when it had no capacity left within the ministry to pursue the construction policy and implementation schemes for university buildings in the traditional way.

Responsibilities are more and more decentralized to the universities. The strength and kind of their governance system, as well as the character and personality of the people operating it, become ever more important. This chapter deals with variety in university governance systems and the impact this may have on policies and strategies, with differences in governance systems, therefore, that matter. Much change has taken place in the Netherlands, where the Higher Education Law changed fundamentally three times in the last three decades. The experience of this country, which can almost be regarded as a laboratory for higher education policy, will receive much attention.

The crucial question will be: what functions does the university governance system have to perform? And how is it equipped to do so? Rather than

to make a complete typology and analysis of university governance systems in the world, I would like in this chapter to give a more sketchy overview and to focus only on some key aspects of university governance. How is the relation between the university and the government organized? Are internal democracy and leadership development guaranteed? To what extent is the university allowed to develop its own policies with regard to finance, personnel, and physical infrastructure; its own research as well as education and training policies and its own package of services to society?

THE RELATION WITH THE GOVERNMENT

In continental Europe, it is a generally held view that it is a core responsibility of governments to ensure the availability and adequate supply, as well as the quality of and access to higher education. All citizens, regardless of their socioeconomic background, should have full opportunities to enter higher education, provided that they have shown their capability to participate with a fair chance on successful completion of the chosen study programmed. Whatever has changed in the financing levels and the governance systems, there is no indication whatsoever that this conviction has changed in recent years.

In the Netherlands, there may be debate on the efficacy and efficiency of the universities, or on questions like how many years students should be supported by government grants, whether there should be a special academics tax or any other way of repayment for higher education received, but there is no indication that the interest of the politicians and the public in issues of supply and quality of and access to higher education has decreased. The debates rather point in the other direction, including preparedness to accept the financial consequences in the national budget. In Germany, direct interest in these issues exists rather on the Land level in the framework of an overall policy to strengthen cultural identities within an emerging Europe. In Belgium, too, higher education is dealt with largely at the level of Flanders and Wallonia, or the Dutch-speaking and the French-speaking communities, but the interest there is still unabated.

At the same time, however, we have seen regularly that governments try to strengthen the effectiveness and the efficiency of universities and to reduce costs by granting them incrementally more autonomy and by placing them at more distance from the ministry. As a previous Minister of Education of Finland once said: *"We have given the autonomy to do more with less"*. These same governments, nevertheless, are urged time and again to show that by doing so, they are not losing control over the universities, in particular not over the supply and quality of and access to university study programmers.

In the Netherlands, regulations with regard to students and study grants; budget rules to influence financial policies; rules with regard to the supply, ori-

entation and duration of programmers; general regulations with direct consequences for personnel management and policy, among others, were used to force universities to “*make the right choices*”. Quality evaluation and control mechanisms such as “*meta-evaluations*”, focusing among others on “*macro-efficiency*”, were other tools to show the earnest wish of successive governments to keep control while granting more autonomy.

In the relationship with the government, two issues are of prime importance:

- the willingness of the government not to interfere with the academic policies of the university and the management process to implement these;
- whether or not there exists an intermediate body or bodies between the government and the individual university.

What is important, indeed, has been phrased clearly by David Gardner in his conversations with Harry Kreisler on October 21, 1998 in one of the *Conversations with History*, developed by the Institute of International Studies, UC Berkeley:

“What I mean by that is that universities require a high degree of independence, a high degree of autonomy. They really need to have control over who’s admitted, what courses are offered, what constitutes grounds for awarding a degree, who’s employed on the faculty, who’s advanced to tenure, who’s promoted, who isn’t, who is awarded degrees, the standards in the classroom. Those are decisions that the university needs to be able to make without interference from the outside. They need to be accountable for those decisions. They need to explain those decisions. But the locus of authority to make those decisions rests with the institutions”...

Many governments have followed a policy line to give universities an opportunity to slowly develop more mature governance systems, more likely to cope with the type of problems more entrepreneurial universities would have to face. On the one side, they have tried to maintain a high degree of independence, of autonomy for the universities. On the other, they have tried to improve the transparency of university policies and the accountability of university management as well as to enhance the supply and quality of and the access to university programmers.

TOWARDS MORE INDEPENDENT, DEMOCRATIC INSTITUTIONS

In the Netherlands, for instance, the universities were until 1963 in formal terms a part of the Ministry of Education, Culture and Science and had no separate legal personality of their own. This meant that they were subject to the same budgetary rules and personnel policy as the civil service in general.

The secretary(-general) of the university, like the Kanzler in the German universities and probably the director of administration in Japanese universities, was in daily practice the most powerful person, as this person had the direct links with and information from the ministry. The rector chaired the academic senate and had the academic legitimation and credibility, but changed every year according to seniority. The Board of Trustees consisted of high-ranking citizens not otherwise directly involved in university matters, meeting only once or twice a month on an agenda prepared by the secretary (-general) and the rector. The Ministry not only approved the annual budget and report, but also the detailed staffing table, and prepared the appointment of full professors by the Queen. The construction of buildings was a matter to be dealt with by the government as a whole, in particular by the ministers of education, finance and construction. The buildings were financed at once from the state budget and remained, therefore, state property.

Probably the most important single, legal decision with regard to the university was the decision in 1963 to grant universities autonomy as individual, independent, legal entities. The fact that a complete renewal of the university governance system was not envisaged at that time is illustrated by the observation that for the rest nothing had changed. It took the cultural revolution of the late sixties, before, in 1971, the *Wet Universitaire Bestuurshervorming* (WUB, the Law on University Administrative Reform) was adopted and the governance system changed. It may be clear that the old system, maintained almost a decade after 1963 had proved to be very unsatisfactory in view of the increased responsibilities of universities.

The new system was largely based on the three-layer system in public administration (municipality-province-country, department-faculty-university) as a response to the democratic ideals of the *cultural revolution*. Because of the special character of academic institutions, however, the one man-one vote system was not adopted. On the university level in the university council, the academic staff, the technical/administrative staff and the students each had one third of the seats. In the faculty council, however, the academic staff had one-half of the seats. The Board of Trustees was abolished. To establish a link with society in particular in the university council, some representatives from society could be added. This, however, soon lost most of its function when only such representatives were chosen by the councils who made sure that the balance of power between the different parties and factions in the university council was not changed. Therefore, the only effective link with society was operated through the appointment by the minister of two members from outside the university, the so-called *crown members*, to the university executive board.

Among the five members of the board, the rector was only one—however, in most cases, the most influential one, as he or she had the backing of the board of deans and the faculties. The position of the rector was further

strengthened when he or she was duly elected by the board of deans and then recommended for appointment by the university council to the minister for a period of up to four years, comparable with the other members of the university board. The university council elected two members of the university board and the minister appointed the other two. Of course, a lot of confidential discussion between the minister, the council and the board of deans was necessary to get a workable result. The minister also appointed the chair from among the five: in most cases, one of the two political appointees. The democratization of the university governance system was so highly valued, however, that this never raised too much open criticism and all decisions in the Board could be taken by simple majority.

The system introduced in 1971 never functioned very well. In the beginning, it was a problem that much the same people who had operated in the previous system were still in the most influential positions. With a university council dominated by the participation of many who had taken an active part in the *cultural revolution*, this did not work too well. Beyond that, there were in fact three centers of power in this new governance structure, personified in the chair of the university board, the rector, and the chair of the university council. The chair of the board, who soon began to name himself the president, based his position on a strong relation with the minister; the rector on his chairmanship of the board of deans and, therefore, the support by the faculties, and the chair of the university council on his/her support in particular among the students, the technical/administrative staff and at least the progressive part of the academic staff.

Two other problems had to be overcome to make the system work. The first related to the secretary (-general) of the university. Before, this had been a very powerful position, when the rector changed every year and a board of trustees could devote only limited time to the university. Under the new law, the secretary (-general) got five new "bosses" in the university board and had to be prepared at any time to give full information to the members of the university council on any issue they were collectively or individually interested in. It took more than a decade before a new generation of secretaries-general had come into the universities, capable and prepared to play this role.

Many of the previous secretaries-general involved themselves directly in the power game and adopted a position between the university board and the university council. This quite often aggravated the second problem that had to be solved in the practical functioning of the system: the tension between the university board and the university council. This, too, took more than a decade before workable arrangements had developed. For this situation to come about, it was crucial that university boards could serve longer than the university councils. By serving longer, the members of the boards slowly gained more experience to handle difficult matters better.

It is important to know that the university council had the right to approve (or disapprove) the university budget and annual accounts, as well as the strategic plan. It may be clear that in many cases in particular the relationship between the chair of the board and the chair of the council was not very easy, in particular not in times of severe budget cuts by the ministry. This happened two times in the eighties: in 1982-83 under the name *Division of Labor and Concentration*, and in 1987 in the action programmed *Selective Growth and Shrinkage*. Nevertheless, the system gradually worked well after a balance had developed between the system of structures and regulations and the people operating it.

TOWARDS MORE EFFECTIVE, ENTREPRENEURIAL ORGANIZATIONS

The eighties and the nineties saw two further major changes in the higher education law. In 1987, under the name *Law on Higher Education and Scientific Research* (WHW, *Wet op het Hoger Onderwijs en Wetenschappelijk Onderzoek*) and in 1997 with the adoption of the *Law on the Modernization of University Administration* (MUB, *Modernisering Universitair Bestuur*). The first law (WHW) tried to rationalize the democratized university governance system of 1971 and to reduce the system-inherent tensions and conflicts. The second (MUB), however, changed the course of developments fundamentally: it reduced internal democracy in the university importantly, but gave at the same time more autonomy to the university by re-introducing a board of trustees and, by doing so, placing the university at greater distance from the ministry and reducing direct interference by the minister (one might add, also, reducing the workload in the ministry with regard to the universities).

In 1987, the new law (WHW) reduced the number of people in the governing bodies: the university board decreased from 5 to 3 members and the council to a maximum of 30 members and even less for smaller universities. The chair of the university board also took a clearer position, but was still in a more difficult position as that person had no in-house constituency. Gradually, the university learned not only to be democratic, transparent and accountable, but also to become more flexible and entrepreneurial. Each university developed its own profile, procedures and support structures. Such support structures were, among others, specific-purpose foundations for applied research and cooperation with industry or for constructing buildings that were not (yet) included in the government's investment schemes.

In the law of 1997 (MUB), the minister delegated the authority to appoint up to three members of the university board to the new board of trustees. These new boards should remain small—generally five members not related

to the university in any way— and they should also not hold a position in government or parliament. In this way, a new effort was made to link the university better to society in a non-political, broad sense. The new board of trustees got the right to approve the annual budgets, accounts and annual reports, as well as the strategic plan. The university council remained, but clearly with much reduced authority. Although the minister kept the authority to appoint the trustees, in practice the individual universities were asked each to come up with a proposal and after some discussion, in a few cases, the minister appointed them all. It would have been difficult to act differently, as all the universities together needed at the same time so many highly qualified and dedicated candidates.

An overarching tendency in the sequence of the new laws was that each new law tended to strengthen the position of the chairperson of the university board. Since in the division of labor between the chair of the university council, the rector and the president, the contacts with the minister and lobbying were left largely to the president, this overall development may not be a surprise. There is, however, a threat that the top “management” of the university becomes more hierarchical and more distanced from the university community. The other aspect is that the new boards of trustees are less likely to make political appointments. In Twente University, for instance, the rector was recently appointed to be, at the same time, the president.

Developments to create a kind of intermediate layer between the minister and the universities are quite common now. These can, however, take two very different forms: either as a collective layer between the minister and all the universities, or more individual – between the Minister and one specific university. In Sweden, for instance, the chancellor relates to all the universities; in Finland, only to one. In the Netherlands both forms exist now: the Association of Universities in the Netherlands (VSNU), as well as the boards of trustees. Increasingly, however, the VSNU is focusing on its task as an employers’ union, as the universities have become responsible for their own personnel policy, including the negotiations with the trade unions.

All this refers very much to the governance system, the structures and regulations. It may, however, be clear that the ways in which these work out very much depend on developments related to the primary tasks of the university: teaching and research. In the years described, there were dramatic changes in the length and structure of study programmes, in the system of study grants and student fees, in the financing system of the universities and the level of the financing, in the organization and evaluation of research, and the degree in which more competition for research money was introduced, the evaluation of teaching and faculties or universities as a whole, and the transfer of the property rights on real estate to the universities themselves, the transfer of negotiations on personnel policy with the trade-unions to the universities, etc.

Rapid changes in almost any aspect of the university have put the governance system under many diverse and great pressures. The most important gain has certainly been the opportunity given to the university to govern itself increasingly independently in almost every aspect. It has given opportunities to the universities to shape their own future. It has also given the opportunity to see what really matters in university governance.

WHAT MATTERS

From the previous description, it may have become clear that the universities in the Netherlands underwent important change, in particular also in their governance system. Looking back, however, the conclusion must be that universities are characterized by a remarkable adaptability, and profit from the availability of people who have the capacity to make almost any system work. The variety of university governance systems around the world is accordingly surprisingly large. Some differences, however, are of the utmost importance for the policies and strategies as well as for the management of universities.

1. The watershed decision is to grant universities the status of autonomous, semi-independent, individual legal entities. Only if this is the case does it become possible to award them full responsibility for their long-term commitments in finance, housing, equipment and personnel.
2. In connection with this, it is important to create the adequate distance between the ministry and the university, for instance by introducing a board of trustees, with highly qualified, and dedicated representatives of society not holding political positions. Such boards of trustees should, however, keep distance from the internal affairs of the university and should focus instead on issues like sound management, quality and access and they should not be politicized.
3. Universities are increasingly in competition with each other, but this should not let them forget their inherent complementarity and joint responsibility for high-level study programmers, research and service to society. They should not forget their joint responsibility, in particular, for young generations. To regulate competition and to improve their joint performance, it is important to work together in a strong intermediary organization, which can perform important tasks in shared responsibility.
4. Responsibility strengthens the quality of governance as well as the people prepared to play a role in that governance, and vice versa. For the university to operate in a more mature and entrepreneurial way, it is necessary to have a clear picture of the medium-term financial frame-

work in which the university has to operate. It has to be clear how large the contribution of the government will be by approximation over the next years and for what functions. It has also to be clear what sources of additional income the university may tap within its own responsibility, in particular in cooperation with the private sector.

5. This implies the right to shift funding from one year to the next and to create financial provisions for specific purposes on the medium-term, as well as the right to use money freely within the framework of the properly approved budget, without being restricted by governmental financial rules related to the variables in the formula on which the lump-sum contribution to the university is decided. This also includes the right to develop profitable contract activities and to use the income freely without any consequence for the lump sum granted to the university on the basis of its primary activities (research and teaching).
6. A more entrepreneurial behavior of universities is impossible under conditions where the staffing table as well as the major appointments of personnel must be approved by the ministry and the labor conditions are negotiated by the ministry with the trade unions. Universities need a very flexible personnel policy, which promotes and rewards commitment and quality, not just seniority. The strict personnel policy rules of the traditional civil service do not contribute to the best results. Inputs in the financial formula for deciding the lump-sum budget of the university can also be based on “*ideal-type*” personnel formations in different disciplinary areas.
7. It is clear that in the name of such modern, flexible, personnel management, academic freedom may not be threatened. It may also be clear, however, that ill-conceived interpretations of academic freedom should not make the proper organization of the university and its programmers impossible. The balance needed in truly academic personnel management, promoting commitment and quality as well as originality and creativity requires tailor-made regulations for which universities themselves must take responsibility. For more entrepreneurial and responsible university governance systems, more control over labor conditions and personnel management is absolutely essential.
8. In order to induce a more efficient use of buildings and equipment, the university itself must be responsible for investment, maintenance and renewal, and have full ownership of their physical facilities, as is the case in the Netherlands since 1995. The lump sum made available by the government to the university must therefore include an investment and maintenance component. This implies the right of the university to buy and sell buildings, as well as to construct new buildings and to take mortgages, as appropriate within the

- approved budget and taking account of the reservations of funds already made available.
9. A major trend in higher education is the trend towards diversification. This includes the development of more non-university (or non-academic), vocationally oriented higher education programmes, such as previously provided by the polytechnics in England, and still nowadays by the German "*Fachhochschulen*" and the "*hogescholen*" in the Netherlands. This includes as well programmers for open and distance learning, as well as programmers for non-traditional students from different age groups, combining working and studying. Universities must move away from classroom teaching to consolidated groups of students, which has become the most common type of university teaching in a time of democratization and rapidly growing numbers of students. Instead, the universities must create a learning environment that challenges and optimizes the opportunities for individual study paths. This not only suggests the addition of some student counselors; it asks for a complete re-thinking of the internal organization of the university. The old model of faculties and departments is no longer appropriate to cope with these new challenges. There is a need for a clear matrix structure of disciplines on the one side and study and research programmers on the other, with clear assignment of tasks and responsibilities.
 10. It is, in particular, important to strengthen research management in universities. The traditional structure of faculties and departments is not adequate anymore in a time in which the investments in top research have become so high, and partnerships with other research institutes and strategic alliances with industry so important. Just to separate research from universities, however, is not the best solution: research groups need a continuous influx of young, creative researchers, whereas faculties need the motivating impulses of the best researchers in their study programmers. The matrix structure mentioned in the previous point seems an adequate solution to contribute both to flexibility in the use of human resources and to continuous change in internal structures.
 11. For the functioning of any governance system in universities, talent scouting among the academic staff is essential. It is also crucial that preparing young staff for administrative positions in the university should become a regular part of staff development programs. This should include internationalization, in the sense of learning from practice in other countries. Systematic talent scouting, staff development and internationalization may, after all, matter most when it comes to improving governance.