TSER-HEINE 2018
Contract No. SOE2-CT97-2018

FINAL REPORT

September 2000

TSER-HEINE 2018
Final Report

Table of contents

FINAL REPORT

RESTRICTED

Contract n°: SOE2-CT97-2018

Project n°: TSER-HEINE 2018

Title: Governmental Policies and Programmes for Strengthening the Relationship between Higher Education Institutions and the Economy

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Reference period: from   November 1997   to   December 1999

Starting date: 1 November 1997   **Duration: 25 months**

Date of issue of this report: 29 September 2000

Project financed within the TSER Programme

Abstract

The main aim of the HEINE project was to examine organisational change or adaptation in higher education. More specifically the research question of the project was as follows: *How do higher education organisations change in response to or in interaction with government policies and programmes?* The project was focussed on changes in the economic policies of universities and colleges, assuming that an analysis of these changes would make it possible to draw general conclusions. The institutional activity clusters with respect to which changes were examined were first-degree programmes, lifelong learning structures, and governance structures. Eight national case studies (Austria, Belgium/Flanders, Finland, Italy, the Netherlands, Norway, Portugal, United Kingdom/England), as well as 40 institutional case studies, including universities as well as colleges in all eight countries, were undertaken. The starting point in time for the case studies was 1975. The main outcomes at the two levels can be summarised as follows. First, in all eight countries, the economic crisis of the late 1970s, early 1980s led amongst other things, to a growing interest on the government side in the economic role of higher education. Second, national governments have overall adapted their steering approach with respect to higher education. There is a general tendency away from central government steering towards other forms of steering in which external stakeholders and the market have become important steering factors. However, in none of the countries a "pure" market approach has been introduced. The current steering approaches with respect to higher education can be described as hybrid. Third, with the fading away of the economic crisis national higher education policies have been innovated. This has led to a partial 'de-instrumentalisation' of higher education and a renewed interest in other, e.g. social, and cultural, roles of higher education. The modernisation of governmental views on higher education has tended to imply some attempt to integrate the different roles of higher education, without a clear dominance of any of them. Fourth, despite the modernisations of governmental policies, developing and agreeing upon a policy or programme still seem to be more important politically than implementing this policy or programme. Effective structures for monitoring the implementation of national higher education policies or programmes are relatively rare. Fifth, even though the economic dimension has become more important at the institutional level, it has never dominated institutional policies. Sixth, in general organisational characteristics are important factors for explaining change processes in universities and colleges. Seventh, even though governments determine the frames within which institutions have to manage their first degree programmes, the influence of governments on academic programme development is rather limited. Eight, mainly as a consequence of the lack of sufficient levels of public funding, governmental influence on institutional development in the area of lifelong learning can best be described as wishful thinking. Finally, especially in Continental Europe the traditional bilateral relationship between higher education and the state is rapidly becoming a multilateral relationship between higher education and various external actors, including the Ministry of Education. The outcomes of the project suggest that if governments want to increase the effectiveness of their higher education policies they should develop better fitting and more diversified implementation approaches taking the characteristics of the institutions in their country into account. In addition, the policy implementation process could be made more effective by introducing adequate monitoring structures. Finally, a further increase in effectiveness might be realised if the formal national policy networks and governance structures are adapted further to the growing involvement of other external stakeholders than the state in higher education.

1. *Executive summary*

1.1   Introduction

In the HEINE project the relationship between governmental intentions (i.e. policies and programmes) and actual change processes in higher education institutions has been examined. Starting-point was that universities and colleges face a number of serious challenges. They are expected, for example, to come to grips with the need to develop new notions of learning and new structures for doing research - traditional notions and structures have gradually become perceived as outdated and inadequate for satisfying the needs of knowledge (-based) societies. A further challenge concerns the need to deal with the internationalisation and even globalisation of socio-economic structures. In Europe this potentially goes well beyond the general pressures stemming from the global integration of time and space. European universities and colleges are, for example, regarded as important instruments for strengthening the European dimension in the social institutions of the EU member states. Although significant changes have already been introduced in many universities and colleges, the adaptation process still has a long way to go. While the general trend towards the knowledge society is not a new phenomenon, the challenges facing higher education have come to the surface, at least in Europe, only in the last two decades. Since then a major reshuffling of the relationship between government and higher education has taken place, reasonably well documented and analysed across Europe. As part of this reshuffling, for example, institutional efficiency has been strengthened, funding patterns have been made more competitive, and university governance structures have been modernised. The HEINE research project not only incorporates both the governmental and the higher education sides of the change process, but it specifically aims at analysing the relationship between the two, that is between governmental policies and policy mechanisms on one hand, and organisational change processes in higher education on the other.

This relationship is of importance for many reasons. In Europe it can, for example, be expected that national governments will remain in the decades to come the main funders of higher education, while also the regulatory frames within which higher education institutions have to operate will continue to be a governmental responsibility. However, this dual responsibility doesn't necessarily imply that the actual influence of a national government on its (public) higher education system is in accordance with the intended influence. In this respect the available studies on the relationship between the government and higher education in Europe show the complexity of this relationship and the limited success of government interventions. What this project aimed at was first to improve the understanding of the government side of the relationship. How are governmental policies developed, who is involved in it, how clear are policy problems, policy objectives, and the underlying policy ideology? How are policy instruments designed, how are they used, and how are various policy instruments linked? How does higher education policy with respect to the economic role of higher education relate to other higher education policies? How do higher education policies relate to policies with respect to other education sectors? How are education policies linked to policies from other national Ministries of relevance for higher education?

In addition, the project wanted to shed light on the university/college side of the government – higher education relationship. Starting point for the institutional level analyses was not a linear, causal assumption. We did not follow a specific policy around from development and

implementation to the effects of the policy in question, assuming a (linear) causal chain of events. Rather we focused on public policy initiatives as possible inputs into organisational change processes in universities and colleges.

Hitherto this relationship has been investigated mainly in a national context with an emphasis either on the governmental side or on the institutional side. This project intended to add to our existing knowledge on the relationship first by using a comparative approach. All in all eight countries (Austria, Belgium/Flanders, Finland, Italy, the Netherlands, Norway, Portugal, United Kingdom/England) were involved in the project, and in these countries in total 40 universities and colleges have been selected for a thorough case study analysis.

Below the main outcomes of the analyses will be discussed. The results will be presented at the two main levels of analysis used in the project, i.e. the national and the institutional level. Before the results are being presented a summary of the main theoretical starting points of the project is given.

1.2 Theoretical perspectives

In the project two theoretical perspectives on organisational change have been applied. First, a resource dependence perspective assuming that organisational change must be understood by looking at how organisations perceive their environments. How do organisations act to control and avoid dependencies in order to maintain organisational discretion and autonomy of action? Second, a (sociological) neo-institutional framework for studying change in higher education organisations emphasising the cognitive and normative elements in the environment. When organisations change according to institutionalised expectations, they do so in a context of taken for granted norms and beliefs. Both perspectives represent valuable analytical frameworks that can be combined fruitfully.

In addition, the state and its policies and programmes as an important environmental actor for higher education has been conceptualised in the project. How do government policies and programmes influence organisational change processes? In the theoretical framework of the project a special focus was put on the role of universities and colleges in policy processes, given that being involved in policy formation is one way in which universities can 'negotiate' and 'create' environments. In order to investigate this topic, it is necessary to have an overview of the participants involved in selected policy processes; the main ideas, interests and resources they carry; and the type of policy arenas within which a given policy is made. Central in this is the emphasis on the extent to which national modes of policy-making as part of the national 'state model' influence the policy formation process. Especially relevant is the degree to which they accommodate the articulation of interests from the 'targets' of these policies, i.e. the universities and colleges, and their representative groupings, that is students, staff, and administrators.

With reference to both resource dependence theory and neo-institutional perspective relevant aspects of policy making as well as characteristics of the content of policies and programmes have been identified, i.e. policy problems, policy objectives, the normative and cognitive basis of policies, policy instruments and policy linkages.

Finally, there is a need for seeing interaction of the government with universities and colleges as located in an overall system of state steering of higher education. Four state (or governance) models introduced by the Norwegian political scientist Johan Olsen have been used grasping different approaches to national policy-making, steering and governance of higher education in Europe and the way these affect change processes in universities and

colleges.

Olsen's models embody different democratic ideals and views of the role of the state, societal actors and government agencies. The models also provide different types of answers to the question of why and under what condition governments should want to give agencies more autonomy. All models can operate with agency autonomy, only the justification for it and the underlying ideas of such autonomy are different. The main characteristics of each of the models as summarised and interpreted in the context of higher education are:

1) The sovereign, rationality-bounded steering model

This model is closely associated with the model of state control, in which higher education is seen as a governmental instrument for reaching political, economic or social goals. That role is best upheld by tight control over universities and colleges, with a strong emphasis on them being accountable to political authorities. Change in higher education follows changes in the political leadership either via elections or via changes in political coalitions.

2) The institutional steering model

In an institutional model universities and colleges have a special responsibility to protect academic values and traditions against the whims of shifting political regimes, shifts in coalitions, and short term interests of interest groups. In the field of higher education this model is best exemplified by the relationship between the state and the old elitist universities. The role of higher education is to uphold its traditions and its socio-economic and cultural role, to protect academic freedom, and to store and transmit knowledge, to secure future independent pursuit and transfer of knowledge, to act as a carrier of culture, and to uphold and protect its special institutional sphere. In this model change of higher education is through historical processes and evolution rather than as a result of reform.

3) The corporate-pluralist steering model

This model challenges the view that the state is a unitary actor with monopoly over power and control. Rather it assumes that there are several competing and legitimate centres of authority and control with respect to higher education. The role of higher education reflects the constellation of interests voiced by different organised interest groups in the sector, such as student unions, staff unions, professional associations, industry or regional authorities. A Ministry of Education is just one of the many stakeholders in higher education. The main arena of policy making consists of a corporate network of public boards, councils and commissions. Parliamentary power is reduced - policy making goes on in conference rooms and closed halls outside of Parliament. According to this model change of higher education depends on changes in power, interests and alliances.

4) The supermarket steering model

In this model the role of the state is minimal. In its crude form it assumes that practically all state action and all activities by public bodies will be less efficient, effective or just, than the activities of private individuals relating through the market. The role of universities and colleges is to deliver services such as teaching and (basic and applied) research. Change of higher education depends on the rate of stability or change in the environment.

These theoretical perspectives were used for gathering the empirical data at the national and institutional level. For this purpose two protocols, based on the theoretical perspectives, were designed. All research teams used these protocols, which facilitated the subsequent comparative analyses.

1.3 National level

1.3.1 Introduction
In Europe[1] the involvement of state authorities in higher education became more serious and intensive from the beginning of the nineteenth century on. Before that time the formal state responsibilities with respect to higher education were rather limited. Regulating the universities was a responsibility of either religious or local authorities, while the funding of higher education was to a large extent dependent on payments made by the individual "clients" of the universities, the students.
During the last quarter of the 20th century the central steering role of the European nation-state with respect to higher education has become a serious issue of debate. While this debate is part of a general reshuffling of the relationship between the state and the public sector, it can be argued that higher education is one of the sectors where the reshuffling has been most extreme and most successful. Over the last 25 years the relationship between the state and higher education has changed dramatically, while further, in some cases even more far-reaching changes have been announced or are already being introduced in some countries. In the project we focussed on developments in the national policies with respect to the economic role of higher education, as well as on changes in the governmental steering strategies with respect to higher education in Europe.

1.3.2 State steering in Western Europe
Using the above described steering models by Olsen (recent) developments in state steering in the eight European higher education systems included in the TSER/HEINE project has been interpreted as follows. The time frame used covers roughly the period 1975-2000.

1.3.2.1. Austria
In the last 25 years of the twentieth century the relationship between higher education and the government in Austria has changed rather dramatically following two distinct reform cycles. The first reform cycle (1970s) introduced a strong state steering approach as a kind of antidote to the closed professorial regime that traditionally dominated Austrian universities. It represents a shift from an institutional state model approach to a sovereign state approach. The case of Austria throughout the 1990s (after the second reform cycle) can be interpreted as representing a reform ideology centred on modifying the elements of a sovereign state type of steering, rather than seeing it as being replaced with a different state model.

1.3.2.2. Belgium/Flanders
The relationship between the Flemish government and higher education was until the end of the 1980s determined by ideological, religious, and linguistic aspects that dominated Flemish politics and Flemish society. These dimensions have become less dominant and less important in the 1990s. Until 1989 a distinction has to be made as regards state steering between the three higher education sectors, i.e. the so-called *rijksuniversiteiten*, the so-called *vrije universiteiten*, and the *hogescholen*. Each of these sectors was steered in a different way. The *rijksuniversiteiten* were steered through a sovereign state model with clear elements of the corporate-pluralist steering model, especially in their consultation structures. The steering of the *vrije universiteiten* was based on the institutional steering model. Finally the steering of the *hogescholen* was dominated by the sovereign state model, with some elements from the

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[1]   Here Europe refers to the member states of the European Union, Norway and Switzerland.

corporate-pluralist steering model, even though less strong than in the case of the *rijksuniversiteiten*.

After the transfer of the educational policy responsibilities to the Flemish community in 1989 the Flemish government aimed at a maximum amount of autonomy for all universities and *hogescholen*. The new steering model goes in the direction of a supermarket model. However, also elements from the corporate-pluralist steering model remain visible in the Flemish steering model with respect to higher education, as can be seen especially in the advisory bodies in higher education policy network.

1.3.2.3. Finland

The point of departure in the Finnish case is rather clear: the 1960s and 1970s showed the characteristics of a sovereign state approach to state steering of the higher education system. Since then the increase in autonomy for the universities is distinct and real. However, the occurrence of increased university autonomy does not in itself represent a supermarket orientation in the state's relationship towards a policy sector, and higher education was in no respect 'cut loose' from the government. Consequently, recent developments in the Finnish approach to the steering of higher education do not unconditionally and only go in the direction of an intensified and increased role of market co-ordination, even though the latter development can certainly be observed.

1.3.2.4 Italy

In 1989 the steering of higher education was separated from the steering of the rest of the education system. In that year a new ministry (MURST) was set up with a combined responsibility for science and the university sector. In general the relationship between higher education and the government has moved throughout the 1990s in the direction of more autonomy for the universities. Even though the central government has kept some steering and financial management authority, the basic direction of the developments in the relationship between the government and higher education is clear.

The dominant steering approach before 1989 in the pre-MURST period can be typified by referring to the sovereign state model: strong, top-down ministerial control and regulation of the university sector. After 1989 the steering of higher education in Italy moved clearly in the direction of the supermarket model, with certain elements of both the sovereign state model and the corporate state model visible in the institutional structure, including the dominant policy network, underlying the relationship between the government and the universities.

1.3.2.5 The Netherlands

In 1985 a new steering model for Dutch higher education was introduced in the white paper *Higher Education Autonomy and Quality (HOAK).* In it the Minister of Education assumed that higher education would become more effective and efficient if the universities and *hogescholen* would have more autonomy and the government would step back accordingly. In the late 1980s some critique was raised, suggesting that a number of characteristics of the previous steering model were still present in the policies and instruments put forward, leading to a hybrid governmental steering approach. Nonetheless, the universities and *hogescholen* were indeed granted more autonomy, especially with respect to input matters.

All in all since the end of the 1970s the Dutch government gradually moved away from a sovereign steering model in the direction the supermarket model. The policy documents published in the 1990s clearly reflect this change in the style of steering, identifiable, amongst

other things, in the language of the documents.

1.3.2.6 Norway

There were two important factors that had an effect on the nature of the changes in the Norwegian steering approach to higher education. First the impact of the general modernisation program for the public sector as a whole. Second the feeling of a higher education crisis pertaining to especially the university sector.

However, despite these changes the steering approach with respect to Norwegian higher education is not dominated by one of the four models. More than in the other involved countries it consists of a mixture of elements of the sovereign steering model (especially with respect to the colleges), the institutional steering model (especially with respect to the universities) and the other two models.

1.3.2.7 Portugal

In the pre-1974 period the governmental steering of higher education had all the characteristics of the sovereign state model. The new legal framework established in 1976 as part of the new Portuguese constitution indicated how this centralised steering approach was supposed to be changed. However, it was not until the autonomy laws of 1988 and 1990 that the exact nature, content and shape of this autonomy was operationalised in detail. Given this ambiguity the Portuguese governmental steering approach with respect to higher education can be characterised as moving towards a supermarket model (especially for the universities), but with continuous strong elements of a state sovereign model, as well as elements of the corporate-pluralist model.

An interesting additional aspect of the Portuguese case is that the move towards the supermarket model, i.e. the introduction of market coordination elements, is not a reflection of deregulating typical welfare state rules (or institutions). Portugal never introduced the Welfare state as a political construction. Therefore the rhetoric underlying the introduction of market mechanism elements in higher education steering, i.e. enlarging higher education efficiency, and increasing university and polytechnic responsiveness to social needs, can be argued to come as much from international trends, as from internal political dynamics.

1.3.2.8 United Kingdom/England

The overall development pattern with respect to governmental steering of the English university sector consists of a move away from the institutional model with a strong emphasis on institutional self governance and a university autonomy justified by shared norms of non-interference. The 'supermarket' state model clearly ensues from the developments of the 1980s and 1990s.

However, one could argue that the state managed to increase its influence over the university sector. The model of the state-university relationship growing out of the developments of the 1980s and 1990s certainly increased the intensity and the legitimacy of the government using money as a lever. But this does not represent any stable obedient hierarchical ordering of the state-university relationship as in a sovereign state model. As higher education is learning how to look for other sources of funding the dependency on the government can be weakened and the universities can be less sensitive to the dominant government policy instrument. Government money is no better or worse than funds from other sources, consequently universities can be seen as 'less faithful servants'.

1.3.3   Recent European trends in policies for higher education

In reviewing public policy initiatives with respect to the economic role of higher education, the national research teams were asked to address two key questions: *How have societal expectations and demands concerning this role evolved in recent years?* And: *How have these expectations and demands been interpreted and translated into governmental policies and programmes*?

European governments have a long tradition of interpreting, and converting to political action, broad social demands and expectations concerning their public sectors. However, for some time after the Second World War, the economic perspective was not regarded as appropriate for shaping the national framework for steering higher education. Generally, Ministries of Economic Affairs were unable or unwilling to see or use higher education as an economic instrument, while Ministries of Education were unable or unwilling to address the economic role of higher education. Although the first wave of expansion of higher education (in the 1960s) was to some extent rationalised and legitimated by the claim that satisfying rising social demand would also bring economic benefits, it can also be seen quite clearly that for much of the post-war period, the political elite wanted to protect higher education from any direct influence of economic interests. Higher education was primarily expected to satisfy social and cultural demands. Such formal independence did not imply that national governments assumed that there was no relationship between higher education and the economy. Implicitly they all indicated both through their policy documents and their budgetary appropriations in the first two or three post-war decades that higher education could play a role in economic development. However, in the European national traditions this economic role was expected to take place as a by-product, so to speak, of the other roles (e.g. cultural, political, social) that higher education as a social institution was supposed to play. Of course, specific national circumstances and traditions determined how this by-product was to be achieved. Portuguese higher education, for example, was tainted by the dictatorial regime until 1974: it was a closed sector that played an important part in supporting and maintaining the ideology of that regime. Also, though very differently, in Flanders specific political and social circumstances hindered the early development of a strong governmental view on the economic role of higher education. The specific interplay of political, religious and linguistic interests that lasted until 1989 did not permit the modernisation of Flemish higher education policy in a number of different respects, including the development of explicitly economic higher education policies. In Austria, traditionally distinctive governmental 'steering' relationships existed, which combined a strong formal system of ministerial dominance with informal practices through which academics were highly influential in national policy- and decision-making on higher education. In this formal-informal governance system, higher education was protected from specific economic influences - and this lasted until the so-called second reform cycle of the 1990s. In Norway over the last two decades economic arguments have been referred to in government rhetoric, but these have mostly been rather general statements without clear policy implications. In general, in Norway economic arguments have neither been the underlying driving force behind specific policy initiatives nor behind the expansion of higher education - instead the social, democratic and cultural roles of higher education have been valued and emphasised.

1.3.3.1 Main dimensions of the debate: internal vs external and efficiency vs effectiveness
We can categorise the policy issues along two dimensions. The first consists of the internal versus external dimension. By internal, we refer to the intra-institutional processes that are seen as necessary for achieving the desired quantitative and qualitative goals of higher education. The external dimension covers the relationship between higher education and

society - in the context of the project, specifically economic expectations and demands. The second line of analysis has to do with the efficiency versus effectiveness dimensions of societal expectations and demands. While efficiency aspects refer to whether the institutions are doing what they are doing in the best possible (most cost-efficient) way, effectiveness primarily concerns whether the institutions are doing what they are supposed to do. Table 1 shows four resulting cells, with a number of examples of the main national areas of interest in the policy debates.

At different times and in different contexts, governments may emphasise the efficiency of the institutions' internal operations, or the efficiency of the system as a whole; the effectiveness of institution-level activities, or the effectiveness of the whole system. The efficiency versus effectiveness issue seems to have entered the policy debates at the end of the 1970s or beginning of the 1980s - first in the United Kingdom and the Netherlands, later and with a certain time-lag, in the other countries. To start with (as a consequence of its own economic crisis) in Finland, followed by Norway, Flanders, Portugal, Austria, and Italy. Leaving the specific national areas of interest and debates aside for a moment, some striking similarities can be observed. The starting-point for an interest in the efficiency and effectiveness of higher education can be found in governments' own policies for acceding to, and in most cases stimulating, the massification of higher education.

Table 1:

Governmental areas of interest concerning the economic role of higher education institutions

	Efficiency	Effectiveness
Internal	- Managerialism - Produce graduates more efficiently	- Producing better graduates (meeting the demands of employers in a better way)
External	- Reducing the level of public expenditure on higher education - Introduction / increase of tuition fees - Creation of non-university sector (creating a cheaper output)	- Creation/strengthening of non-university sector (creating a more diversified output)

1.4   Institutional level

1.4.1   General reflection

The detail provided in the case study reports produced in this project does not encourage easy summary. At one level, it is quite plausible to argue that the macro-steering and -policy contexts common to all institutions (see above) have led to an increasing convergence between the institutions we have studied. Certainly if one concentrates on the broad general policy aims found in all involved countries of increasing economic relevance of higher education, it is easy to demonstrate that even the most selective institutions have been influenced by this agenda. It is also clear that research policy and planning have come to play a much more central role in many institutions' strategic thinking. One could undoubtedly go on to argue that this is a classic case of isomorphism – prompted by a rich mixture of governmental coercion, mimetic behaviour in the face of a highly uncertain future, and normative processes including the increasingly unselfconscious adoption of a common

discourse.

However, this rather sweeping conclusion would be less than satisfying in its explanatory power. There is clearly considerably more to be said about the relationship between the three purported elements of the isomorphic process. To locate the point in the theoretical language of the HEINE project itself, we need to look much more closely at the relative weight of resource imperatives, embedded practices and values in promoting policy-responsive change or enabling or compelling institutions to ignore it. What is quite clear is that whatever the commonalities of the European higher education environments, each institution's response has turned out to be significantly, and we would argue not merely contingently, different. Even if there has been a general shift in each institution towards adopting the economic relevance agenda, along with other policy concerns such as quality enhancement, value for money and citizen/consumer rights, the outcomes of these shifts are far from uniform. In conclusion, therefore, we now list some of the elements that seem to us to have determined these differences.

A comprehensive list must surely begin with features such as subject mix, size, institutional origins, current market of student recruitment, and nature of the student body. It is clear, for example, that the history of each of the case institutions – their origins and subsequent development within the range of broad missions and identities available to them – has coloured not only their willingness but also their ability to respond to opportunities. Further detailed study of our cases will surely show that this constraint can operate in a number of different dimensions. Their inherited staff and resources (including the quality and representation of their public space); their espoused and practised values; and their characteristic approaches to institutional management. Equally, their subject mix has not only rendered them variably susceptible to curriculum change, but also profoundly affected their market position.

However, there are other features of importance. Prominent among these is the often neglected feature of geography. The physical location of our institutions, in or outside attractive or accessible towns and cities, limits their room for manoeuvre in many ways. So too does their competitive environment. Most of the case institutions have other higher education institutions as near neighbours. They shape their own policies with great attention to the character of their neighbours and the way this impinges on their own competitive environment for students, for economic or political advantage, or for employer connections. Increasingly they have confronted hard choices about the desirability – and limits – of collaboration as an alternative to competition. But several of our case study institutions have also experienced (or at least debated the possibility of) mergers with one or more neighbours. Another feature of importance is money. A few institutions nationally have comfortably large endowments, while others have substantial debts. Costs too can vary. On the whole neither the general funding system nor special initiatives make much allowance for differences in availability of capital, though differential costs have been the subject of much debate. Institutions are still learning what it means to be a public service enterprise, and they are still in the process of developing the appropriate approaches and methods needed to manage their resources effectively.

Finally, the importance to our respondents of "narratives". We were offered institutional sagas of past triumphs and disasters; institutionalised understandings of the local culture (or cultures) (management, staff or students); and perhaps especially, we were offered narratives of heroic (or anti-heroic) leadership. Institutional leaders (and occasionally other senior figures) were invested with enormous power by our respondents – both practical power and symbolic authority. Major developments were personalised, once or twice to the extent of

attributing them solely to a chance meeting between the rector or vice-chancellor and an influential external policy actor, or to the idiosyncrasies of personal chemistry. While we do not wish to downgrade the importance of leadership, we were struck by the apparent need of many respondents to provide us with accounts which simultaneously emphasise the agency of a powerful figure and, by implication, downplay not only the constrained nature of much institutional policy making, but also the possibility of shared analysis and collective strategic choice. Further analysis – and further research – may help to unpack some of the other interpretations that may be possible.

1.4.2   Reflections with respect to traditional degree programmes

How did we interpret organisational adaptation when it comes to changes in the first-degree programmes of our case institutions? In the context of the project it refers in the first place to deliberate attempts of a higher education institution to change any aspect of its organisational structure as a reaction to or in anticipation of external developments. Structure is interpreted broadly in this respect, including, amongst other things, the institution's teaching programmes. Second it refers to any major deliberate change taking place in the composition of the population of the university, i.e. in the group of administrators, academics, or students. Third it refers to institutional efforts to adapt the culture of (part of) the institution, or to change the (collective or individual) academic culture of the institutional academic staff or students. Fourth it refers to gradual, non-planned (in other words emergent) changes that take place either in the organisational structure or the cultural dimension of an institution, or in the composition of its staff or student body. These kinds of changes are in general bottom-up. They are often the result of disciplinary developments.

Deliberate adaptation or change processes consist of three successive elements. First somewhere in the organisation there has to be the realisation that there is a need to change. Second there has to be the willingness to change. The person or group realising that there is a need to change has to be able to get this need on the institutional agenda, to operationalise this need in a recognisable and realistic way, and to mobilise interest groups in order to get enough internal support for the change process. Third the institution has got to be able to implement the intended change. It needs to have the resources, the skills and the capacity to carry out an effective change operation. These elements determine the adaptive power of higher education institutions. They determine, for example, the extent to which an institution can and will adapt its first-degree programme structure.

Concerning first-degree programmes a distinction must be made between traditional students and non-traditional students. In general institutions attempt to adapt their programme offerings to attract more traditional students, more non-traditional students or both.

Who are regarded as traditional students? In the framework of the project a traditional student is defined as a person in the age group covering the first 6 years after secondary school examination. (usually 18-24 or 19-25 years). In addition, a traditional student has used the traditional access route to higher education.[2] There are several ways in which in Europe universities and colleges on the one hand, and governments on the other have attempted

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[2] Traditional access to higher education can be defined as: The dominant and more institutionalised pattern along the sequential educational route leading to the student's qualification for entering higher education. This route leads from the initial primary school until the end of secondary education, and is ratified by a certification of qualifications entitling the student to become a candidate in a study programme in a higher education institution. As traditional access we include also traditional entrance mechanisms placed between the end of secondary education and admission to higher education which can perform several functions such as guidance, selection, training and information.

(implicitly or explicitly) to enlarge the number of traditional students enrolled in higher education. The two most obvious ways are through increasing the enrolment from the qualified group of students, or through decreasing the dropout. The first should be based on information about the reasons why qualified students don't enter higher education. Is it because of wrong or lack of information, financial circumstances, or are there other factors influencing student choice behaviour? Enlarging the number of students actually enrolling can take place through focused information campaigns, improved student aid systems, or other specific measures, such as introducing new (shorter / vocational) courses.

Decreasing drop out is a complicated matter. It has to be based on understanding the reasons for dropout. There can be personal as well as organisational reasons. The latter refers to reasons having to do with the individual organisation –university or college- in which a student is enrolled; the organisation of the study programme, the availability and quality of the teaching staff, the quality of the facilities such as libraries, computer networks, etc. In addition, contextual reasons (reasons having to do with the higher education system as a whole), such as possibilities for financial support, or good housing and study facilities, can play a role. The assumption is that for a university or college improving organisational circumstances is the easiest way to decrease dropout. Personal circumstances and problems can be addressed by the university or college, but in general they are hard to deal with in a successful way, amongst other things, because personal reasons differ from student to student, and some might be solvable, and others not. The contextual circumstances can only to a limited extent be influenced by an individual institution.

A specific aspect of increasing enrolment of traditional students is to increase the enrolment of specific groups of students with a traditional background, for example, minorities, women, students with a lower class background, and disabled students. Even though they are part of the traditional student group, still specific actions might be needed to overcome the additional barrier obviously encompassed as a group characteristic.

It can be argued that higher education has been successful in Europe in enlarging the number of the traditional group of students enrolled in higher education. This has been done mainly through attracting more students. Dropout rates have remained rather constant despite efforts to reduce them.

Attracting more traditional students has taken place through organisational adaptation. There was no structural renewal of higher education needed to increase the number of students. Universities and colleges didn't introduce radically new programme structures, nor did higher education systems develop radical new structures to make the growth of higher education possible. The bulk of the growth took place in the institutions that were already there before 1975 in faculties that were also there 25 years ago.

How can higher education increase the number of non-traditional students in traditional degree programmes? This implies offering teaching and training programmes to non-traditional students, needing non-traditional access routes into higher education.[3] Broadly speaking with respect to this new clientele three groups can be distinguished.

The first group consists of people who want to enrol in higher education for economic reasons. This group can be divided into four categories. First, people already working with a higher education degree. Second, people already working without a higher education degree.

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[3] Non-traditional access to higher education can be defined as: The collection of alternative routes in relation to the dominant pattern, sequential or not, and ratified by a non-standardised certification of qualifications legitimating the access of non-traditional students to higher education. As non-traditional access we also include entrance mechanisms with similar functions as those mentioned for traditional access.

Third, people who are unemployed with a higher education degree. Fourth, people who are unemployed without having a higher education degree.

The second group consists of people whose interest in higher education is not economically based, e.g. retired people.

Finally, the third group consists of international students. A broad division can be made between students coming from developed countries and students coming from developing countries. Especially for the second group of students traditional programmes do not suffice. The programmes offered to them have to be adapted to the situation, needs and circumstances in the home country. The latter hardly ever is being done. In nearly all programmes offered to international students the situation, needs and circumstances of the host country are taking as a starting-point.

The policy question here is whether new programmes for non-traditional students can be developed and offered within the traditional higher education structures, or whether new structures have to be designed and introduced in order to be able to really attract a new clientele in the ways expected and needed from the perspective of the new economy. In addition should the higher education institutions be partners (in all kinds of networks for designing and offering new forms of transferring knowledge) or should they be the main domains through which knowledge, also for this new clientele, is disseminated?

In addition, when higher education institutions attract a new clientele they are in nearly all cases interested in those potential new students who already have a higher education degree (preferably already working). The other groups are of far less interest to higher education. One can in general wonder whether higher education can (or should) play a role at all in dealing with unemployment, other than through trying to increase the number of traditional students (assuming that a higher education degree still decreases the chance of becoming unemployed).

Finally, how do governmental and institutional attempts to increase the number of students in traditional degree programmes by structural adaptation relate? In all countries the government is responsible for the regulations within which the institutions can develop and introduce new programmes, and adapt, maintain or abolish existing ones. This responsibility is handled in some countries in a very strict way, while in others the institutions have much leeway for developing new programmes. General conclusion is that none of the case institutions had a deliberate, rationally planned institutional approach to academic programme development. Introductions of successful new programmes were in general either the result of rather random institutional actions, or the outcome of faculty initiatives that "seemed like a good idea" at the time. The same goes for unsuccessful new programmes. There is certainly not a one-to-one relationship between the thoroughness of a programme planning effort and the success of that programme once introduced. One of the consequences is that it is difficult for governments to develop adequate programme development oriented policies. Given the "emerging" instead of "deliberate" nature of the institutional strategies in this area any government attempt to make these strategies more efficient and effective is likely to limit programme innovation in a non-intended way. This can be illustrated, amongst other things, by the Dutch case. The Dutch Ministry of Education tightened its instrument for controlling academic programme development in 1993. Since then only the "emerging" new programmes that fit the requirements set out by the Minister are approved. Given the lack of a link between the nature of these formal requirements and the final success of new programmes, it can be argued that many potentially successful new programmes have not been approved in the new Dutch procedures.

1.4.3 Reflections with respect to lifelong learning

Governmental policies with respect to lifelong learning are more visionary than action based. Lots of rhetoric interaction takes place between the government and the higher education institutions, but this interaction is mainly symbolic, based on a shared view of a learning society.

There are large differences between higher education institutions when it comes to lifelong learning experiences, and other activities that are developed to live up to the expectations of the emerging knowledge society and that are meant to attract a new clientele.

Those institutions that are active in trying to attract a new clientele are mainly focused on clients who already have a higher education degree. Some institutions have long traditions in lifelong learning activities, but mainly for their own graduates and taking place somewhat "in the margin of the institution".

At the moment only a relatively small part of the lifelong learning market is covered by higher education. In the Netherlands, for example, employers expect that the lifelong learning schooling budget for their employees will go up by 20% annually. However, at the moment only 10% of the market is covered by Dutch higher education institutions who are mainly interested in offering long courses (at least 30 days) to new learners.

The key problem with respect to the relationship between higher education and lifelong learning activities is the following. How are the costs going to be split between the three parties involved: the state, the employers and the learners themselves? The persistent general reluctance of all three parties to invest accordingly is still seriously inhibiting the development of lifelong learning opportunities on anything like the scale that might in principle be desirable.

1.4.4 Reflections concerning external stakeholders in institutional governance structures

Each public sector has its own networks, even though not all of them are equally influential and effective. The two types of policy networks have gradually emerged since the 1970s. Even though there is an overlap between the two, with respect to higher education the political networks have become less effective and influential since the mid 1970s. Bureaucrats seem to have adapted better than politicians to the network structures. The bureaucrats are interacting in the professional networks with higher education experts, with professionals from the sector in question, with involved stakeholders, and with colleagues. In the political networks, organised on the basis of political programmes and interests, many participants seem to be more interested in yesterday's image of the makeable world than in today's reality of the network society where progress and change are 'grassroot-like' and incremental. The role of politics[4] should be to take the responsibility for determining the general higher education policy goals and designing the frameworks within which this professionally driven social development should take place. However, in general politics seem to be more interested in interfering in detail in specific aspects of the social development than in stimulating the emergent, professionally driven processes. Because of the growing social variety and complexity in most cases the political interference is at best not very effective, and at worst counterproductive.

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[4] Politics refers here in the first place to Parliament and the political parties. Ministers are assumed to be member of both political and professional networks, with an inclination to base the policies for which they are responsible more on the input from the professional networks than on the input from the political networks. The roots of many conflicts between individual Ministers and Parliament can be found in the tensions this inclination causes.

In our study the two networks are clearly visible. Governments realised that the post-1945 attempts to steer and control higher education in detail were not effective enough. As a consequence, in most European countries Ministries of Education have attempted since the early 1980s to develop frameworks within which the universities and colleges could almost autonomously work on realising the goals of the national higher education policies. While the determination of the goals as such was in the end a political responsibility, the development of the policies was in general based on the interactions between the Ministries, the involved stakeholders, and academic and administrative representatives from higher education. While in some cases the decisions of national Parliaments were supporting this development, there are also many examples available of Parliamentary actions that interfered in detail with the careful agreements that had been reached between the Ministry, the stakeholders and the institutions. In the latter cases Parliament made it in general more difficult to realise the agreed upon innovation. This is not to say that politics in general and Parliament in particular, in other words the political policy networks, don't have a role to play with respect to higher education. As indicated this role consists of determining the higher education goals and designing the broad framework conditions within which the sector can work autonomously on achieving the policy goals. If politics wants to influence the policy process, i.e. the policy development and the policy implementation, individual politicians should become active in the professional networks. This is happening, but only on a limited scale, and in different ways from country to country. In practice the higher education policy process is mainly professionally driven, with only a limited role of politics on the major policy developments.

1.5   Policy implications

In most countries, a general move towards the supermarket steering model can be observed. Instead of the traditional tight control over universities and colleges found in all countries except England, more and more the role of the state becomes less dominant. (Quasi-)market mechanisms and university self-regulation are replacing more and more elements of the central steering role of the government. However, it doesn't mean that the state is gradually disappearing. The outcome of this general European trend can be typified as a combination of market and state. The trend needs a number of qualifications.

First, the changes in the steering relationship between government and higher education take place at different paces and in different appearances. 'Supermarket steering model' is a comprehensive term that in practice encompasses different steering instruments, institutional structures, and steering relationships.

Second, it is of importance in a number of countries (especially Austria, Finland, Norway, Portugal) to make a distinction between the way the university sector is steered and the way the college-sector is steered. In general the regulations and instruments with respect to the college-sector are more detailed and "intrusive" than the regulations and instruments used to steer the university sector.

Third, even though there is a general development towards the supermarket model, in practice this model will not be found in its pure form. In all countries, mixes of different steering models can be observed. In many countries elements of the sovereignty model are still being used.

Finally, the above discussion of the changes in steering approaches with respect to higher education reflected the complexity of the relationship between government and higher education as well as the continuous adaptation of this relationship. A fascinating issue in all countries is that while the governmental rhetoric with respect to the steering of higher education

has changed to reflect in many ways a (super)market steering approach the underlying institutions (rules, regulations, instruments) have not been adapted accordingly. The latter implies that some underlying institutions reflect the new steering approach while others are still based on previous approaches. In all countries included in the TSER/HEINE project this has led to a hybrid kind of relationship. Enlarging university and college autonomy is a policy issue in each country, and many autonomy increases can be observed. However, at the same time the nature of the remaining and new regulations and instruments with respect to higher education seems to have become to some extent more control-oriented. It is as if governments want to make sure that the universities and colleges use the larger autonomy in such a way that the outcomes politics expect of enlarging the autonomy are indeed achieved.

This hybrid relationship can partly be explained by the development of our societies towards network societies. This has far-reaching consequences, amongst other things, for policy-making and –implementation processes. More and more policy development and implementation is coordinated by decentralised, autonomous (government) units and agencies. These units and agencies form part of horizontal social networks. The interaction that is taking place in these networks forms a major input into policy development processes. In practice two different types of policy oriented networks operate with respect to higher education, i.e. the political network and the corporate (or professional) network. The functioning of these two networks can be explained by referring to the growing social variety and complexity. This stimulates 'horizontal' forms of social interaction while it also causes fragmentation of society. Interaction (political, economic, social) takes place more and more through horizontal (instead of hierarchical) networks. Information technologies have made it possible to speed up the process and have made 'horizontalisation' practically possible at a large scale.

Finally some conclusions and implications concerning the policies concerning traditional degree programmes and lifelong learning structures. Higher education as a sector as well as individual institutions are in general looking for a balance between traditional core activities and market demands in the area of lifelong learning and new working learning relationships. In looking for a balance between traditional and market activities it is of utmost importance for the higher education institutions to keep a clear identity, to develop convincing and relevant missions, and to operate in a transparent way. Government authorities should stimulate the increase of social variety instead of hindering controlling, or standardising it. The latter can be argued, amongst other things, by referring to the "emerging" nature of the academic programmed development processes in universities and colleges. The government should strategically and intelligently move jointly with social innovations instead of trying to plan, control and pigeonhole them. This implies that governments should steer through critical variables, instead of on the basis of strict, rigid regulations and blueprints. Universities and colleges have been very successful in attracting more traditional students. Further growth in this area is limited, and can mainly be found by reducing drop-outs (e.g. through flexible learning ways). For groups that are still underrepresented in higher education the path towards an increased participation can in general not be found in higher education. In addressing the needs for lifelong learning activities at an adequate level, universities and colleges should be stimulated to form structured partnership with employers and learners. In order for this to be successful large amounts of public and private resources are needed.

2   *Background and objectives of the project*

2.1 Rationale

The transformation of the national higher education system is on the political agenda in every country in Europe. In the initiated transformation processes higher education receives many policy messages. Governmental green and white papers, new higher education laws, public debates, media coverage, all seem to point in the same direction. Higher education should 'modernise', 'adapt', 'diversify', 'marketize', it is expected to become 'entrepreneurial', 'competitive', more 'efficient' and more 'effective', more 'service oriented', and more 'societal relevant', while it also has to improve the 'quality of its processes and products', its 'relationship with the labour-market', and the 'governance and management' of its institutions, the universities and colleges, to give just a few examples.

While the socio-political demands and expectations with respect to higher education have grown - especially with respect to its economic role -, in most countries the level of public funding of higher education is stagnating or even going down. This situation has led to the observation by Clark that higher education suffers from a "demand overload". Many actors pour their (regularly changing!) demands in an almost constant flow on higher education and expect a rapid and fitting reaction. But are universities and colleges capable of reacting adequately? Do they have the structures, cultures, mechanisms, human and other resources that allow them to transform in the way and pace expected? In general many of the answers given to these questions seem to be rather negative. Especially the traditional research universities are regarded by some observers as being too conservative and passive, behaving like 'dinosaurs' unaware of the meteorite that might hit their earth. At the same time the (traditional) core activities of the higher education institutions are threatened to be taken over by other (market) providers, amongst other things, because higher education is supposed to have a limited capability for dealing with the increased competition. In short, higher education is suggested to be a sector that will not survive in its present form the turbulent first decades of the new millennium, and the capabilities of adapting this present form radically are regarded as being too limited.

But what do we really know about the change capacity of universities and colleges, and about the ways in which this change capacity is being used in practice? What systematic knowledge has been produced and how (if at all) is this knowledge used by practitioners at various levels, i.e. policy-makers, institutional administrators, academic leaders, etc.? These questions formed the starting-point for the TSER/HEINE project.

2.2 Original objectives

2.2.1   *General reflection*
The project was set up to examine the ways in which the institutional policies of European universities and colleges change concerning their economic role, and the extent to which this change is affected by governmental policies and programmes.

The main aim of the project was to examine organisational change in higher education. More specifically the research question of the project was formulated as follows: *How do higher*

education organisations change in response to or in interaction with government policies and programmes? The research problem was not approached as in a classical implementation study, following a specific policy around from development and implementation to the effects of the policy in question, assuming a (linear) causal chain of events. Rather we focused on public policy initiatives as possible inputs into organisational change processes. In line with the nature of the TSER Programme it was decided to focus on changes in the economic policies and programmes of universities and colleges, assuming that an analysis of these changes would make it possible to draw general conclusions.

The HEINE project consisted of three main phases. In the first (supra)national case studies focusing on specific national and EU policies and programmes were undertaken. In the second around in depth case studies of 40 universities and colleges in the respective countries were carried out. The final phase consisted of the comparative analyses. As referred to above the project examined organisational changes in three clusters. First, the relationship between higher education institutions and the economy in the area of regular teaching programmes of universities and colleges focused on traditional students. Second, relationships between higher education teaching programmes and the emerging external needs for training and education leading to new educational and training structures for 'non-traditional/lifelong learning students'. Third, the deliberate attempts to link external stakeholders to internal structural change processes as part of the adaptation of institutional governance and decision-making structures. The theoretical framework for the project was based upon two major theoretical perspectives, resource dependency and neo-institutionalism. In addition the framework incorporated conceptualisations concerning governmental steering models. It was designed and elaborated by Åse Gornitzka (see annex).

2.2.2 Original objectives
The original objectives as included in the project ANNEX 1 are formulated per work package as follows.

Work package 1: Elaboration of the general theoretical framework
Objectives:
* To elaborate the multi-disciplinary theoretical framework that is to be used as the basis for the eight national studies, the institutional case studies, and the analysis of supra-national (=European) policies and programmes
Work package 2: Design of protocols
Objectives:
* To prepare protocols for the national case-studies, the institutional case-studies, and the analysis of supra-national policies and programmes
Work package 3: Data collection for national studies and drafting of national reports; preparation for institutional case studies; dissemination plan
Objectives:
* To collect the data for the national reports.
* To draft national reports indicating key national themes for institutional case studies
* To prepare the institutional case-studies: selection and agreement of national themes.
* To produce the project dissemination plan
Work package 4: Study of policies and programmes on the European level that are relevant with respect to the problem statement
Objectives:
* To review and synthesise the policy initiatives of the European Community / Union and of

other co-ordinating agencies with respect to the relationship between higher education and the economy over the preceding twenty years.

Work package 5: Finalise national studies, conduct institutional case studies, draft and finalise country reports, disseminate results of country studies
Objectives:
* To implement the institutional cases studies (at least 4) in each of the eight countries.
* To integrate the outcomes of the institutional case-studies with the results of the national reports (work package 3).
* To produce eight country reports

Work package 6: Co-ordination of case-studies
Objectives:
* To monitor, streamline and co-ordinate the execution of the institutional case-studies in the eight countries.

Work package 7: Comparative analyses
Objectives:
* To make in-depth comparisons of the national and supra-national findings

Work package 8: Concluding reports and further dissemination
Objectives:
* To produce the final scientific reports of the project
* To disseminate the results to institutional, national and European policy makers on the basis of the project dissemination plan.

2.3   Reorientation

2.3.1   EU-level case study
Originally the project was set up to analyse comparatively the interaction between the supra-national (= EU), national, and institutional level concerning changes in the three institutional activity clusters, first-degree programmes, lifelong learning activities, and external stakeholders' involvement in institutional governance structures. The basis for the comparative analyses was intended to be formed by case studies at each of the three levels. However, even though we did undertake in the framework of the project an extensive EU-level case study, the decision was made to limit our comparative analyses to the interactions between the national and the institutional levels. The reason for this decision was twofold. First the information gathered in the EU-level case study didn't allow for careful comparative analyses on the effects of EU programmes, measures and policies. As a consequence of the way the project was set up there was not a possibility to do additional interviews or gather additional data that would make comparative analyses possible. Second, the data gathered turned out to be very rich in informative power. Independent of all official documents and publications gathered and used in the framework of the project, the national and institutional level case study reports counted together more than 2200 pages, reflecting, amongst other things, the complexity addressed in the objectives of the project. The research team was afraid that it would "drawn" in its ambitions if it would focus on analysing the interactions between three levels (with all the various supra-national, national, and institutional structures and actors involved). Instead it was decided to focus the comparative analyses on the national and institutional levels.

Nonetheless, the EU-case study report was used by some of the national HEINE research teams, e.g. the Norwegian one, for analysing specific national policy developments,

especially concerning the issue of internationalisation and higher education. The case study, conducted by the Flemish research team, will be published in 2001.

2.3.2 Balance between national and institutional level

While in the original project design the emphasis was on the institutional level, the decision was made to invest more time in the national level case studies than originally intended. The project research team agreed that a condition for understanding the effects of governmental policies and programmes at the institutional level was to do a thorough analysis of the national level policy-making and –implementation processes. As a consequence most research teams involved used internal money to fund the extra capacity needed for the in-depth national level case studies. One of the unintended consequences was that most teams started (and finished) their institutional level case studies later than foreseen. This meant that also the comparative analyses had to start later than scheduled, leading, together with the size of the empirical material, to a delayed finish of the final report.

Given the richness of the material and the complexity of the examined relationships, two of the research institutes involved (CHEPS and NIFU) decided to allocate internal money for the continuation of the comparative analyses of the HEINE material in 2000 and 2001.

2.3.3 Literature overview on the economic role of higher education

One of the intended project deliverables was a literature overview on the economic role of higher education. A draft version of the overview was produced in the beginning of the project by one of the involved PhD students. This draft version was used, amongst other things, for developing the project case study protocols. While the draft version of the overview proved its internal value for the project, the research team felt it wasn't good enough for general distribution. Consequently it was decided that the draft version had to be improved before it could be published. However, the capacity to do so wasn't available anymore in the project itself. Nonetheless, the research teams involved agreed to look for capacity within their own institutes. Until now, none of the teams has managed to make the necessary capacity available.

2.3.4 Cultural dimension

It was intended originally to examine not only structural changes at the institutional level, but also changes in the organisational culture. The assumption was that information on cultural changes could add to the understanding of the effects of governmental policies on universities and colleges. One of the meetings of research team was devoted partly to discussing the operationalisation of the project part on the organisational culture. In practice the research part in question turned out to be too ambitious within the framework of the project, and, from a methodological point of view, too controversial within the research team. Concerning the latter the research team couldn't come to an agreement whether to use a quantitative approach through a survey instrument or a qualitative approach through in-depth interviews in some of the case institutions. To do justice to the complexity of the cultural dimension in the research design it was felt that ideally both methods should be used. Since the project framework didn't allow for both it was decided to focus on the structural changes at the institutional level.

3 *Scientific description of the project results and methodology*

3.1 Introduction

At the beginning of the 21st century it is virtually taken for granted that the socio-economic welfare of a country is becoming more and more dependent on the way knowledge is produced, transferred, and handled in that country. In view of their traditional role in the production, transfer, dissemination and handling of knowledge, universities and colleges are assumed to be key socio-economic organisations in any country. In trying to live up to the expectations it is clear that these organisations for higher learning face a number of serious challenges. They have to come to grips, for example, with the need to develop new notions of learning and new structures for doing research - traditional notions and structures have gradually become perceived as outdated and inadequate for satisfying the needs of knowledge (-based) societies. They also are expected to expand towards mass if not universal systems (OECD, 1999). How do universities and colleges deal with these expectations? How do they change and adapt to the far-reaching changes in their environments?
Many general theoretical perspectives have been developed for studying the notion of organisational change. In the project we used two of them, i.e. resource dependency theory, and (sociological) neo-institutional theory. We have combined these two perspectives for the study of organisational change in higher education. On the basis of an integration of the two perspectives we have identified a set of strategies organisations can use when faced with environmental demands or expectations.

In studying and interpreting organisational change in higher education from the perspective of universities and colleges it is of relevance (especially in Europe) to focus on one major environmental actor for these organisations, i.e. the state. In the light of the dominant role the European nation-states have played since the early 19th century in funding and regulating higher education (Neave, 1988), it is necessary to discuss how governmental policies and programmes (are assumed to) affect intra-university change processes. We have reflected upon aspects of both governmental policy-making as well as characteristics of the content of governmental policies and programmes that can be assumed to be of importance for understanding how state action affects organisational change in higher education. We have argued that there is a need for seeing interaction between higher education and the government as located in an overall system of state governance of the higher education systems. State (or steering) models that give different answers as to what the roles of the state and universities are or should have been used as analytical devices to grasp the different approaches to governmental steering with respect to universities and colleges in Europe. We will start this overview of the outcomes of the HEINE project with introducing and explaining the theoretical perspectives used in the project.

3.2 Main theoretical perspectives and conceptualisations

3.2.1 *Two theoretical perspectives explaining organisational change*
There is general agreement among social scientists that an organisation has to interact with its environment in order to achieve its basic objectives. There is also little debate about the fact

that this interaction implies that organisations are dependent on their environment for so-called critical resources, such as raw materials, personnel, monetary resources, and so on. Two of the main approaches in the study of organisational change - resource dependency theory and the neo-institutional perspective - share these two basic assumptions. First, various external pressures and demands limit the range of possible organisational choice and action. Second, organisations must be responsive in order to survive.

These theoretical perspectives seemingly do not converge on two central issues. First, to what extent are organisations capable of reacting to changes in their environment? And second, how do they do it, i.e. what are the mechanisms that couple environments to organisational change? How can these differences be appreciated?

3.2.1.1 Resource dependency
The resource dependence perspective (Pfeffer and Salancik 1978; Pfeffer 1982) starts from the view that to understand organisations one must understand how organisations relate to other social actors in their environment. It argues that organisations are other-directed, constantly struggling for autonomy and discretion faced with constraints and external control (Pfeffer and Salancik 1978, p. 257). However, it introduces concepts and arguments that set it apart from a simple view of environmental determinism. It relies heavily on a political view of inter- and intra-organisational interaction. The model departs from earlier open systems theory in its emphasis on how organisations act strategically and make active choices to manage their dependency on those parts of their task environment that control vital resources. Organisations thus have a major capacity for change, but their response to demands from the environment is not automatic and passive, but active and volitional.

The resource dependence model implies that the way in which an organisation deals with external demands can to some extent be predicted from the situation of resource dependencies confronting it. However, this perspective introduces several factors that sever a deterministic and automatic link between an organisation's resource dependencies and its actions. First, organisations are usually in a position of interdependencies, i.e. the focal organisation also controls resources that other organisations need. The underlying model is one of influence and countervailing power: the greater the power of external stakeholders the greater the environmental determinism, whereas greater organisational power suggests greater capacity for organisational choice (Hrebiniak and Joyce 1985). Second, organisations have other options apart from complying with external demands. They can manage and manipulate their dependencies in several ways. Third, environments are not treated as "objective realities". How the context of an organisation is defined depends on how it is perceived, which aspects are given attention, and how the context is interpreted.

An important aspect of resource dependence theory is its emphasis on intra-organisational factors for understanding how organisations react and interact with their environments: "the contest of control within the organization intervenes to affect the enactment of organizational environments. Since coping with critical contingencies is an important determinant of influence, sub-units will seek to enact environments to favor their position" (Pfeffer and Salancik 1978:261). The combination of a focus on external control and dependencies, and internal power and control relations is proposed to be the key to understanding and specifying the process of environmental effects.

This implies that, according to resource dependency, the way to understand organisational change is not only by investigating objective resource dependencies and interdependencies, but also by looking at the way organisations perceive their environments, at how they act to control and avoid dependencies, at the role of organisational leadership in these processes, as well as at the way internal power distributions affect and are affected by external dependencies.

3.2.1.2 Neo-institutional theory
In his seminal book *Institutions and Organisations* Scott (1995, p. 33) defines an institution as consisting of "cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior. Institutions are transported by various carriers - cultures, structures, and routines – and they operate at multiple levels of jurisdiction." It is suggested by DiMaggio and Powell (1991) that the focus on the cognitive dimension of institutions is the major feature of the new institutionalism in sociology (incl. organisation studies).

Whereas the resource dependency perspective views organisations as relating to their environment by exchange of more or less tangible goods, a sociological neo-institutional perspective focuses on the rules, requirements and understandings shared by members of a society, with respect to appropriate organisational forms and behaviour, i.e. an organisation's institutional rather than its technical environment (Scott 1987). Many of the studies and seminal theoretical contributions within this "branch" of neo-institutionalism emphasise the survival value of organisational conformity to institutional environments. It is argued that adoption of policies or programmes is importantly determined by the extent to which the measure is institutionalised - whether by law or by gradual legitimisation (Tolbert and Zucker 1983). In many respects this resembles the notion of organisational adaptability as found in the resource dependence model, only the focus is on how organisations adapt to norms and beliefs in their environments, not to resource dependencies. When organisations change according to institutionalised expectations, they do so in a context of taken for granted norms and beliefs, thereby showing little of the active choice behaviour that a resource dependence perspective would predict (Oliver 1991). Furthermore, conformity is often of a ritualistic nature where organisations construct symbols of compliance to environmental change (DiMaggio and Powell 1983; Edelman 1992; Meyer and Rowan 1977). Organisations thus are seen to combine conformity to environmental expectations with organisational stability. In this respect a neo-institutional perspective will emphasise the stability of organisations and the barriers to change that exist within organisations. Neo-institutionalists such as March and Olsen (1989) have given special attention to the latter and have discussed how organisational resistance in general frustrates attempts at organisational change. When change takes place in an organisation it is often the result of relatively stable routine responses that relate the organisation to its environments (March 1988).

Taking this into account, an aspect that can be argued to be of importance is the need for differentiating between the kinds of organisational responses one can expect according to the type of environmental change (Brunsson and Olsen 1990). We would particularly like to question the extent to which organisational change is the outcome of deliberate reform. Well-developed institutions with stable values, interests, perceptions, and resources exhibit inertia or friction when faced with efforts at reform (Brunsson and Olsen 1990; March and Olsen 1984). Changes that are compatible with an organisation's institutional identity or culture can

be responded to in a routine and non-upsetting manner. Organisational adaptation to environmental change is in these cases part of standard organisational procedures, which is not the case for major reform attempts that run athwart organisational (sub)cultures. For organisations to change as a response to government initiatives a normative match is necessary, i.e. congruence between the values and beliefs underlying a proposed programme or policy, and the identity and traditions of an organisation.

3.2.1.3 Combining a resource dependence and neo-institutional perspective
A central aspect of a resource dependency perspective is the attention it gives to the role of active agents and strategic choice in organisational responses to environmental change, an attention until recently lacking in the sociological institutional perspective. However, in an overview of empirical research on institutional effects on organisational structure and performance, Scott (1995, pp. 114-132) distinguishes a trend from the earlier institutional emphasis on organisational conformity towards the recent attention for variation in an organisation's responses depending on its characteristics or connections. He makes a distinction, for example, between collective and individual organisational responses. In the case of higher education a collective response would, for example, be when associations of universities or colleges actively got involved in negotiating with the government the interpretation of higher education legislation. Organisations might respond individually in a number of ways to environmental demands and expectations ranging from passive acquiescing to active manipulation of external demands (cf. Oliver 1991; and HEINE 1998, in which these strategies and responses are presented).

However, organisational response must not be understood solely on the basis of the characteristics of "external stimuli", since it to a large extent depends upon processes that go on within organisations. Although the perspectives outlined above have their specific analytical focus at an organisation level, the approaches facilitate the understanding of within-organisation interaction and do not treat organisations as unified entities. This is of particular importance when we take into consideration how a university or college is structured and what is the nature of such an organisation. Understanding the internal processes is of vital importance for understanding why and how organisations change, and how their response to external changes is fashioned. In the following section some of the essential characteristics of universities and colleges are discussed, as identified by the field of higher education research, In addition some of the organisational variables will be referred to that we assume affect how such organisations change and relate to their environments.

3.2.2 The nature and structure of universities as factors in organisational change
How do universities and colleges differ from other organisations? What are their specific characteristics? A first distinctive characteristic concerns the governance structure and the distribution of authority. The primary source of authority is professional academic expertise. Universities and colleges are organisations marked by professional autonomy (Mintzberg 1983). In higher education many decisions can only be made by the professional expert(s), while there is also the (Humboldtian) tradition that the function and objectives of the institutionalised domains of teaching and research (universities and colleges) are best served in an environment of academic freedom. This implies that such organisations are "bottom-heavy". Consequently the potency of collective action at the central organisational level is low and there is generally a diffusion of power in decision-making processes within universities. This leaves a weak role for organisational leadership (Cohen and March 1974).

A related characteristic usually attributed to universities and colleges is a high degree of structural differentiation, where each department is a world in itself (Goedegebuure *et al* 1994). This in turn can be understood as a consequence of the low degree of functional dependence that exists between different organisational sub-units. In general, the position of decision-making responsibilities as well as the degree of institutional fragmentation within a university or college are important factors that condition the extent to which co-ordinated, deliberate organisational change is possible or even likely.

However, the extent to which these characteristics are dominant can be argued to vary according to national differences and according to differences between types of organisations. Furthermore it has been suggested in the general organisational literature that factors such as organisational size and complexity influence the degree of decentralisation and fragmentation. In general additional scrutiny and constraints on utilisation of power are associated with large size (Greening and Gray 1994, p.490). Also, it is suggested that the size of an organisation can directly influence the way it responds to external demands - large organisations generally have sufficient resources and a scale enabling them to alter their context in a significant fashion (Pfeffer and Salancik 1978, p.267). Whether and in what way specific factors such as "size" have an effect on organisational change processes in higher education remains to be seen.

As is argued by Clark (1983, p.72) "All major social entities have a symbolic side, a culture as well as a social structure, some shared accounts and common beliefs that define for the participants who they are, what they are doing, why they are doing it, and whether they have been blessed or cursed." How can this symbolic side of universities be examined?
The majority of the studies on culture in higher education focus on one specific source of cultural variation, for example, the discipline or the university. In these studies 'culture' is interpreted as the 'belief system' (Clark 1983) consisting of the specific values and norms that characterise the (members of the) academic profession. While this belief system is assumed to be affected by one dominating source, Clark (1983, pp.74-75) argues that there are four main variables affecting the academic belief system, i.e. the discipline, the individual university or college, the national context, and the academic profession at large. In his interpretation the academic belief system, or the academic culture, is reproduced by the interaction of these four variables (Maassen 1986)

Consequently, it is of importance to examine the relation between individual and collective bases for change processes in universities as well as the effects of the four variables on the individual as well as the collective academic belief systems or cultures. We assume that there can be important differences in academic belief systems between disciplines, between individual universities and colleges, between countries, and between members of the academic profession and non-members, e.g. administrators, civil servants, and politicians. The intensity and nature of the differences will have an effect on the relationship between governmental policies and organisational change processes in universities.

3.2.3 Main variables for describing the relationships between governmental policies and organisational change

3.2.3.1 Characteristics of policy process and content
While the central debate is about organisational change in universities, a main focus is on

organisational change in the context of government policies and programmes. Such a focus implies that we need to delineate the background and nature of policies. Hence, there is an additional need to shed light on characteristics of policy-making complementary to the theories outlined above, and in this respect the body of social science literature on implementation can contribute to our understanding of change processes.

3.2.3.2 Policy implementation

How and when does a policy process cease to be policy formation and when does it become policy implementation? Pressman and Wildavsky (1971) interpret policy as a hypothesis, whereas programme signifies the conversion of a hypothesis into government action. The degree to which the predicted consequences (the 'then' stage) take place is called implementation, i.e. the forging of subsequent links in a causal chain so as to obtain the desired results. Thus, a programme becomes the intermediary stage between policy and implementation. In other parts of the implementation literature the conceptual distinction between formation and implementation has been challenged, especially by those who take an 'adaptive' or 'interactive' approach (cf. Mazmanian and Sabatier 1983; Barrett and Fudge 1981). If we assume that adjustments of policies take place continuously, it is difficult to distinguish empirically between formulating policies and carrying them out. Post-policy formation negotiations or leeway for adjustment can be expected as part of the implementation process, but that does not necessarily imply that implementation stops being 'carrying out of policies' and becomes inseparable from policy formation. However, there is little need for making a priori in a study on the relationship between governmental policies (and programmes) and organisational change a sharp distinction between policy formation and implementation level. To signal this we will talk about policy processes and not about implementation versus formation processes. Furthermore the focus is on the organisational change processes in interaction with and response to, amongst other things, government initiatives as opposed to a single focus of the fate of given governmental policies as they are implemented.

3.2.3.3 Policy processes

It is necessary to put a special focus on the role of universities and colleges in policy processes, given that being involved in policy formation is one way in which universities can 'negotiate' and 'create' environments (cf. e.g. chapters seven and eight in Pfeffer and Salancik 1978). In order to investigate this topic, it is necessary to have an overview of the participants involved in selected policy processes; the main ideas, interests and resources they carry; and the type of policy arenas within which a given policy is made. Central in this is the emphasis on the extent to which national modes of policy-making as part of the national 'state model' influence the policy formation process. Especially relevant is the degree to which they accommodate the articulation of interests from the 'targets' of these policies, i.e. the universities and colleges, and their representative groupings, that is students, staff, and administrators.

3.2.3.4 Characteristics of policy content

The analysis of the policy content encompasses an investigation of the policy theory underlying a specific policy. A policy theory has been identified as 'the total of causal and other assumptions underlying a policy' (Hoogerwerf 1990, p.286), including its normative and cognitive framework, i.e. policy ideology. Why is such an analysis of interest in this connection?

First, it will occasion a systematic presentation of the perception of means and goals of policies in different countries and enables to conduct a comparative analysis that can stand on its own merits. Second, policy content characteristics are selected in light of the focus of the theoretical framework. Following this framework, identifying the 'policy theory' is essential for examining different types of organisational response to government initiatives. However, some of the issues raised above, such as the question of 'normative match' and resource dependencies, we would suggest are primarily to be treated as part of the organisational analysis, i.e. how universities perceive policies and programmes, and not as an intrinsic property of a given policy. Nonetheless, conceptions of 'compatibility' and 'profitability' of policies are not totally unrelated to the character of a policy theory and ideology. The examination of government policies will make it possible to compare the policy theory of government programmes and policies, and the mental/cognitive maps/ means-ends thinking and normative foundations of universities with respect to specific policy areas. As such the examination of national policies will constitute a valuable input into the analysis of organisational change in higher education.

The content of national policies can be described and compared under the following headings:

a) Policy problems
What constitutes the societal problem that a policy is designed to redress? What conditions have been identified by people in and around government as the main policy issues and problems? From a comparative point of view, this is an interesting issue by which one can characterise different policies. In many instances one can see that policies are solutions that are more or less stable. However, the problems they are attached to vary both across time and different national systems. For example, lifelong learning policies can be set out to address the issue of empowering underprivileged groups in society in some contexts, whereas in another context it is used to establish manpower more attuned to the needs of the labour market. From studies of decision-making this phenomenon is often documented, i.e. some policies are 'solution driven', rather than 'problem driven'.

b) Policy objectives
Policies can vary according to whether policies and programmes are directed at changing, adjusting or maintaining behaviour of target organisations or groups. This dimension pertains to the question of whether a policy can be considered an innovation or maintenance policy, the latter having standard operating procedures whereas the former takes on the shape of social experiment (Lane 1993, p.104). Second, policies can be characterised according to the level of change aimed at: is a policy aimed at a system of higher education as a whole or at separate organisations, sub-units (faculties, departments, research institutes) or individuals? Finally, the functional breadth of change is important to investigate, i.e. does a policy consist of one or several programmes ('functional complexity')? (Cerych and Sabatier 1986). How many different aspects of higher education activities are intended to be affected by a policy? These policy characteristics are related to the type of change a policy is aiming at. The overall proposition we want to make is: The more a policy departs from the existing behaviour and procedures, the more resistance it will encounter when implemented and the more it will be affected by the tendency to transform a reform back towards the established order. The Cerych and Sabatier (1986, p.12) study of implementation of higher education reforms in Europe in the 1970s, concludes that the degree of success of implementations is highest in cases of policies aiming at mid-level change both in terms of breadth and depth. They

conclude that there is a curve-linear relationship between scope of change and implementation success. Their conclusion is derived from the empirical results without providing a theoretical explanation concerning the underlying mechanisms that produces the curve-linear pattern. It is so far unclear whether either the neo-institutional perspective or resource dependence theory could explain such a pattern. Yet it is rather evident that when we use theories that assume that organisations seek stability, the type of change that government aims at will organisational responses to governmental initiatives.

Policy objectives vary in the degree to which they are explicit and clear versus 'implicit' and ambiguous. Outcomes of policies depend on their intentions. They are more likely to succeed if their intentions are focused and well defined rather than ambiguous (Olsen 1989, p.12). Nonetheless, as noted by several studies, policies tend to have multiple, conflicting and vague intentions because the policy formulation process is marked by contending parties with different interests and values. Policies with inherent tensions and contradictions are the price one pays for accommodating them (Majone and Wildavsky 1978, p.182; Cerych and Sabatier 1986; Olsen 1989). There is little point in lamenting the fact that policy objectives are often unclear. In pluralistic political systems it is 'in their nature' to be so. Furthermore, one could argue that having unclear and ambiguous intentions with policies creates a leeway for organisational transformation of policies (Edelman 1992). As such ambiguity will be a precondition for getting things done in cases where clarity would bring contending parties involved in both policy-making and implementation to a stalemate and consequent non-action. On the other hand, ambiguity of policy goals makes it difficult for policy-makers to gather information about and pass judgement on goal attainment, i.e. it is hard to tell whether implementing universities and colleges are complying or not. Following Meyer and Rowan (1977), the latter condition is a prerequisite for ritualistic compliance to external institutional requirements.

c) What is the normative and what the cognitive basis of a policy?
What values and beliefs are policies and programmes based on? This aspect of policies can be read out of both the type of objectives attached to a policy and the problems it is designed to solve. According to institutional theory the normative foundations of a policy are of importance to unravel, since they relate to the issue of whether there is a normative match between a specific government initiative and the values and identities of universities a policy is targeted at. Doctrinal assumptions and ideological preferences underlie and direct policies within a subsystem (Mathisen 1997; Elzinga and Jamison 1994). In many policy areas these are hard to identify because they are integral parts of policy subsystems and policy networks to the extent that they are taken for granted. Analysis of policy discourses and the language of policy is one way of disclosing normative and cognitive frameworks, especially when policy languages and discourses are changing. An obvious example of change of policy ideology is found in economic policy when a Keynesian framework was replaced in some countries by monetarist mode of policy-making (Hall 1993).

d) Policy instruments
How and by what means are government pressures to conform to policy and programmes being exerted? Hood (1983) argues that nodality (information), authority (legal official power), treasure (money), and organisation represent the basic government capabilities, i.e. the fundamental mechanisms by which government influences society. Such a categorisation can be used to identify the dominant policy instrument(s) attached to a given policy and to

identify the blend of different policy instruments within each policy and programme. Furthermore, it can be used to describe how restrictive each policy instrument is, given that the four categories of government instruments display varying levels of constraint with respect to the aimed at behaviour of societal actors (Maassen 1996, p.68).

A neo-institutional perspective would typically focus on the presence of legal coercion and legal sanctioning of state initiatives, or on the other hand on voluntary diffusion of 'institutionalised' norms. From a resource dependence perspective, organisational adaptation to external demand can be seen as a clever strategic response to external constraint that is dependent upon the sanctioning capacity of environmental actors. This theory would then lead us to highlight the 'structure' of sanctions and rewards, and in particular the extent to which rewards and sanctions are 'issued' by an environmental actor who controls scare resources. Successful implementation is positively related to the extent to which new policies are profitable to the implementing organisation (Levine 1980; Vught 1989). If we assume organisations to be driven by their self interests, a simple, natural proposition to make is: The more profitable a new policy is perceived to be, the more likely universities will be to adopt it. Any other hypothesis would break the self-interest assumption. The effect of types of policy instrument must be considered together with the implementing organisation's dependence upon the pressuring constituency, either for legitimacy or economic viability (Oliver 1991, p.166). Furthermore, absolute measures of the degree of profitability are confused by policy-makers' tendency to oversell the merits of a programme: 'reforms cannot be successfully marketed unless they promise more than they can deliver' (Olsen 1989, p.14). This aspect is not first and foremost to be considered as an inherent quality of policies, but what is profitable is relative to the interests and resources of the organisations that are responding to them.
We assume that the role government initiatives play in organisational change processes in higher education is significantly influenced by the overall dependencies in which organisations in higher education find themselves. It might be the case that universities and colleges choose to adapt to some minor government initiative, which in itself might not seem very 'profitable', in order to appear legitimate and responsive in the long run in the eyes of a government agency who controls vital resources.
The analysis of government policy instruments will provide the basis for studying the 'input' upon which university and college decision makers pass judgements on the profitability of a policy.

e) Policy linkage
The degree of coherence and consistency of policies and policy linkage over time and over policy fields, refers to the extent to which the content of a policy is breaking with or continuing the content of other government policies. As Foss Hansen's (1990) study of implementation of the Danish Modernisation programme in the field of higher education suggests: former government policies are the biggest barriers to implementation, rather than university characteristics *per se*. This aspect is relevant from a resource dependence perspective because linkage between policy fields relates to how policy agencies and other environmental actors are connected. Universities and colleges face many constituents, including different government actors, whose expectations are usually not unitary and coherent. An overview of the overall degree of 'policy-coherence' gives an important insight into the way that environments of universities and colleges are being linked.

Policy-coherence is also relevant from a neo-institutional perspective, because policies may be connected to broader trends in society and public policy. Neo-institutionalists argue that reforms can only succeed if they are consistent with long term trends in society. The success of comprehensive policies is dependent upon them not going against the tide (Olsen 1989, p.11). An example of specific higher education policies that are part of a broad tide are, e.g., budgetary/organisational reforms in the Nordic countries that had their particular 'expression' in the higher education sector, but were explicitly linked to broader policy trends in the 1980s in the shape of large public sector 'modernisation programmes' (cf. Foss Hansen 1990; Larsen and Gornitzka 1995).

3.2.4   State steering models

Before discussing the concept of steering it is of relevance to briefly point to the day-to-day relationships between state authorities and higher education organisations, such as universities and colleges. We assume that the nature of these relationships defines the room to manoeuvre for the actors involved as well as their scope. This applies not only to policy-makers when it comes to choosing objectives and means of policy, but also to the possible repertoire of higher education responses and government/higher education interactions that can be played out in specific policy areas. In the recent social science literature the important role of 'institutions' (interpreted as formal and informal sets of rules) in such interactions has been stressed. It is suggested that institutions provide a temporal order in political life and that the content and implementation of policies and reforms are influenced by the system-level institutional (and historical) context within which policies and programs are positioned (March and Olsen, 1984; 1989). Such system characteristics are important to focus upon because they are assumed to mediate, constrain and facilitate both policy formation and higher education response. These are relatively stable system level characteristics that do not change overnight in a political system. Here we will refer to these 'relative stable system characteristics' as (state) steering models.

'Steering model' refers to the approaches governments use to control and influence specific public sectors, such as higher education. In addition they refer to the institutional context of policy processes. Steering models point to differences in two underlying sets of institutions (or sets of rules), i.e. interaction rules and context rules. These rules determine the relationships between state and society in a policy subsystem, with each steering model epitomising the nature of state encroachment on different aspects of society. Interaction rules are rules that structure the interaction behaviour of actors in a public sector. Questions to be addressed for examining and understanding this interaction behaviour are, for example: Who gets access to policy arenas? What are the roles of (different types of) policy makers? Which rules determine how information is exchanged, how conflicts are settled?

Context rules refer to the way the context in which the interaction takes place is regulated. Typical questions with respect to context rules are: What is the domain of government interference? How is authority with respect to public sectors, such as higher education distributed over the various actors? What has been the dominant policy paradigm?[5]

Van Vught (1989) has suggested that there are two basic models of state steering, the rational planning and control model, and the self-regulation model. The rational planning and control model is characterised by strong confidence in the capabilities of governmental actors and agencies to acquire comprehensive and true knowledge and to take the best decisions. Also, these governmental actors try to steer an object by using stringent rules and extensive control mechanisms. They see themselves as omniscient and omnipotent actors able to steer a part of society according to their own objectives. In the self-regulation model monitoring and feedback are emphasised. Crucial is the idea that a decision-maker should only pay attention to a small set of critical variables that should be kept within tolerable ranges. In this model, government

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[5] A policy paradigm is "a set of ideas held by relevant policy subsystem members which shapes the broad goals policy makers pursue, the way they perceive public problems and the kind of solution they consider for adoption" (Howlett and Ramesh, 1995, p. 190). One can have "within paradigm change" (adjusting policy without challenging the overall terms of a given policy paradigm) or "paradigm shifts", i.e. radical changes in the overarching terms of policy discourse (Hall, 1993).

predominantly is an actor who watches the rules of the game played by relative autonomous players and who changes the rules when the game no longer is able to lead to satisfactory results.

With respect to higher education, these basic models have been referred to as the state control model and the state-supervising model (Neave and Van Vught, 1991). Most other analyses of state and higher education relationships refer to similar dichotomies in the state approach to steering. The common focus of these analyses is on how tight or loose the links between central political authorities and organisations of higher education are (or are supposed to be). While this dichotomy has been very useful in cross-national comparisons of governmental steering approaches with respect to higher education (Neave and Van Vught, 1991; Goedegebuure, *et al*, 1994), doubts have been raised as to whether the dichotomy is sophisticated enough for analysing *changes* in the complex steering relationship between governments and higher education in Europe (Neave, 1998). Other conceptualisations that encompass more aspects of the state versus higher education relationship than the state control/state-supervising dichotomy could be of relevance. In this respect one might, for example, point to Olsen (1988) who has identified four state (or steering) models. He argues that the four models can be retrieved in Western democracies in different blends. In addition, their relative prominence may shift over time and from one societal sector to another. The result is a heterogeneous state consisting of different organs and sectors not necessarily applying the same approach to government steering. Changes in any steering approach may occur without necessarily doing away with the remnants and institutional arrangements of former approaches.

Olsen's models embody different democratic ideals and views of the role of the state, societal actors and government agencies. The models also provide different types of answers to the question of why and under what condition governments should want to give agencies more autonomy. In contrast to the two models applied in higher education research ("state control and state supervision") the issue whether institutional autonomy and self-regulation are part of a steering approach is not made into the defining characteristic of the models. Rather all models can operate with agency autonomy, only the justification for it and the underlying ideas of such autonomy are different (Olsen, 1988, p. 237). Olsen's four models are the sovereign state; the institutional state; the corporate-pluralist state, and the classical liberal state (referred to as state supermarket model). Below the main characteristics of each of the models are summarised and interpreted in the context of higher education.

a) The sovereign, rationality-bounded steering model
This model is closely associated with the interventionist state or model of state control, in which higher education is seen as a governmental instrument for reaching political, economic or social goals. That role is best upheld by tight control over universities and colleges, with a strong emphasis on them being accountable to political authorities. The role of higher education is to implement whatever political objectives are on the higher education policy agenda.

Assessment of universities and colleges is based on their political effectiveness. Interaction rules are hierarchically determined, with the roles of the state and the higher education organisations being those of subordinate and superiors. Societal participation takes place through 'the numerical channel'. Decision-making is centralised (one single centre of control)

and 'top down', while steering takes place by hierarchy. The main policy arena consists of the elected assemblies and the neutral but politically loyal civil service, 'the parliamentary chain of command'.

Concerning the context rules it is clear that the domain of government interference encloses in principle all conceivable domains, and goals are decided by majority rule. Autonomy of universities and colleges is based on the idea that government is overloaded. Therefore 'technical' decisions can be left to the universities and colleges themselves. The dominant organisational form is similar to an agency embedded in a government hierarchy. Change in higher education follows changes in the political leadership either via elections or via changes in political coalitions.

b) The institutional steering model
In an institutional model universities and colleges have a special responsibility to protect academic values and traditions against the whims of shifting political regimes, shifts in coalitions, and short term interests of interest groups. In the field of higher education this model is probably best exemplified through reference to the relationship between the state and the old elitist universities. In this relationship there were a shared understanding of and unwritten conventions with respect to state non-interference between state civil service and universities as elite institutions (Salter and Tapper, 1994).

The role of higher education is to uphold its traditions and its socio-economic and cultural role, to protect academic freedom, and (with a reference to the history of especially the universities) to store and transmit knowledge, to secure future independent pursuit and transfer of knowledge, to act as a carrier of culture, and to uphold and protect its special institutional sphere. Criteria for assessing higher education are based on its effects on the structure of meanings and norms. University leaders whose authority is derived from the history and traditions of their organisation dominate the policy arena. Decision-making is specialised and traditionalist. The dominant organisational form is similar to an 'independent court' embedded in a moral order. Autonomy of universities and colleges is based upon shared norms of non-interference. The government does not interfere directly with higher education. It is 'tying itself to the mast to avoid the siren calls' of government interference with university traditions and self-regulation. Higher education and the government share the norm that higher education needs special protection against the tides of markets or shifting political interests. In this model change of higher education is through historical processes and evolution rather than as a result of reform.

c) The corporate-pluralist steering model
This model challenges the view that the state is a unitary actor with monopoly over power and control. Rather it assumes that there are several competing and legitimate centres of authority and control with respect to higher education.

The role of higher education reflects the constellation of interests voiced by different organised interest groups in the sector, such as student unions, staff unions, professional associations, industry or regional authorities. A Ministry of Education is just one of the many stakeholders in higher education. These stakeholders all have a claim on the role and direction of development of higher education. The main arena of policy making consists of a corporate network of public boards, councils and commissions. Parliamentary power is reduced - policy

making goes on in conference rooms and closed halls outside of Parliament. Actors in policy making act strategically to further the special interests of their own organisation and/or interest group. Decision-making is segmented and dominated by clusters of interest groups (government being one of them) with recognised rights to participate. The dominant mode of decision making is one of negotiation and consultation, with an extensive use of 'sounding out'. Societal participation takes place through organised interest groups ('corporate channel'). There is little co-ordination across policy sub-systems. The domain of government interference is dependent upon power relationships. Structured negotiations interfere with market forces and hierarchical decisions. The autonomy of universities and colleges is negotiated and the result of a distribution of interests and power. Change of higher education depends on changes in power, interests and alliances.

d) The supermarket steering model
In this model the role of the state is minimal. In its crude form it assumes that practically all state action and all activities by public bodies will be less efficient, effective or just, than the activities of private individuals relating through the market (Miller and Edwards, 1995).

The role of universities and colleges is to deliver services such as teaching and (basic and applied) research. Criteria for assessing these organisations are efficiency, economy flexibility and survival. The role of the state is that of the bookkeeper for the great necessities, amongst other things, to make sure that market mechanisms in higher education run smoothly. There is no dominant arena of policy making, as a result of an extreme decentralisation. Decisions are individualised, except for the state as 'night-watchman'. Social participation takes place through market action. The domain of government interference consists of strengthening the self-regulating capacity of higher education. The dominant organisational form is similar to the corporation embedded in a competitive market. The autonomy of universities and colleges depends on their ability to survive. Change of higher education depends on the rate of stability or change in the environment. Whereas the supermarket model has elements in common with the corporate-pluralist model (especially when it comes to the stakeholders involved in the playing field), there is (at least) one crucial difference. In the corporate-pluralist model, stakeholders have their stake because their role is legitimised *a priori* (and often institutionalised, for example, in the case where confessional groupings play a role), whereas the stakeholders in the market model 'earn' their position because of the resources they have available.

3.2.5 The economic role of higher education
What is meant by the economic role, and the economic policies and programmes of the universities and colleges? In other words, how did we operationalise the economic dimension in our study? The starting-point for our interpretation was found in two rather extreme perspectives concerning the societal nature and role of higher education. Following Gumport, Henkel and other scholars[6] the two perspectives referred to are higher education as a *social institution* versus higher education as an *economic sector*, or an *industrial branch*. These two perspectives each contain different suppositions with respect to: a) the most important social functions of higher education, b) the main problems confronting higher education, and c) the best solutions or approaches for dealing with these problems. What do these two perspectives comprehend? According to the first perspective - viewing higher education as a social

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[6] See, for example, various contributions to Mitra and Formica's book on University –Enterprise partnerships, or Porter's work on the competitive advantage of nations.

institution - universities and colleges by definition must attain educational and other goals related to their core activities, retain institutional legacies, and carry out important functions for the wider society, such as the cultivation of citizenship, the preservation of an expanding cultural heritage, and the formation of characters and skills of individual students. The second perspective, i.e. higher education as an industrial branch, states that universities and colleges sell goods and services, train an important part of the workforce, and further economic development. Exposure to market forces and other competitive pressures will result in improved management, swift programmatic adaptation, maximum flexibility, and improved efficiency in the hope of enhanced 'customer' satisfaction.

The tension between the two perspectives is intense. The social institution perspective is dominated by a concern that adaptation to market forces gives primacy to short-term economic demands at the neglect of a wider range of societal responsibilities, while jeopardising the long-term public investment in higher education systems that were established for the public good. The higher education as an industrial branch perspective is dominated by a concern that higher education's inability or unwillingness to adapt will result in a loss of centrality and perhaps ultimately a loss of viability.

While the social institution perspective can be regarded as representing a 'traditional' view on higher education and the industrial branch perspective a more 'modern' view, these perspectives are nonetheless indeed extremes. Obviously the HEINE study was not set up to find empirical evidence for supporting either of them. Rather than interpreting them as mutually exclusive alternatives we attempted to include both perspectives in HEINE. We assumed that the social institution perspective referred especially to the standardised, basic structures within the universities and colleges set up for performing the traditional functions of (first degree) teaching and (basic) research. The industrial branch perspective was interpreted as referring, amongst other things, to the new structures and units within universities and colleges set up to deal with 'new demands and expectations', for example, in the area of lifelong learning. In addition we assumed that one of the elements in the transformation of higher education of relevance is the governmental attempt to include both perspectives in the governance and decision-making bodies and structures of universities and colleges. In HEINE these elements were used to distinguish the three clusters with respect to which we wanted to investigate 'organisational change', i.e. first-degree programmes, lifelong learning structures and external stakeholders' role in institutional governance structures.

3.3   Main outcomes at the national level

The above introduced theoretical perspectives of the project have formed the foundations for the protocols (see below) that have been used for doing the case studies. The national level protocol provided the frame for gathering information on the national policies on the economic role of universities in each of the involved countries (Austria, Belgium/Flanders, Finland, Italy, the Netherlands, Norway, Portugal, and the United Kingdom/England). Below the main outcomes of the eight national level case studies will be presented. Using the theoretical perspectives we will discuss recent trends in the higher education policies with special attention for the interpretation of the economic role of higher education. Next we will present some developments with respect to the governmental steering models for higher

education. Taken together the policy trends and the state steering model developments give an indication of the intentions governments have with respect to affecting the economic role of higher education in their country. The institutional level case studies were set up to examine the extent to which these intentions were realised.

3.3.1   Recent European trends in policies for higher education

In reviewing public policy initiatives with respect to the economic role of higher education, we asked our national research teams to address two key questions: *How have societal expectations and demands concerning this role evolved in recent years?* And: *How have these expectations and demands been interpreted and translated into governmental policies and programmes*? It is clear that across Europe over the last 20 years, governmental views on higher education have gradually been "economised". This does not imply that the "economisation" of higher education follows the same patterns, the same contents, and the same intensity in all eight countries. National circumstances and traditions play a crucial role in shaping both governmental policies and programmes with respect to higher education in any country, and also the underlying economic expectations and demands placed upon higher education. Nonetheless, we can observe in every country that the importance of the economic perspective on higher education has increased.

3.3.1.1 Governmental policy in context

European governments have a long tradition of interpreting, and converting to political action, broad social demands and expectations concerning their public sectors. However, for some time after the Second World War, the economic perspective was not regarded as appropriate for shaping the national framework for steering higher education. Generally, Ministries of Economic Affairs were unable or unwilling to see or use higher education as an economic instrument, while Ministries of Education were unable or unwilling to address the economic role of higher education. Although the first wave of expansion of higher education, which generally took place around the 1960s, was to some extent rationalised and legitimated (e.g. by the OECD) by the claim that satisfying rising social demand would also bring economic benefits, it can also be seen quite clearly that for much of the post-war period in most countries, the political elite wanted to protect higher education from any direct influence of economic interests. Higher education was primarily expected to satisfy social and cultural demands. In Italy the cultural mission of the university was even confirmed explicitly by various higher education laws after 1945, while the Italian constitution of 1947 included as one of its fundamental principles the higher education institutions' autonomy from the economic system. Such formal independence did not imply that national governments assumed that there was no relationship between higher education and the economy. Implicitly they all indicated both through their policy documents and their budgetary appropriations in the first two or three post-war decades that higher education could play an important role in economic development. However, in the European national traditions this economic role was expected to take place as a by-product, so to speak, of the other roles (e.g. cultural, political, social) that higher education as a social institution was supposed to play.

Of course, specific national circumstances and traditions determined how this by-product was to be achieved. Portuguese higher education, for example, was clearly tainted by the dictatorial regime until 1974: it was a closed sector that played an important part in supporting and maintaining the ideology of that regime. Also, though very differently, in Flanders specific political and social circumstances hindered the early development of a

strong governmental view on the economic role of higher education: the specific interplay of political, religious and linguistic interests which lasted until 1989 did not permit the modernisation of Flemish higher education policy in a number of different respects, including the development of explicitly economic higher education policies. In Austria, traditionally distinctive governmental 'steering' relationships existed, which combined a strong formal system of ministerial dominance with informal practices through which academics were highly influential in national policy- and decision-making on higher education: in this formal-informal governance system, higher education was protected from specific economic influences - and this lasted until the so-called second reform cycle of the 1990s. In Norway over the last two decades economic arguments have been referred to in government rhetoric, but these have mostly been rather general statements without clear policy implications. In general, in Norway so far, economic arguments have neither been the underlying driving force behind specific policy initiatives nor behind the expansion of higher education - instead the social, democratic and cultural roles of higher education have been valued and emphasised.

Nevertheless, in general there are clear signs that in all countries there has been a gradual strengthening of economic expectations and demands concerning higher education, more or less over the last 20 years. While the specific nature, focus and timing of this "economisation" may differ from country to country, what is comparable in all countries is that economic issues have not only entered but in some cases come to dominate, higher education policy debates.

3.3.1.2 Main dimensions of the debate: internal vs external and efficiency vs effectiveness
We can categorise the policy issues along two dimensions. The first consists of the internal versus external dimension. By internal, we refer to the intra-institutional processes that are seen as necessary for achieving the desired quantitative and qualitative goals of higher education. The external dimension covers the relationship between higher education and society - in the context of this study, specifically economic expectations and demands. The second line of analysis has to do with the efficiency versus effectiveness dimensions of societal expectations and demands. While efficiency aspects refer to whether the institutions are doing what they are doing in the best possible (most cost-efficient) way, effectiveness primarily concerns whether the institutions are doing what they are supposed to do. Table 1 shows four resulting cells, with a number of examples of the main national areas of interest in the policy debates.

Table 1:

Governmental areas of interest concerning the economic role of higher education institutions

	Efficiency	Effectiveness
Internal	- Managerialism - Produce graduates more efficiently	- Producing better graduates (meeting the demands of employers in a better way)
External	- Reducing the level of public expenditure on higher education - Introduction / increase of tuition fees - Creation of non-university sector	- Creation/strengthening of non-university sector (creating a more diversified output)

	(creating a cheaper output)	

The areas of interest listed in Table 1 can be argued to be the main common issues across the eight countries when it comes to the governmental interest in the economic role of universities and colleges. At different times and in different contexts, governments may emphasise the efficiency of institutions' internal operations, or the efficiency of the system as a whole; the effectiveness of institution-level activities or the effectiveness of the whole system. The efficiency / effectiveness question seems to have entered the policy debates at the end of the 1970s or beginning of the 1980s - first in the United Kingdom and the Netherlands, later and with a certain time-lag, in the other countries: first and as a consequence of its own economic crisis, in Finland, followed by Norway, Flanders, Portugal, Austria, and Italy. Leaving the specific national areas of interest and debates aside for a moment, some striking similarities can be observed. The starting-point for an interest in the efficiency and effectiveness of higher education can be found in governments' own policies for acceding to, and in most cases stimulating, the massification of higher education. The rapid growth of enrolments in universities and colleges led not only to concerns about the related public costs, but consequently to:

- An interest in strengthening institutional governance and management as a way of improving institutional efficiency and effectiveness.
- Worries about the quantitative and qualitative relationship between higher education and the labour market.
- An interest in using structural adaptations as a means to improve efficiency and effectiveness for the system as a whole, albeit by :
  - integrating the university and non-university sectors (United Kingdom);
  - strengthening the non-university sector (Flanders, the Netherlands, Norway, Portugal);
  - introducing a non-university sector for the first time (Austria, Finland);
  - stimulating the development of sub-campuses (Italy).
- Concerns with the length of study for the basic qualification.

In all countries, the massification of higher education has also led not only to the end of unconditional open-ended public funding of higher education, but also to efforts to reduce the level of public expenditure on higher education. This counterpart of this effort is the expectation that higher education institutions increase their income from "private" (or non-governmental) sources. This development can be interpreted as an expression of the privatisation of higher education in Europe through shifting part of the financial burden to the private users of higher education. With the exception of Portugal this privatisation development does not include the introduction of a separate private higher education sector. The development can be exemplified by the political debates on the introduction or increase of tuition fees.

Other factors of course complemented and sharpened the effects of the massification of higher education, not least the growing demand for public money from other public services. This was intensified by the economic crisis that hit Europe in the late 1970s and early 1980s. Rather than directly stimulating a reconsideration of the economic role of higher education, this crisis instead led to a broader debate about the role of government, a reshuffling of the welfare state and an 'instrumentalisation' of the public services more generally. For a while it

seemed that in most countries economic considerations and arguments were dominating governmental views on higher education in such a way that all other societal roles of higher education were neglected or at best subservient to higher education. Only with the fading away of the economic crisis has an element of innovation in higher education policies, arguably long overdue, become possible. If in many countries this has led to a partial 'de-instrumentalisation' of higher education and a renewed interest in other, e.g. social, and cultural, roles of higher education, this does not imply that the interest in the economic role of higher education in its turn has been pushed to the background. Instead the modernisation of governmental views on higher education has tended to imply some attempt to integrate the different roles of higher education, without a clear dominance of any of them. It has meant that other Ministries than Education have become interested in higher education, for example, Economic Affairs, Employment, Social Affairs, Development Aid. In this rather complex policy arena it has consequently become quite difficult to disentangle economic expectations and demands concerning higher education from other societal expectations. However, it is still the case that in current governmental policies or debates on higher education, and certainly in the leading topics on political agendas such as the quality of higher education, the relationship between higher education and the labour market, the affordability of higher education, and the value of higher education programmes and degrees, the economic dimension is clearly present.

Next some outcomes of the project concerning recent developments in the governmental steering strategy with respect to higher education in Europe will be discussed. We will do so by using the concept of steering in its North-European interpretation, and by applying Olsen's four models.

3.3.2   *State steering in Western Europe*
Using Olsen's state models we have analysed (recent) developments in state steering in the eight European higher education systems included in the TSER/HEINE project. The time frame used covers roughly the period 1975-2000.

3.3.2.1 Austria
In the last 25 years of the twentieth century the relationship between higher education and the government in Austria is changed rather dramatically following two distinct reform cycles. As a consequence of especially the first cycle the dominant governmental steering approach with respect to higher education in this period is the sovereign state model.

The first reform cycle (1970s) introduced a strong state steering approach as a kind of antidote to the closed professorial regime that traditionally dominated Austrian universities. This represents a major ideological shift concerning the state's role with respect to higher education. It meant that the primary concern of the state would no longer be maintaining the large autonomy of the universities that allowed them to exist insulated from outside influences, including that of the government. Instead through creating a stronger link between the government and higher education the latter should open up to society and become more permeable to broader aspects of societal life. However, it didn't imply that higher education should also become more oriented towards the national economic needs. In general, it was still - to a large extent - kept away from specific economic interests.

The first reform cycle represents a shift from an institutional state model approach to a

sovereign state approach. At a formal level this was a rather radical and profound transformation of the steering approach. Amongst other things, it allowed the elected representatives of the people to gain a new position in the steering of the national higher education system through the 'parliamentary chain of command' and a top down bureaucratic rule of the Ministry. Concomitantly, in the tradition of Austrian politics, the role reserved for the 'social partners' in this system showed elements of a corporate-pluralist state at the central level. This was especially reflected in the reforms of the internal university governance structure that followed in the first reform cycle a political model establishing commissions with interest representation from students and (groups of) staff. Furthermore, there were significant leftovers from the pre-1970s modus operandi, i.e. the professorial rule. Within the formal system of ministerial dominance an informal practice existed in which academics still kept influential positions in policy development and decision making at the system level. This serves to exemplify the severe limits to the strong version of the sovereign state model, and underlines its bounded-rationality. The 1970s demonstrated clear limits of a government's capacity to act as the sole sovereign with respect to higher education.

The reform efforts incorporated in the second cycle introduced in the 1990s recognised this and clearly attempted to amend this. The ministerial overload was to be dealt with by means of decentralising decision making responsibilities and capacity to the institutional level and going for extended self-governance for the institutions. This does not represent a return to the pre-1970s types of regime, since a main idea was to decentralise the social responsibilities of higher education in making the institutions themselves flexible in their response to social and economic demands and putting an emphasis on their economic efficiency. The latter ideas are akin to central elements of the supermarket steering model. Still we should keep in mind that also in this reform cycle the Ministry of Education kept control over central aspects of higher education. Consequently the case of Austria throughout the 1990s can be interpreted as representing a reform ideology centred on modifying the elements of a sovereign state type of steering, rather than seeing it as being replaced with a different state model.

3.3.2.2 Belgium/Flanders
The relationship between the Flemish government and higher education was until the end of the 1980s determined by ideological, religious, and linguistic aspects that dominated Flemish politics and Flemish society. These dimensions have become less dominant and less important in the 1990s. Consequently, a real modernisation of the Flemish higher education policy and the governmental steering model with respect to higher education was not possible until the beginning of this decade.

Until 1989 a distinction has to be made as regards state steering between the three higher education sectors, i.e. the so-called *rijksuniversiteiten*, the so-called *vrije universiteiten*, and the *hogescholen*. Each of these sectors was steered in a different way. The *rijksuniversiteiten* were steered directly by the Minister of Education. As a consequence, these organisations were affected directly by the characteristics of the then political system: instability because of tensions between the main communities, and a rigid budgetary system as a result of an increasing state debt. In addition the steering approach was characterised by a strong centralism leading to a far-reaching bureaucratisation.

Compared to the *rijksuniversiteiten* the *vrije universiteiten* knew a certain amount of autonomy. The government was very careful in maintaining the denominational balance that had been

developed in higher education. This part of higher education was regarded traditionally as necessarily autonomous and organised by private initiative.

The steering of the *hogescholen* was based on different starting-points. They were regarded as part of secondary education. In exchange for receiving public funding the government controlled strictly the educational plans and the educational quality of these organisations. This brief summary reflects the following steering traditions for each of these three sectors. The *rijksuniversiteiten* were steered through a sovereign state model with clear elements of the corporate-pluralist steering model, especially in their consultation structures. The steering of the *vrije universiteiten* was based on the institutional steering model. Finally the steering of the *hogescholen* was dominated by the sovereign state model, with some elements from the corporate-pluralist steering model, even though less strong than in the case of the *rijksuniversiteiten*.

After the transfer of the educational policy responsibilities to the Flemish community in 1989 the discomforts with these steering models moved the pendulum towards the other extreme. The Flemish government aimed at a maximum amount of autonomy for all universities and *hogescholen*. The Flemish government-agreement of 1995 mentions clearly the need to strengthen the organizational autonomy. The substance of the teaching programs has become the responsibility of the universities and *hogescholen* themselves. The government only prescribes some formal requirements such as the length of programs, the division of programs in cycles, the possibilities of reducing the length of programs, etc. However, it has to be emphasized that the government isn't withdrawing completely. It wants to control the (quality of the) higher education system afterwards, amongst other things, through a formal system of quality control. It fits the governmental view on the steering of higher education that the universities and *hogescholen* are responsible for the implementation of the quality control system.

The new steering model goes in the direction of a supermarket model. The autonomy granted to the universities and *hogescholen* is real. It is not just a symbolic autonomy. The government finances higher education, while keeping only a control possibility afterwards. However, it is not a complete autonomy. There are a number of legal and other restrictions. This implies that the market steering model has been applied only partly. Elements from the corporate-pluralist steering model remain visible in the Flemish steering model with respect to higher education, as can be seen especially in the advisory bodies in higher education policy network.

3.3.2.3 Finland

The Finnish case is a very illustrative example of a clear path away from a classic sovereign state model; a model that traditionally had a very firm basis for government involvement in other sectors of Finnish society as well. The key words to the approach that reached its peek in the 1960s and 1970s are: strong government control; hierarchical relationship between ministry and universities; and top-down implementation of national priorities. It was a steering approach marked by centralised control and uniformity. This can be illustrated by the following quote from an OECD review (1982, p. 61): "We can review, if not resolve, some of the issues pointing out that it is by no means obvious whether the Finnish universities are to be numbered as seventeen or as one".

The change in this system of government steering came as a result of 'winds of change' that swept through the Finnish society in the late 1980s: the market and internationalisation oriented

ideology introduced in the 1980s seriously challenged the traditional structures of the planned economy as part of a planned society. At the end of the 1980s the visible changes appeared in higher education policy and government steering of universities (Hölttä and Malkki, 1998, p. 3). The result was a rapid replacement of old administrative structures and decision-making procedures as part of a reform towards deregulation and decentralisation. The implementation of the new higher education management and budgeting system was launched in the Annual Government Budget of 1992.

As also seen in other countries, changes in the government-university relationship entailed a pressure as well for internal reform processes to take place within the universities. The content of the pressure for internal reforms is very similar to general conceptions of university and college reforms dominant in Europe in the 1980s: increased efficiency both for educational and administrative functions of the higher education organisations. Added impetus for radical change came through the deep economic recession of the 1990s, a recession that hit the Finnish economy with full force as the international recession coincided with the harsh impact of the collapse of the Soviet regime on Finnish economy. The result was a breakdown of many of the traditional Finnish industries and a severe transformation of industrial and business structures. The point of departure in the Finnish case is rather clear: the 1960s and 1970s showed the characteristics of a sovereign state approach to state steering of the higher education system. But where does the sum of fairly radical changes position the approach to steering as found in the second half of the 1990s? The increase in autonomy for the universities is distinct and real. The substantial amount of discretion given to the administrative apparatus in the Ministry was clearly reduced. The universities were given freedom to decide on issues such as the content of their programs without the approval of the Ministry of Education, but still the establishment of new programs must be granted ministerial approval. However, the occurrence of increased university autonomy does not in itself represent a supermarket orientation in the state's relationship towards a policy sector, and higher education was in no respect 'cut loose' from the government.

Nevertheless, key aspects associated with the supermarket model are retrieved in the underlying ideas of the new budget and management system of the 1990s: result-orientation and market-based co-ordination. Consequently the Finnish government's reform of the higher education management system represents a distinct movement towards a supermarket state model. In practice the state-university relationship has been framed in a contract mode. The state negotiates a contract with each university on the services it is expected to deliver and the goals it has to achieve within a specified period of time. The contract takes the shape of a performance agreement. This agreement has become the single most important steering device of the Ministry of Education. One might be challenged to interpret the idea of contracting as an expression of another steering model. However, the sovereign model is not applicable, for there is much leeway for the universities to negotiate about the contents of the contract, including the values of performance indicators. The contract idea also relates less to the corporate-pluralist model, for the contract is between a restricted number of partners. A covenant between government, universities, employers and students would be more in line with the idea of the corporate-pluralist model.

The contract links specific goals for university activity, especially in the area of number of degrees, to a new budget formula (Hölttä, 1998, p. 58). So even though the students do not pay tuition fees, the new system of higher education governance and funding has meant an actual

increase in the influence of consumer markets in the national steering model with respect to higher education. This aspect is further underlined by the fact that the performance of graduates in the labour market has become part of the performance-funding component included in the new budget allocation model. Furthermore higher education has developed tight links to the new Finnish information industry, a development that has been encouraged by government special programs and funding.

The increase in organisational independence from the central government is seen as being balanced by an increase in accountability. In addition to the system of performance agreements mentioned above, a national evaluation system for higher education was introduced also creating a Higher Education Evaluation Council in 1997. As pointed out by Smeby and Stensaker (1999; see also Stensaker, 1999) the 'evaluation-ideology' was part of the new ideology of state steering in higher education towards most sectors of public life in the Nordic countries: "National evaluation systems developed in association with the political rhetoric of decentralisation and the delegation of responsibility from the state to higher education institutions". However, the evaluation system in Finland was not linked to performance agreements and the allocation of public budget to the institutions. Rather, evaluation and quality issues represent a strengthening of the role and the impact of the academic profession instead of a strengthening of the impact of market forces or the ministerial influence. Consequently, recent developments in the Finnish approach to the steering of higher education do not unconditionally and only go in the direction of an intensified and increased role of market co-ordination, even though the latter development can certainly be observed.

3.3.2.4 Italy
The Italian constitution of 1947 incorporates a number of fundamental principles concerning higher education. First the autonomy of science, of universities, as higher cultural organisations, and of academics. Second the autonomy of the education system *vis-à-vis* the economic system and especially the professions. Third the right of every Italian citizen to have access to the highest levels of education. After 1945 the education system's governance was entrusted to the Ministry of Public Education, i.e. the education system was steered as a unitary system. In 1989 the steering of higher education was separated from the steering of the rest of the education system. In that year a new ministry (MURST) was set up with a combined responsibility for science and the university sector. Among the arguments for setting up MURST was the need to launch and implement the process towards full autonomy of the universities. Interestingly enough, many in the Italian higher education and science community interpreted the establishment of MURST as a step towards a more active and more planning oriented governmental steering approach with respect to the university sector. In general these people opposed the MURST establishment on grounds that the academic and scientific world would be subordinated to the logics of political control and biding economic planning.

Given the developments since 1989 it can be argued that the fears of the academic community were unnecessary. In general the relationship between higher education and the government has moved throughout the 1990s in the direction of more autonomy for the universities. The most conspicuous change has been a progressive shift of responsibilities from the central government level (MURST) to the individual universities. The 1989 law allowed the universities to define their own statutes and internal regulations. From 1993 on the

universities have a large amount of financial autonomy, while in 1997 the university autonomy with respect to teaching matters was increased, as well as the autonomy in the area of personnel policies. Even though the central government has kept some steering and financial management authority, the basic direction of the developments in the relationship between the government and higher education is clear.

The dominant steering approach before 1989 in the pre-MURST period can be typified by referring to the sovereign state model: strong, top-down ministerial control and regulation of the university sector, within the framework provided by the constitution of 1947. After 1989 the steering of higher education in Italy moved clearly in the direction of the supermarket model, with certain elements of both the sovereign state model and the corporate state model visible in the institutional structure, including the dominant policy network, underlying the relationship between the government and the universities.

3.3.2.5 The Netherlands

Dutch higher education is structured as a binary system. Until the mid-1980s, the two parts of the binary system were steered differently. The higher vocational education sector (*hoger beroepsonderwijs*, abbreviated as HBO) was regulated by the Secondary Education Act from 1968, codifying all education forms between primary and university education. This act contained detailed regulations concerning the provision of teaching programs, the funding of the sector, and the structure and contents of the curricula. In terms of Olsen's typology, the steering model comes very close to the sovereign state model.

Until the late 1980s, early 1990s the formal regulations for the university sector fit the sovereign state model as well, while also elements of the institutional model can be recognised. The universities had more leeway than the *hogescholen* in terms of the organisation of their basic research and teaching activities. However, the university sector was "surprised" regularly with policy initiatives subscribing to the need of the government to plan and control higher education. Illustrative in this respect are the numerous policy documents in the 1970s and 1980s, including those especially focused on planning in higher education. The ways in which the Dutch government tried to plan and control different societal sectors was confronted by critique, failures and unintended consequences. This led, amongst other things, to the governmental reconsideration of the steering approach with respect to higher education. The new steering model was introduced in the policy paper *Higher Education Autonomy and Quality* (HOAK, 1985). As explained in the HOAK policy paper, the Minister of Education assumed that higher education would become more effective and efficient if the universities and *hogescholen* would have more autonomy and the government would step back accordingly. The policy paper focused especially on the regulations with respect to academic program development and on the achievement of high quality education. A new type of planning system would be introduced, implying a biennial planning cycle with a governmental policy document (Higher Education and Research Plan, abbreviated as *HOOP*) being published in the first year and development plans of the universities and *hogescholen* in the second year. This planning system was regarded as a form of communicative planning.

In the late 1980s some critique was raised, suggesting that a number of characteristics of the previous steering model were still present in the policies and instruments put forward, leading to a hybrid governmental steering approach (Maassen and Van Vught, 1988). According to the authors this was, amongst other things, visible in the 'negative statement of funding' (in

cases where the minister thought that an activity of an individual university or *hogeschool* was undesirable), the regulations concerning the establishment of new programs, and the role of the Higher Education Inspectorate in the quality assurance system. Nonetheless, the universities and *hogescholen* were indeed granted more autonomy, especially with respect to input matters. To mention a few examples: the decentralisation of the terms of employment for personnel and personnel management, the decentralisation of the control over the institutions' buildings and facilities, and the freedom to set tuition fees for specific types of students. Especially in the HBO sector, the change from the Secondary Education Act to the HBO Act of 1986 was important.

The process set up after the publication of the HOAK policy paper to implement the new steering approach culminated in a legislative landmark: the Higher Education and Research Act (implemented in 1993). This act integrated and replaced numerous (19!) existing laws and regulations.
In many respects the governmental steering of Dutch higher education moved away from setting the conditions (prescribing the behaviour of those in higher education) to focusing on the performance of the institutions and students. This change of steering focus is, for example, visible in the quality assurance system (*ex ante* control) and the funding mechanisms (nowadays stressing output indicators more than input indicators).

The description above makes clear that government gradually shifted from 'state control' to 'state supervision'. Institutions became more autonomous, but at the same time there are still remains of the sovereign state model. Recently, another change is noteworthy, namely in the direction of the introduction of market mechanisms. The policy documents published in the 1990s showed a change in the style of steering, identifiable in the language of the documents. Students become consumers and clients, institutions need to operate in teaching and research markets, knowledge becomes the product of higher education, university administrators become public managers, etc. Advisory committees pay considerable attention to the relation between government and the market and how to achieve a level playing field for both private and public providers of knowledge. In this respect, it can be argued that gradually a number of elements of the supermarket model have been introduced in the steering approach of the Dutch government. However, the way in which the new Minister accomplished the 1999 (draft) Higher Education and Research Plan also reflects elements of the corporate-pluralist model. In the period before issuing the document, the Minister had numerous contacts with the main stakeholders in higher education for exchange ideas and consultation, to try to reach consensus over objectives, and to negotiate about suitable instruments.

3.3.2.6 Norway
The 1980s and 1990s brought significant changes to the legal framework within which Norwegian universities and colleges operate. The single acts governing universities and university-level colleges and the rather restrictive acts applying to the colleges were integrated into one common comprehensive law that applied to all universities and colleges. These changes also involved rather significant alterations of the *content* of the higher education legal framework. In the common Law for higher education the emphasis is put on university and college leadership instead of on the relation between the Ministry of Education and the university and college sectors.

There were two important factors that had an effect on the nature of the changes in the Norwegian steering approach to higher education. First the impact of the general modernisation program for the public sector as a whole. Second the feeling of a higher education crisis pertaining to especially the university sector.

Concerning the public sector reform the intention was to strengthen public sector management, raise its productivity, and improve its efficiency. Also a need was felt for fewer and simpler rules, for performance-related salary systems, and to other financial incentives. Even though some of the language used expresses values found in the "New Public Management" ideology that underlies public sector changes in other countries, such as the United Kingdom and the Netherlands, the Norwegian reform concept emphasised adjustment rather than radical reform. There was no general recognition of a performance crisis of the public sector, nor was there a severe economic shock as in Finland. As such public sector reform in Norway was marked by an experimental approach rather than by large-scale structural reforms. In addition the emphasis was on management learning rather than on political learning, fitting well with the de-politicised and neutral coating that was put on public sector reforms in Norway.

In the case of the university sector, however, there was an added atmosphere of crisis. In the early 1990s the debate with respect to the steering of this sector focused more strongly on the application of management instruments, such as management by objectives and planning, than was the case in other sectors (Larsen and Gornitzka 1995). Compared to the debates in other sectors, amongst other things, the 1990s policy emphasis on quality and evaluation met with less resistance in the university sector and has been incorporated more smoothly in higher education policy processes.

A final aspect of importance is the difference between the steering approach of the college sector and the university sector. Although the crisis in higher education as it was defined in the 1980s was almost entirely limited to the university sector, the changes in the college sector have been more fundamental over the last 20 years than the changes in the university sector. The college sector has undergone important structural changes, first with extensive mergers of existing colleges. Second an intermediate level of governance was abolished when the 1994 college reform dismantled a set of regional governing boards for the colleges. In addition, while the steering regulations included in the common Law of 1996 were largely based on the way the university system was steered, for example with respect to personnel issues and internal governance structures, still many of the regulations applying to the college sector are more detailed and control-oriented than the regulations for the universities, especially those with respect to educational matters.

All in all it can be argued that the steering approach with respect to Norwegian higher education is not dominated by one of the four models. It consists of a mixture of elements of the sovereign steering model (especially with respect to the colleges), the institutional steering model (especially with respect to the universities) and the supermarket steering model.

3.3.2.7 Portugal
In the pre-1974 period the governmental steering of higher education had all the characteristics of the sovereign state model. The new legal framework established in 1976 as part of the new Portuguese constitution indicated how this centralised steering approach was

supposed to be changed by emphasising the scientific, educational, administrative, and financial autonomy of the universities. However, it was not until the autonomy laws of 1988 and 1990 that the exact nature, content and shape of this autonomy was operationalised in detail. These laws represent a very important step towards university self-regulation.

The preparation for the 1988 law of autonomy started in the early 1980s. It was initiated and elaborated by the Council of Rectors (CRUP), while also the Socialist Party (at that time an opposition party) played a role in its development. The political party in power was rather unenthusiastic about the issue of university autonomy and the Law proposal. When finally accepted the Law gave almost complete freedom to the universities to start, adapt, or cancel courses, leading to a real and large autonomy for them in the area of teaching. The universities have certainly used the newly gained autonomy, even to the extent that it has become almost impossible to steer the sector from the outside. The Ministry of Education has little authority left with respect to the universities in the area of teaching, except a strictly negative one, i.e. it can refuse in certain circumstances to register (and finance) a new degree program.

More recently the university autonomy was enlarged also with respect to other areas, amongst which financial and personnel affairs. In addition universities were given the responsibility over the construction of new buildings.

Only the public universities managed to increase their autonomy extensively. The law of autonomy concerning the polytechnic sector, for example, is far less "permissive". Polytechnics have to submit all proposals for news study programs to the Ministry of Education for approval. What is even more striking is that in the area of the development of new study programs and the granting of degrees formally the private institutions have far less autonomy than the public institutions. However, in practice many of the private institutions have developed a strong lobbying capacity. Many politicians have direct or vested interests in private institutions. As a result these institutions have been able to get official recognition of new programs without a thorough review on the basis of the formal legal demands, and without a serious evaluation of the quality of teaching.

It can be concluded that there is a real and significant trend towards more organizational autonomy and sectoral self-regulation. This trend is far more pronounced for the public universities than for the public polytechnics, while the public sector as a whole enjoys at least formally more autonomy than the private sector.

This trend has to be looked at more carefully though. While there is the clear intention of the Portuguese government to decentralise certain responsibilities, resulting in the increased university autonomy, at the same time the government wants to continue its central steering and control role with respect to higher education. The text of the Law of autonomy shows this ambiguity. It specifies the autonomy of especially the universities while it also reflects the governmental coordinating responsibility towards higher education. This results, amongst other things, in specific areas where there is an overlap between the legal decision-making capacity given in the Law to the Ministry of Education and the capacity given to the institutional decision making bodies. This ambiguity between state regulation and market coordination can be characterised as (political) hybridism. It resembles the hybrid character of Dutch higher education steering and policy making at the end of the 1980s (Maassen and Van Vught 1988).

Given this ambiguity the Portuguese governmental steering approach with respect to higher education can be characterised as moving towards a supermarket model (especially for the universities), but with continuous strong elements of a state sovereign model, as well as elements of the corporate-pluralist model. The latter is, for example, recognisable in the role of the CRUP in the policy making network with respect to the university sector.

An interesting additional aspect of the Portuguese case is that the move towards the supermarket model, i.e. the introduction of market coordination elements, is not a reflection of deregulating typical welfare state rules (or institutions). Portugal never introduced the Welfare state as a political construction. Therefore the rhetoric underlying the introduction of market mechanism elements in higher education steering, i.e. enlarging higher education efficiency, and increasing university and polytechnic responsiveness to social needs, can be argued to come as much from international trends, as from internal political dynamics.

3.3.2.8 United Kingdom/England

The overall pattern of development with respect to the governmental steering of English higher education consists of a movement away from the institutional model with a strong emphasis on institutional self governance and a university autonomy justified by shared norms of non-interference. For example, British professors never were civil servants as their colleagues in most other European countries.

This system can be epitomised in the workings, status and normative foundation of the University Grants Committee (UGC). The cutbacks of the 1980s and the ideology of the new right gradually served to change the public university and its relationship to the state. The 'supermarket' state model clearly ensues from the developments of the 1980s and 1990s. However, one could argue that the state managed by way of these rather substantial changes to increase its influence over the university sector. At least the effects of the cutbacks and the changes in the government approach sensitised the universities to 'money' as a policy instrument of the central government. The model of the state-university relationship growing out of the developments of the 1980s and 1990s certainly increased the intensity and the legitimacy of the government using money as a lever, at least when it concerned 'fresh money'. But this does not represent any stable obedient hierarchical ordering of the state-university relationship as in a sovereign state model. As higher education is learning how to look for other sources of funding the dependency on the government can be weakened and the universities can be less sensitive to the dominant government policy instrument. Government money is no better or worse than funds from other sources, consequently universities can be seen as 'less faithful servants'.

Until the 'de-binarisation' of British higher education the developments in the polytechnic-government relationship were not at all parallel to what happened in the university-government relationship. The steering approach towards the polytechnics was from their establishment on much more in line with a the sovereign state model, even though it was initially modelled on elements found at the local level of government. The polytechnics can be seen as having operated under a sovereign state model, with normative pressures and legal structures for making them more accountable and responsible towards and responsive to public authorities.

3.3.3   Conclusions and discussion

In most countries, a general move towards the supermarket steering model can be observed. Instead of the traditional tight control over universities and colleges found in all countries except England, more and more the role of the state becomes less dominant. (Quasi-)market mechanisms and university self-regulation are replacing more and more elements of the central steering role of the government. However, it doesn't mean that the state is gradually disappearing. The outcome of this general European trend can be typified as a combination of market and state. The trend needs a number of qualifications.

First, the changes in the steering relationship between government and higher education take place at different paces and in different appearances. 'Supermarket steering model' is a comprehensive term that in practice encompasses different steering instruments, institutional structures, and steering relationships. For example, in some countries the emphasis is on the guarantee of the quality of teaching and research (Flanders, the Netherlands), while in other countries the government focuses more on (financial) contracts with the institutions (England and Finland).

Second, it is of importance in a number of countries (especially Austria, Finland, Norway, and Portugal) to make a distinction between the way the university sector is steered and the way the college-sector is steered. In general the regulations and instruments with respect to the college-sector are more detailed and "intrusive" than the regulations and instruments used to steer the university sector.

Third, even though there is a general development towards the supermarket model, in practice this model will not be found in its pure form. In all countries, mixes of different steering models can be observed. In many countries elements of the sovereignty model are still being used.

Finally, the above discussion of the changes in steering approaches with respect to higher education reflected the complexity of the relationship between government and higher education as well as the continuous adaptation of this relationship. A fascinating issue in all countries is that while the governmental rhetoric with respect to the steering of higher education has changed to reflect in many ways a (super)market steering approach the underlying institutions (rules, regulations, instruments) have not been adapted accordingly. The latter implies that some underlying institutions reflect the new steering approach while others are still based on previous approaches. This is one of the main reasons why it is so difficult for the involved governments as well as the universities and colleges to "adapt" their relationship in line with a new, "modern" steering approach. In all countries included in the TSER/HEINE project this has led to a hybrid kind of relationship. Enlarging university and college autonomy is a policy issue in each country, and many autonomy increases can be observed. However, at the same time the nature of the remaining and new regulations and instruments with respect to higher education seems to have become more control-oriented. It is as if the governments want to make sure that the universities and colleges use the larger autonomy in such a way that the outcomes the governments expect of enlarging the autonomy are indeed achieved. It remains to be seen whether the governments in the eight countries involved will see the current period as a transition period. Will governments continue the route of enlarging the autonomy of universities and colleges on the basis of the recent experiences (as has been announced recently, for example, by the Dutch Minister of Education)? Or will they continue their hybrid approach of higher education autonomy and governmental control of the use of the autonomy? In the latter situation the universities and colleges involved will have to spend a large part of their

strengthened management capacity to satisfy the government's curiosity with respect to the performance of higher education. Whether that was one of the underlying intentions of the changes in the governmental steering approaches with respect to higher education can be seriously doubted.

3.4   Main outcomes at the institutional level

As indicated the theoretical perspectives of the project have formed the foundations for the protocols (see annexes 1a and 1b) that have been used for doing the case studies. The institutional level protocol provided the frame for gathering information on the institutional (economic) policies in three area, i.e. first-degree programmes, lifelong learning structures and the involvement of external stakeholders in institutional governance structures. All in all 40 institutional case studies were undertaken in the eight involved countries. The case studies included both universities and colleges. The division of the cases over the countries is as follows:

Austria: two universities & two *Fachhochschulen*;
Belgium/Flanders: two universities & two *hogescholen*;
Finland: two universities & two AMK-institutions;
Italy: three universities;
The Netherlands: two universities & three hogescholen;
Norway: two universities & two colleges;
Portugal: two public universities, one private university, two public polytechnics, and one private polytechnic;
United Kingdom/England: comprehensive case studies of six universities, & additional case studies of 4 universities.

Below some of the outcomes of the institutional level case studies will be presented. Given the large size of the information contained in the institutional level case studies (the case study reports counted together more than 1400 pages, while many institutional documents were added as annexes to the reports) the comparative analyses of the institutional case studies haven't been finished at the moment of writing this report (Summer 2000). Given the richness of the material it is expected that the analytical work will continue for at least another one and a half to two years.

Nonetheless, we will discuss the first outcomes of the analyses of the institutional level case studies by focusing on the three institutional activity clusters identified. We will start with discussing some of the problems we had in operationalising organisational adaptation in the institutional level part of the project by applying the university models introduced in the higher education literature.

3.4.1   Operationalisation of organisational adaptation

Before discussing the actual outcomes first we will reflect upon some conceptualisations that were originally developed in the framework of the institutional level part of the project. It concerns the concepts of organisational adaptation, adaptive university models, and higher education institutions as professional organisations.

3.4.1.1 Organisational adaptation
What do we mean in the framework of our project by organisational adaptation? It refers in the first place to deliberate attempts of a higher education institution to change any aspect of its organisational structure as a reaction to or in anticipation of external developments. Structure is interpreted broadly in this respect, including, amongst other things, the institution's first-degree teaching programmes. In the second place it refers to any major deliberate change taking place in the composition of the population of the university, i.e. in the group of administrators, academics, or students. Third it refers to institutional efforts to adapt the culture of (part of) the institution, or to change the (collective or individual) academic culture of the institutional academic staff or students. Fourth it refers to gradual, non-planned (in other words emergent) changes that take place either in the organisational structure or the cultural dimension of an institution, or in the composition of its staff or student body. The latter kinds of changes are in general bottom-up. They are often the result of disciplinary developments.

Deliberate adaptation or change processes consist of three successive elements. First somewhere in the university or college there has to be the realisation that there is a need to change. Second there has to be the willingness to change. The person or group realising that there is a need to change has to be able to get this need on the institutional agenda, to operationalise this need in a recognisable and realistic way, and to mobilise interest groups in order to get enough internal support for the change process. Third the institution has got to be able to implement the intended change. It needs to have the resources, the skills and the capacity to carry out an effective change operation. In operationalising organisational adaptation in the HEINE project we first turned to the higher education literature. What kind of organisational adaptation models have been developed in the field of higher education research?

3.4.1.2 Organisational adaptation models in higher education
Organisational adaptation in higher education has become one of the core topics of the field of higher education research. It is suggested in the recent higher education literature (e.g. Clark 1998) that all higher institutions have to adapt and develop towards certain organisation models in order to function in a meaningful, successful, and effective way. The most frequently discussed models in the higher education literature are:

a) Service university
The service university is an old model from the end of the nineteenth century. It is recently reintroduced in the discussion on the adaptation of higher education institutions. It received a lot of attention especially in Norway, Sweden, and the USA. The service university is intended to completely replace the traditional research university. The notion of service in this model can be described as follows: "Service is the delivery, installation, and maintenance of knowledge-based applications to clients, wherever they may be." In order to realise this the institutional administration has to control the financial resources, and as a consequence also the academic professionals. As such the service university is client oriented, administratively run, with the academic professionals providing the services.

b) Entrepreneurial university
It is Burton Clark who put this model on the institutional ad national agendas in Europe. He

based his version of the entrepreneurial university on his study of five European universities, i.e. Warwick (England), Twente (Netherlands), Joensuu (Finland), Chalmers (Sweden), and Strathclyde (Scotland). He emphasises the institution as a whole. "Entrepreneurial is a characteristic of entire universities and their internal departments, research centres, faculties and schools" (Clark, 1998). The model carries the overtones of "enterprise" – a wilful effort in institution building that requires much special activity and energy. According to Clark does an entrepreneurial university actively seek to innovate in how it goes about its business. It seeks to work out a substantial shift in organisational character so as to arrive at a more promising posture for the future. Clark bases his assumption that university adaptation should consist of the university becoming entrepreneurial on the imbalance between demand and response. First more students and more different types of students seek and obtain access. Second more segments of the labour force demand university graduates trained for highly specialised occupations. Third patrons old and new expect more of higher education. Finally knowledge and knowledge production outrun resources. Clark suggests that the change path towards realising the entrepreneurial model consists of strengthening the central institutional steering core, expanding the developmental periphery, diversifying the funding base, stimulating the academic heartland, and integrating an entrepreneurial culture in the institution. The entrepreneurial model is less client oriented than the service university, but it has the emphasis on the institution as a whole in common with it.

c) Innovative university
The universities in Clark's study were stimulated by it to form with five related European universities a consortium of innovative universities. They used the term innovative instead of entrepreneurial to indicate that they were less radical in their organisational adaptation than Clark suggested. Innovative has in the eyes of the members of the consortium a gentler tone than entrepreneurial, while casting a wider net. The innovative university emphasises individual academics and academic collegiality more than Clark does in his entrepreneurial model. The innovative university sees its staff as academic businessmen. The members of the consortium attempt to develop joint innovative activities instead of radically adapting their institution as suggested by Clark. This implies that the "entrepreneurial" universities Clark included in his study haven't embraced fully his model, but instead go for a milder version of it.

d) Virtual university
According to the Oxford dictionary virtual means: being so in practice, though not strictly or in name. It refers to an often-mentioned type of institution where teaching and learning are separated. While many observers suggest that the virtual university is the institution of the future, Castells (1996) suggests that:

> "[S]chools and universities are paradoxically the institutions least affected by the virtual logic embedded in information technology. (…) In the case of universities, this is because the quality of education is still and will be for a long time, associated with the intensity of face-to-face interaction. Thus the large-scale experiences of "distant universities", …, seem to show that they are second-option forms of education which could play a significant role in the future, enhanced system of adult education, but which could hardly replace current higher education institutions."

The virtual university is a teaching institution aiming especially at the new markets for lifelong learners. It can be doubted, as expressed e.g. in Castell's quote, whether the traditional student will enrol on a massive base in a virtual university instead of in a

traditional "real" university or college, where (at least most of the) teaching and learning take place at the same location.

e) Network university.
This model emphasises the new ways, or new modes, of knowledge production, and its consequences for the university as an organisation. It is suggested that knowledge production will take place more and more in structures that are boundary-less. It reflects a conceptual shift from viewing universities as organisations to viewing networks of researchers as the locus of knowledge production.

These five models are suggested to have the following elements in common.
1. They all suggest the need to change the institutional control function away from the academic professionals.
2. They all emphasise application and client orientation.
3. They neglect or transform the traditional university code.
4. They see market interaction as the basis for the organisational structure. "He who pays the piper sets the tune."

Unfortunately, application of these models in the HEINE project turned out to be dissatisfactory. The assumption that higher education institutions would adapt and develop according to the five models could not be confirmed by the outcomes of the HEINE project. Organisational adaptation in higher education is apparently more multidimensional and complex than assumed by these models. One of the underlying reasons for the lack of explanatory power of these models can be found in their neglect of the professional character of higher education institutions. Therefore, before indicating how we applied organisational adaptation in the project by using conceptualisations from general organisational theory, we will reflect upon the role the professional nature of higher education institutions plays in understanding the way in which these institutions respond to external pressures.

3.4.1.3 Higher education institutions as professional organisations
In order to understand the ways in which higher education institutions in general respond to external change pressures, it is of relevance to reflect upon the notion of professionalism (Scott 1995). Universities and colleges are traditionally organisations that are dominated by professionals. These professionals want not only control over the conditions of work, but also over the definition of work itself. This control that professionals in universities and colleges seek consists of cognitive control, i.e. determining what types of problems fall under their responsibility and how these problems are to be categorised and processed. They also seek normative control, i.e. they want to determine who has the right to exercise authority over what decisions and actors in what (kind of) situations. Finally they are looking for regulative control, i.e. they want to determine what actions are to be prohibited and permitted and what sanctions are to be used. As indicated this professional control seriously affects the possibilities for introducing externally initiated structural changes. As is suggested by the outcomes of the HEINE project, this leads in practice to hybrid kinds of higher education institutions, partly market oriented and entrepreneurial, partly professionally controlled and traditionally academic.

3.4.2   Organisational Strategies for Dealing with Institutional Pressures
Given that the adaptation models developed in the field of higher education research weren't

very useful for examining organisational adaptation in the HEINE study, we had to fall back on general organisation theory, interpreted within the framework of the general theoretical perspectives discussed above.

In terms of neo-institutional theories organisational structures are shaped by institutional environments (Meyer and Rowan 1977). Early studies applying the neo-institutional perspective assumed that organisations react passively to institutional pressures from their environment. In these studies the notion of varied strategic organisational behaviour was not explicitly included. Gradually differences between organisations concerning the way they responded to environmental pressures were included in neo-institutional studies (Zucker 1988). It has been suggested that a neo-institutional perspective can "readily accommodate a variety of strategic responses [of organizations] to the institutional environment" (Oliver 1991, p.173). By combining neo-institutional and resource dependence theories Oliver identifies five organisational strategies for dealing with environmental pressures: acquiescing, compromising, avoiding, defying, and manipulating (Oliver 1991, p.152).

Scott (1995) has interpreted and elaborated Oliver's typology of organisational strategies on the basis of a conditionalisation and amplification of her arguments. Scott's condition for using Oliver's typology is the recognition that just like organisational structures also organisational strategies are shaped by environmental institutions: ".. institutional environments influence and delimit what strategies organizations can use" (Scott 1995, p.124). He amplifies her arguments by pointing to the fact that they are limited to individual organisations, while responses made by groups of organisations can be equally important (Scott 1995, p.125). I will come back to the notion of collective responses below. Since the discussion in this here is focused mainly on the level of individual organisations, especially Scott's condition is of importance.

Taking Scott's interpretations as a starting-point the five strategies can be typified as follows. Acquiesce: refers to extreme forms of conformity to institutional pressures in the form of habit, imitation and compliance. According to Scott (1995, p.128), this strategy is emphasised by most institutional theorists.

Compromise: involves balancing, pacifying, or bargaining with external stakeholders. This strategy is very likely in conflicting environments, and in situations where there is an inconsistency between external expectations and internal organisational objectives.

Avoidance: can be defined as an organisation's attempt to disguise its non-conformity, buffer itself from institutional pressures, or escape from institutional rules and expectations (Oliver 1991, p.154). Scott (1987; 1995 p.130) suggests that it should be evaluated empirically whether various forms of avoidance are practised as a response to institutional pressures stemming from legitimate sources of authority or from sources exercising unauthorised power.

Defiance: refers to organisations that resist institutional pressures in a very public manner. This strategy will be used when the norms and interests of an organisation are very different from those incorporated in the requirements that are imposed on it (Scott 1995, p.130). The tactics of defiance are dismissal, challenge and attack.

Manipulation: is the most active strategic response to environmental pressures. It consists of co-opting, influencing or controlling the environment (Oliver 1991, p.157).

As is very convincingly formulated by Scott (1995 p.132) "[O]rganizations are creatures of their institutional environments, but most modern organizations are constituted as active players, not passive pawns". They can and will use one of more of the above strategies in dealing with environmental pressures.

The five strategies of Oliver offer a promising frame for analysing the ways in which universities and colleges have responded to governmental policies and programmes. While these strategies can be applied to interpret organisational change processes in all the three activity clusters included in the HEINE project we have started with an interpretation of the changes in the institutional governance structures. Below an analysis is presented of the university responses in the Netherlands, Portugal to government pressures concerning the adaptation of their institutional governance structures in which both external interests and internal values and objectives should be represented.

3.4.3   Organisational adaptation and external stakeholders

In the relationship between higher education and its environments the involvement of external actors in higher education policy processes has changed in two ways. First in the national higher education policy networks traditionally the dominant actors were governmental and institutional representatives. The reforms implied that the role of other external actors in these networks has become more prominent. Second, external actors have become more directly involved in the internal affairs of the higher education institutions. This includes both the participation in institutional governance structures as well as the involvement in the basic activities of universities and colleges, especially teaching. These external actors are most commonly referred to as stakeholders. How did the growing involvement of external stakeholders in institutional governance structures take place in two, within the HEINE project apparently extreme cases, i.e. the Netherlands and Portugal? For the discussions and analyses below HEINE institutional case studies have been used (see Annex for list of case study reports).

3.4.3.1 The Netherlands

a)   The Dutch universities' responses to the 1997 Act on University Governance
In the Dutch tradition of allowing the main actors to launch experiments before a new law is enacted, the universities were also allowed to experiment from 1995 on with new elements in their governance structure. It is striking that none actually did so. There are a number of reasons for this. The most important could be the position of the University Councils in the experiments. The nature and functioning of the Councils was one of the main elements of the external criticism of the functioning of the university governance structures. However, given their control function, any experiment had to be approved by the University Council. It did not come as a surprise that none of the councils was very eager to cooperate in orchestrating its own demise. Another reason was that the Executive Boards of many universities had already adapted some functions of and procedures concerning the internal governance practice. Therefore, the external criticism was not necessarily shared inside the universities. Finally, concerning the strengthening of the involvement of external stakeholders in the university governance structures, the universities were not able or willing to adapt their governance structure.

Another Dutch tradition is the consultation tradition. Before and immediately after the launching of the 1995 bill, the Minister consulted the universities about the proposed university governance structure. In line with some 'collective responses studies' presented by Scott (1995, pp. 125-128), between 1995 and 1997 the Dutch universities were able to respond collectively to the proposed regulative regime in such a way that it was redefined.

Instead of being a rather prescriptive and strict regulative structure, the 1997 Act granted the universities great autonomy in the adaptation of their governance structures.

An important choice provided for in the 1997 Act was the choice between a separate or a joint council structure. It can be argued that the separate council structure is closer to a business-like management structure than the joint structure. Of the thirteen Dutch universities, three are private, even though they generally come under the same regulations and are publicly funded in the same way and at the same level as the other ten universities. The private status of the universities has to do with their denominational background. One area where a difference occurs is the governance structure. Given their private status, the three denominational universities have chosen a structure with a separate university council for staff members. Of the ten public universities, originally four chose a separate university staff council. Six decided to retain the undivided council for staff and students. Recently, one of the four universities with a separate council structure decided to integrate staff and students. Hence, only three regular public universities are left with the more business-like divided university council structure.

b)   University strategies

While the universities collectively managed to have the proposed regulative regime concerning their governance structure redefined in the period 1995-1997, this didn't imply that their individual responses were more or less identical. Individual universities have dealt differently with the choices provided for by the 1997 Law. While the 1997 Law created the same institutional pressures on all universities (at least on the ten public universities), the university strategies for responding to the pressures differed to some extent.

The Dutch social context and traditions offer a frame within which the above discussed defiance and manipulation strategies, as well as the acquiescence strategy are rare for universities to use in any case of changing regulative regimes. The period allowing experimentation and consultation, build into most lawmaking processes, removes in general the sharp edges of possibly differing views and positions in the interactions between the lawmaker and (in our case) the universities. Therefore, it comes as no surprise that the strategies used most by Dutch universities are compromising and avoiding. The Dutch practice of experimentation and consultation stimulates the reaching of compromises, both with external lawmakers as well as internally in the implementation of the externally reached compromises, to which in general all parties involved feel committed. This commitment implies that a passive conforming to the external pressures is unusual and rare. On the other hand in case of (serious) conflicts between the reached compromise and internal objectives and expectations, instead of openly defying or manipulating the compromise, the strategy of avoidance seems to be the preferred one. This implies in the case of Dutch universities blocking parts of the organisation from the impact of the external pressures, or developing symbolic behaviour, for example, by creating new bodies or structures that are supposed to deal with the external pressures or demands, without affecting the rest of the organisation.

The case universities offered interesting examples of both strategies. How to balance the external pressures and demands with the internal expectations and objectives? The first university (called University A) has a strong tradition of internal democracy. It is a university with a traditionally weak involvement of external stakeholders in the internal governance affairs. The 'harmony model' that allowed the various internal stakeholders to participate in the

discussions (and to some extent decision making) of the Executive Board is an example of this. When it was introduced the internal groups decided to keep the external stakeholders out of it. This model created an internal conflict when the university had to balance the external demands concerning the 'new style University Council' with the internal expectations of continuing the harmony model. The strategy chosen is a combination of internal compromise (two-year covenant) and external avoiding. The latter implies a disguise of non-conformity by not openly formalising or continuing the harmony model, but by creating a covenant, allowing the democratic participation to continue by blocking it from the impact of the 1997 Act demands.

The second university (referred to as University B), as a technical university, has more than University A a tradition of involving external stakeholders in its internal affairs. While it has as all Dutch universities a thirty year democratic history its internal expectations and objectives where somewhat different compared to those at University A. Therefore contrary to University A University B could introduce a university management-team, could introduce initially a divided central council structure, and could install a Supervisory Board with a strong business orientation. However, also University B is part of the Dutch higher education system and it looks carefully at the decisions and developments at the other Dutch universities. Wanting to be in line with the other universities was one of the reasons for deciding to integrate the two separate central councils. As such this can be interpreted as a combination of internal compromise and external conforming.

Oliver's five strategies offer a useful structure for analysing the responses of organisations who operate in one organisational field when it comes to understanding how they deal with changes in regulative regimes that apply to the field as a whole. More research is needed to further investigate these kinds of responses. In addition to regulative changes also normative and cognitive changes leading to institutional pressures for organisations in one field, e.g. universities, should be examined. It will be interesting to see empirically in which way Oliver's strategies also apply to other institutional changes than regulative ones.

3.4.3.2 Portugal

a)   The Portuguese higher education institutions' responses to government pressures
Over the last thirty years the relationship of Portuguese higher education institutions with the state and society has been on the move. This movement has, amongst other things, been described as a shift from the model of state control to the model of state supervision (Neave and Van Vught, 1991; see also: Gornitzka & Maassen, 2000c). The shift was the result of a context of financial stringency linked to the decay of welfare state conceptions combined with the massification of higher education all over Western Europe (Goedegebuure *et al.*, 1994). The outcome of the shift can be interpreted in the framework of the theoretical perspectives used for the HEINE project (Gornitzka, 1999).

In Portugal one can also see the rise and political deployment of the role of external stakeholders in higher education. However, as the Portuguese higher education system is characterised by two main divides - the polytechnic versus university divide and the private versus public divide - the concept of stakeholder assumes different meanings and weights. We also have to consider the special characteristics of the Portuguese society. We must underline the gap between the political discourse and the real political and social issues and activities that can only be filled by rhetoric. The causes for this might be found in the

heterogeneity of the Portuguese state and society. The Portuguese sociologist Santos says that in a short period "the Portuguese corporative state suffered a transition towards socialism, a Fordist regulation, a welfare state and even a neo-liberal regulation. (...) The structure of the state presents, at any given moment, a geological composition with several layers, differently sedimented, some old, some recent, each one with its inner logic and its own strategic orientation. This is the meaning of the heterogeneous state" (Santos, 1993: 4)«the».

It is also true that the main policy issues with respect to Portuguese higher education (accessibility, equality of opportunities, quality, autonomy, graduates' professional profiles, etc.) tend to be discussed rather vaguely in generic political statements by the political parties in Parliament. This general feature is reflected in the legal corpus enacted and gives rise to what Santos (1992, 1993) names the Parallel State, to characterise the gap between the law's scope and intention and the social and political fabric it intends to regulate.

b)   The presence of outside stakeholders: Public institutions
With respect to the public universities the Portuguese legislation permits the inclusion of external stakeholders in their governing bodies. However, participation of outside stakeholders in the governing bodies as well as in the election of the president is a legal requirement for public polytechnics.

The reaction of institutions to the subsequent laws and the resulting external (= mainly government) pressures has been very diverse and can be interpreted by means of neo-institutional theories. Six universities (being 44% of the total number of universities), including the old universities where academic values and traditions are more deeply rooted, do not allow for the participation of stakeholders in the Senate. Six other universities, including some of the newer ones, have taken the opposite decision. The two remaining universities are not very clear about the participation of external stakeholders. Ten universities have set up advisory boards. However, in practice advisory boards have no power at all, they meet very seldom, and in most cases their members have never been formally appointed.

The situation with respect to the polytechnics is very different. From the beginning these institutions were considered to have a closer connection with the Portuguese economic and industrial structures, while they are also expected to have a clearly regional orientation. Consequently their autonomy act (1990) takes a much more forceful position concerning the participation of stakeholders. As a result, compared to the situation in the public universities the presence of external stakeholders should be more evident in the governance of polytechnics where they even participate in the election of the institutional president. However, in general representatives of the Portuguese industry do not play a significant role as stakeholder in higher education, and with a few exceptions they do not demonstrate any interest in developing partnerships with higher education institutions, probably because the industrial tissue is mainly composed of small and micro enterprises. All six case institutions reported difficulties in obtaining effective participation of external stakeholders.

In one of the polytechnic case institutions, it was stressed that participation of outside stakeholders in the General Council was more active when strategic issues were on the table, and less active when more internal administrative problems were being debated. The stakeholders' participation was considered as potentially valuable by several important

internal actors, but less significant in practice, due to the low number of delegates from the outside community (the number is limited by law). Moreover, the internal dynamics and affairs of the institution, as is a general characteristic of higher education institutions, tended to attract more attention than its relationship with the surrounding community. This was further underlined by the fact that the statutes refer to Advisory Councils, both at central and at faculty or department levels, but so far not a single one has been installed even if institutions apparently recognise that they are a priority.

External stakeholders played a much more prominent role in defining lifelong learning activities. However, these activities are still not very significant in Portuguese higher education. In the case of decisions with respect to lifelong learning activities, participation of external stakeholders was mainly obtained through informal networks and contacts, except at the central institutional level, where participation of external stakeholders already existed in a formal way. So far, this formal participation at central level has not been reflected in the internal processes of the institution.

In another polytechnic case institution, we observed that it was felt that although the law prescribes the presence of outside stakeholders in some governing bodies their influence in practice was very weak. The stakeholders' participation did not have the importance intended for it by the legislator. The participation was only formal, and in general characterised by the delegates' absence. The presence of the academic staff in cultural and professional activities of the town and its participation in many local organisations had probably more influence in creating links with the outside community. As such it was offsetting, at least partially, the lack of effectiveness of the formal representation of external stakeholders in the internal affairs of the polytechnic in question.

Internal actors thought that the ineffectiveness of the legislation's attempts to enforce the participation of members of the outside community in the governance structure of the institution was due to a lack of motivation in the region. This lack of regional interest was the result of a very weak regional entrepreneurial structure, and of people having other more urgent problems to solve than participating in the election of the president of the local polytechnic. The internal actors believed that they did not need any legislation for having the participation of the national economic agents. In most cases the participation was in practice the result of relationships developed by people responsible for running the institutions, and not the result of any enforcing legislation. This did not mean that they would like to limit outside participation by changing the statutes, but that new ways of making this participation more effective were necessary.

c)   *The presence of outside stakeholders: Private institutions*
With the exception of the Catholic University, the role of external stakeholders in the institutional governance structures is more clearly defined in the case of the private institutions. Given these definitions, it is somewhat surprising that external stakeholders are not formally involved in the internal processes of private institutions. However, this can be explained to some extent by the fact that the legislation determines that for the private sector, the institution must be separated from the entity that owns it (the co-operative). Yet in practice there are serious doubts both about the separation as well as about the independence of the internal academic interests from the interests of the stakeholders who in fact own the institution. The governance bodies of each private university and polytechnic are defined in

merely academic terms, rejecting in general external participation in these bodies. However, there are serious doubts about the silent influence in practice of those who hold interests in the institution's business.

At the private case university our interviewees were quite articulate in stressing the importance of securing a strong academic leadership for the institution. In their view, the presence of a strong external representation could negatively affect the position and effectiveness of that leadership. However, this university's formal statements emphasised the assumption that the political perspective behind a private university's existence should give strong attention to labour market demands and the employability of graduates, for instance, by relying on programme flexibility, and by harmonising study programmes with labour market needs. To solve this apparent contradiction, and to guarantee the influence of the political perspective, this university assumed that the functions of the Advisory Council of an associated Foundation were an important factor in opening up the institution to the views and perspectives of the outside community, as well as to their demands. This means that the university has avoided the direct influence of external stakeholders in internal governance matters by limiting their presence to the membership of the Advisory Council of a Foundation without any decisive influence in the governance bodies of the institution.

At the private case polytechnic the participation of outside stakeholders in the design of the activities of the institution had until now been rather informal. In order to review study programmes the institution collected opinions of students and alumni, and used expert opinions from professionals who are also members of the teaching staff. The institution was trying to change this scenery by developing protocols with the City Council and local industries, and by allowing external stakeholders to participate in some governing bodies of the institution. However, the success of these measures is yet unknown. So far developments are not very promising as a result of several impediments. These are due to a long tradition of a lack of co-operation. Also the City Council has traditionally never demonstrated any serious interest in housing higher education institutions. Consequently the institution recognised that implementation of the intended activities will be difficult and time consuming, while it will face strong competition from other comparable institutions.

d)   Reflections
The Portuguese potential institutional stakeholders – at least for public institutions – do not have a coherent and articulated political mandate to address higher education. The entrepreneurial organisations, the agricultural organisations, etc. express only general concerns in their political statements, mainly as to the need to articulate the graduates' profiles to labour market needs, with no visible political objectives.

The peculiarities of the Portuguese society explain why the business world has such little influence over the higher education system and its institutions, and support the idea that the offer of study programmes has been more influenced by institutional perceptions of outside needs than the other way round. In fact, the pursuit of an equilibrium between institutional proposals and reactions from the industrial, social and educational outside environment has been based on an institutional interpretation of outside information addressed more at influencing or anticipating demand, than at integrating the expectations and the real needs from industrial, service and educational organisations.

Therefore, it seems that in the Portuguese case, the influence of external stakeholders, in the sense of a third party, in institutional governance, is much more like the conversation and attitudes children have with their imaginary friends, with their all "wish it was true" features, than a consistent presence: either imagining to hear what confirms their perceptions or ignoring what they do not want to see.

3.4.4 Conclusions concerning role of external stakeholders in institutional governance structures

The attempts of national ministries of Education to strengthen the external involvement in institutional governance structures were, amongst other things, based on the conviction that the universities should be more responsive to society's needs. How to do that better than to involve society more directly into the institutions' internal affairs? The various Laws on Institutional Administration, Institutional Autonomy, Institutional Governance, etc., introduced in HEINE countries since the 1980s provided, amongst other things, for a stronger involvement of external stakeholders. The main issues in the interaction between the government and the institutions on the nature of these Laws concerned the intentions of some governments (e.g. the British – see Annex 2- and the Norwegian) to provide for a majority of external members in the institutional governance structures as well as the autonomy of the institutions in introducing new governance structures (as in the university sector in the Netherlands) or adapting existing structures (as in Flanders, see Annex 3).

Using our interpretations of Oliver's strategies, it can be argued that overall the institutions' responses to these Laws didn't consist of conforming to them, or of defying or manipulating them. In general the Laws can be regarded as the outcomes of several processes and interactions.

First the Laws can be interpreted as a compromise between the collective bodies of the institutions and the Ministers in question, while the institutions' handling of the Laws can be regarded as consisting of internal compromising and external compromising and avoiding.

Second the Laws reflected in a number of ways the practices grown over the years in many of the institutions. It can be argued that this organisational adaptation was an input into the Law- and policy-making process (if not inspiring it) instead of the Laws and policies causing organisational adaptation.

Third the government-proposed changes in the governance structures of higher education institutions have to be seen in the framework of the more general changes in the relationship between government and higher education. In all HEINE countries the governmental steering approach with respect to higher education has changed (see above, section 3.3.2), reflecting in many ways the underlying socio-economic and political changes to be observed in these countries. Also from this perspective it is clear why the responses of the institutions to the external pressures concerning their governance structures were not as radical as might have been expected, at least in some countries. The "real" debate was not about the governance structures per se, but about the social, economic and political legitimacy of (public) higher education (cf the debate on higher education as social institutions versus higher education as industry in section 3.2.5).

Fourth there are major differences in the actual involvement of external stakeholders in the current institutional governance structures in the HEINE case institutions. These differences can be explained by a combination of factors, i.e. the institutional characteristics, the national context, as well as the local and regional context.

Fifth, the governments' attempts to strengthen the involvement of external stakeholders in the

internal institutions' affairs is not only driven by economic arguments. Other arguments mentioned by the interviewees are, for example, that the removal of internal interests was more crucial to government thinking than the inclusion of more external members. Nonetheless, given that the majority of the external stakeholders in the institutional governance structures have a "business" background, the actual outcome of the governmental attempts in this is a strengthening of at least the representation of external "economic stakeholders" in the internal institutional affairs. However, this stronger representation doesn't mean in practice necessarily more influence as can be illustrated by the Portuguese case discussed in the previous section. Finally the most dramatic changes in the institutional governance structures is not so much the strengthening of the position and role of external stakeholders. Rather it is the gradual (or in the case of the Netherlands drastical) reduction of the democratic nature of the institutional governance structure by moving from collective responsibility and decision-making to individual leadership and authority.

The growing involvement of external stakeholders in institutional governance structures can be observed in all eight countries included in the HEINE project. The developments in the two countries that were presented above show that individual universities and colleges respond differently to external pressures. While these external pressures have national origins, the diverse institutional responses indicate that specific institutional characteristics play a decisive role in organisational adaptation. A first analysis of all 40 institutional cases has revealed that specific categories of institutions can be distinguished. Taken the main characteristics that determine institutional responses, the following categories can be identified: national "flagship" universities, comprehensive universities, specialised universities, comprehensive colleges, and specialised colleges. In addition, despite the low number of cases the Portuguese higher education system gives us the opportunity to examine the differences between public and private institutions. These categories are used by the HEINE team for further more detailed analyses. The results of these analyses will be published in the course of 2001.

3.4.5 First-degree programmes

3.4.5.1 General reflections
Concerning first-degree programmes a distinction must be made between traditional students and non-traditional students. In general institutions attempt to adapt their programme offerings to attract more traditional students, more non-traditional students or both.

Who are regarded as traditional students? In the HEINE project a traditional student is defined as a person in the age group covering the first 6 years after secondary school examination. (usually 18-24 or 19-25 years). In addition, a traditional student has used the traditional access route to higher education.[7] There are several ways in which in Europe universities and colleges, as well as governments have attempted (implicitly or explicitly) to enlarge the number of traditional students enrolled in higher education. The two most obvious

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[7] Traditional access to higher education can be defined as: The dominant and more institutionalised pattern along the sequential educational route leading to the student's qualification for entering higher education. This route leads from the initial primary school until the end of secondary education, and is ratified by a certification of qualifications entitling the student to become a candidate in a study programme in a higher education institution. As traditional access we include also traditional entrance mechanisms placed between the end of secondary education and admission to higher education which can perform several functions such as guidance, selection, training and information.

ways are through increasing the enrolment from the qualified group of students, or through decreasing the drop out of the enrolled students.

The first should be based on information about student choice behaviour. What are the reasons of qualified students not to enter higher education? Is it because of wrong or lack of information, financial circumstances, or are there other factors influencing student choice behaviour? Enlarging the number of students actually enrolling can take place through focused information campaigns, improved student aid systems, or other specific measures, such as introducing new (shorter / vocational) courses.

Decreasing drop out is a complicated matter. It has to be based on understanding the reasons for drop out. There can be personal, organisational as well as contextual reasons. Organisational reasons refer to the individual organisation –university or college- in which a student is enrolled; the organisation of the study programme, the availability and quality of the teaching staff, the quality of the facilities such as libraries, computer networks, etc. In addition, contextual reasons (reasons having to do with the higher education system as a whole), such as possibilities for financial support, or good housing and study facilities, can play a role. The assumption is that for a university or college improving organisational circumstances is the easiest way to decrease drop out. Personal circumstances and problems can be addressed by the university or college, but in general they are hard to deal with in a successful way, amongst other things, because personal reasons differ from student to student, and some might be solvable, and others not. The contextual circumstances can only to a limited extent be influenced by an individual institution.

Access policies concerning traditional students include in general intentions to increase the enrolment of underrepresented groups of students with a traditional background, for example, minorities, students with a lower class background, and disabled students. Even though they are part of the traditional student group, still specific actions might be needed to overcome the additional barrier obviously encompassed as a group characteristic.

It can be argued that higher education has been successful in Europe in enlarging the number of the traditional group of students enrolled in higher education. This has been done mainly through attracting more students. Drop out rates have remained rather constant despite efforts to reduce them.

Attracting more traditional students has taken place through organisational adaptation (see above for our interpretation of it). There was no structural renewal of higher education needed to increase the number of students. Universities and colleges didn't introduce radically new programme structures in the period in question, nor did higher education systems develop radical new structures to make the growth of higher education possible. The bulk of the growth took place in the institutions that were already there before 1975 in faculties that were also there 25 years ago.

How can higher education increase the number of non-traditional students in traditional degree programmes? This implies offering teaching and training programmes to non-traditional students, needing non-traditional access routes into higher education.[8] Broadly speaking with respect to this new clientele three groups can be distinguished.

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[8] Non-traditional access to higher education can be defined as: The collection of alternative routes in relation to the dominant pattern, sequential or not, and ratified by a non-standardised certification of qualifications

The first group consists of people who want to enrol in higher education for economic reasons. This group can be divided into four categories. People already working while having a higher education degree; people already working without having a higher education degree; people who are unemployed with a higher education degree; people who are unemployed without having a higher education degree.

The second group consists of people whose interest in higher education is not economically based, e.g. retired people.

Finally, the third group consists of international students. A broad division can be made between students coming from developed countries and students coming from developing countries. Especially for the second group of students traditional programmes do not suffice. The programmes offered to them have to be adapted to the situation, needs and circumstances in the home country. The latter is not always done. In many programmes offered to international students the situation, needs and circumstances of the host country are taking as a starting-point.

The policy question here is whether new programmes for non-traditional students can be developed and offered within the traditional higher education structures, or whether new structures have to be designed and introduced in order to be able to really attract a new clientele in the ways expected and needed from the perspective of the new economy? In addition should higher education institutions develop partnerships, implying that they will be "one of many actors" in all kinds of networks for designing and offering new forms of transferring knowledge, or should they operate as the main if not only domains through which knowledge, also for this new clientele, is disseminated?

In addition, when higher education institutions attract a new clientele they are in nearly all cases interested in those potential new students who already have a higher education degree (preferably already working). The other groups are of far less interest to higher education.

One can in general wonder whether higher education can (or should) play a role at all in dealing with unemployment, other than through trying to increase the number of traditional students (assuming that a higher education degree still decreases the chance of becoming unemployed).

3.4.5.2 Conclusions

How do governmental and institutional attempts to increase the number of students in traditional degree programmes relate? In all countries the government is responsible for the regulations within which the institutions can develop and introduce new programmes, and adapt, maintain or abolish existing ones. This responsibility is handled in some countries in a very strict way, while in others the institutions have much leeway for developing new programmes. Despite these differences in national policies, it was striking that none of the case institutions had a deliberate, rationally planned institutional approach to academic programme development. Introductions of successful new programmes were in general either the result of rather random institutional actions, or the outcome of faculty initiatives that "seemed like a good idea" at the time. The same goes for unsuccessful new programmes. There is certainly not a one-to-one relationship between the thoroughness of a programme planning effort and the success of that programme once introduced. One of the consequences is that it is difficult for governments to develop adequate programme development oriented

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legitimating the access of non-traditional students to higher education. As non-traditional access we also include entrance mechanisms with similar functions as those mentioned for traditional access.

policies. Given the "emerging" instead of "deliberate" nature of the institutional strategies in this area any government attempt to make these strategies more efficient and effective is likely to limit programme innovation in a non-intended way. This can be illustrated, amongst other things, by the Dutch case. The Dutch Ministry of Education tightened its instrument for controlling academic programme development in 1993. Since then only the "emerging" new programmes that fit the requirements set out by the Minister are approved. Given the lack of a link between the nature of these formal requirements and the final success of new programmes, it can be argued that many potentially successful new programmes have not been approved in the new Dutch procedures (Huisman and Meek, 1999)

3.4.6 Lifelong learning

Governmental policies with respect to lifelong learning are more visionary than action based (see also Green at al, 1998). Lots of rhetoric interaction takes place between the government and the higher education institutions, but this interaction is mainly symbolic, based on a shared view of a learning society. According to the study by Green et al (1998) only five OECD-countries have any kind of national strategy for lifelong learning: Finland, Italy, Japan, the Netherlands, and Sweden. In addition, there is no common understanding throughout the OECD of what lifelong learning includes. On the one extreme one finds Finland and Sweden where lifelong learning starts with nursery education and extends to all types of adult learning throughout life. There other extreme is formed by Hungary and Austria where lifelong learning does not extend beyond upper secondary, tertiary, and adult vocational education and training.

There are large differences between higher education institutions when it comes to the development of lifelong learning activities and the establishment of new institutional structures for offering lifelong learning programmes. Those institutions that are active in trying to attract a lifelong learning clientele are mainly focused on clients who already have a higher education degree. Some institutions have long traditions in lifelong learning activities, but mainly for their own graduates. In general these activities take place somewhat "in the margin of the institution".

At the moment only a relatively small part of the lifelong learning market is covered by higher education. In the Netherlands, for example, employers expect that the lifelong learning schooling budget for their employees will go up by 20% annually. However, at the moment only 10% of the market is covered by Dutch higher education institutions who are mainly interested in offering long courses (at least 30 days) to new learners.

As is indicated by a number of interviewees at the national as well as the institutional level the key problem with respect to the relationship between higher education and lifelong learning activities is the following. How are the costs going to be split between the three parties involved: the state, the employers and the learners themselves? The persistent general reluctance of all three parties to invest accordingly is still seriously inhibiting the development of lifelong learning opportunities on anything like the scale that might in principle be desirable. One of the consequences of the lack of structural funding is that the national policy differences indicated above are not reflected directly at the institutional level. Organisational adaptation processes in the area of lifelong learning are determined to a far larger extent by institutional characteristics and local/regional circumstances, than by

governmental policies.

3.5   Methodology

The main aim of the HEINE project was to examine organisational change in higher education. We did not approach the research problem as in a classical implementation study, following a specific policy around from development and implementation to the effects of the policy in question, assuming a (linear) causal chain of events. Rather we focused on public policy initiatives as possible inputs into organisational change processes.

The theoretical framework for the project was based upon two major theoretical perspectives from the social sciences, resource dependency and neo-institutionalism. In addition the framework incorporated conceptualisations concerning governmental steering models. It was designed and elaborated by Åse Gornitzka (1999).

The HEINE project consisted of three main phases. In the first (supra)national case studies focusing on specific national and EU policies and programmes were undertaken. In the second in-depth case studies of 40 universities and colleges in the respective countries were carried out. The final phase consists of the comparative analyses.

The project examined organisational changes in three institutional activity clusters. First, the relationship between higher education institutions and the economy in the area of regular teaching programmes of universities and colleges focused on traditional students. Second, relationships between higher education teaching programmes and the emerging external needs for training and education leading to new educational and training structures for "non-traditional/lifelong learning students". Third, the deliberate attempts to link external stakeholders to internal structural change processes as part of the adaptation of institutional governance and decision-making structures.

The national and institutional case studies were conducted by national research teams. In order to get comparable outcomes two research protocols were produced, one for the national and one for the institutional level case studies (see Annexes 1a and 1b). These protocols guided the research teams by explaining the intention of the case studies and by indicating which information should be gathered in what way. The case studies consisted of document analyses and interviews. At two of the project meetings the intention and set up of the interviews were debated. However, it was decided not to produce a general interview guideline.

More information on the set-up of the case studies and the research methodology can be found in the protocols.

4   Conclusions and policy implications

4.1   Higher education research

The HEINE project is designed, organised and implemented by researchers from eight research centres and groups working in the field of higher education research. This field is a relatively young and not very well established one, which can be illustrated, for example, by the age and nature of the structures in which the involved researchers are working. Of the eight centres/groups only three were older than ten years, while only four are focusing explicitly on higher education research (two of which are combining higher education research with research on science policy, while the others are educational research centres, or individual higher education researchers working in a social science or administrative unit). Large comparative research projects on higher education are rare in Europe, amongst other things, because of a lack of funding and a lack of research capacity. Therefore, the HEINE project provided an important opportunity to advance the field of higher education research in a number of ways. First through advancing on knowledge on an important aspect of the dynamics of higher education, i.e. change processes in higher education institutions. Second through examining the way in which organisational change (or adaptation) processes in universities and colleges are affected by governmental policies and programmes. Third by applying recent conceptualisations from the social sciences, for example from neo-institutional approaches, in the field of higher education research. Fourth by involving young researchers in the project thereby expecting that at least some of them would decide to continue as higher education researchers. Fifth by helping to strengthen the recently established research centres and groups involved on the project. Finally by disseminating the outcomes of the project in such a way that governments and other higher education research funders would be willing to invest in follow-up activities.
The outcomes of each of these intentions will briefly be discussed below.

4.1.1   Advancing knowledge
The project advanced our knowledge on the nature of change processes in higher education institutions in a number of ways. The importance of the organisational change factors identified by Clark (1983), i.e. disciplines, the institution as an enterprise, the national context, and the academic profession at large, was confirmed. In the HEINE project we focused on the effects of one of these factors, i.e. the national context. The main outcome of that analysis is that even though national governmental policies and programmes stimulate, force or reflect organisational changes in universities and colleges, the nature of these changes is determined more by organisational characteristics than by the nature and intentions of the policies and programmes in question. In very general terms it can be argued that different institutions within one country react differently to governmental pressures, while similar institutions in different countries respond in comparable ways to governmental pressures.
In addition to the factors identified by Clark the outcomes of the HEINE project suggest that also the following factors affect organisational change processes:

- Individual characteristics of institutional leaders. Specific leadership styles can make a

large difference in the effectiveness of institutional change initiatives.

- The nature of the contacts between institutional representatives and governmental representatives. The better and more personal these contacts the larger the chance that government initiatives relate to the values and norms of an institution, and the greater the chance that government initiatives are having the intended effect.
- Specific organisational and national characteristics are of relevance for understanding the strategy or strategies an individual university or college uses in responding to governmental policies and programmes. Clark referred to these characteristics in general terms. In the HEINE project the following factors were identified as being of relevance for analysing and explaining institutional strategies: location of an institution, funding situation of an institution, size and complexity of an institution, history of an institution.

Using the first comparative analyses of the HEINE outcomes led us to identify the above factors, on the basis of which five institutional categories could be distinguished, i.e. national comprehensive flagship universities, comprehensive universities, specialised universities, comprehensive colleges, and specialised colleges. Within each of these categories further analyses will be undertaken in order to identify the effects of the four categories of change drivers (institutional characteristics, disciplinary factors, academic profession at large, and national/regional/local context) within each of the categories.

4.1.2 Governmental effects

In the field of higher education research macro(=system) level research assumed for long that there is a causal relationship between governmental policies and changes at the meso(=institutional) level. Effects of policies could be analysed, it was assumed, by mapping a policy, following its implementation and examining the effects through time. This approach turned out to be rather dissatisfactory. The nature of the relationship between higher education policies and institutional change processes is interactive instead of causal. The HEINE project is an example of a study trying to do justice to this interactive nature. Below some reflections can be found concerning the nature of the policy-making process, and the nature of the changes in governmental steering approaches. These reflections indicate the ways in which (European) governments could adapt their policy-making practices in order to make them more effective.

Three elements in this are first that the influence of politics (Parliament and political parties) on higher education policy making has diminished since the mid-1970s. Amongst other things, as a consequence of the massification of higher education this field has become more and more varied and complex, making it more and more necessary to involve various stakeholders (not only institutional representatives, but also experts on higher education, and external stakeholders representing socio-economic interests) in the policy making processes. If governments want to make policy-making and –implementation more effective they should attempt to let politics design, adapt and monitor the framework conditions within which the selected professionals could be involved deliberately in policy-making and the higher education institutions could operate autonomously in implementing the policies and realising the agreed upon higher education goals. Politics should not interfere in the detail in the operations of the institutions.

Second, governments should develop more effective monitoring structures for following, evaluating and analysing the ways in which higher education policies are handled in practice.

At the moment it seems as if governments are more interested in making policies (and reforms) than in implementing them.

Third, instead of developing policies and programmes for systems as a whole, governmental policies and programmes should be differentiated doing justice to the specific characteristics of the institutions to be found in a country. The Finnish experience of drafting contracts between individual institutions and the government (Ministry of Education) is an example of how this differentiated policy-making approach can be operationalised. The Finnish experience (also to be observed in non-HEINE countries Denmark and Sweden) in handling and evaluating these contracts is of great potential relevance for the other European countries.

4.1.3   Applying concepts

The field of higher education research is not a discipline on its own. It is an applied field, "borrowing" its theories and concepts from traditional disciplines, especially in the social sciences and humanities. Ideally the relationship between higher education research and the traditional disciplines would function like an hourglass model. The disciplines would "run into or feed" a higher education research programme by providing the concepts and theories needed to investigate the questions included in the programme. The programme would subsequently be implemented thereby adding in the first place to our knowledge on higher education. In the second place the application of the disciplinary concepts and theories should produce outcomes that could be of relevance for refining, elaborating, adapting and developing the concepts and theories in question. Here the hourglass should be turned upside down, implying that from the field of higher education research applied knowledge should "run into or feed" the traditional disciplines.

In the case of the HEINE project concepts and theories (discussed in section 3) were borrowed from the social sciences, especially from sociology, organisation theory, political science and policy analysis. These concepts and theories concerned concepts such as steering, policy, and organisational adaptation, while the theories included neo-institutional approaches, state models, and resource dependency.

Higher education research has been characterised by some as a relative "theory-poor" field. Many publications in the field of higher education research are based on practitioners' experiences and views. The publications produced by the HEINE team (some already published others intended) all have an explicit theoretical basis as the frame for the analyses. In this way the HEINE team wants to contribute to strengthening the field of higher education research.

4.1.4   Involving young researchers

One of the aims of the HEINE project was to strengthen the field of higher education through involving young researchers in the project in such a way that they would become interested in pursuing an academic career in the field of higher education research. This aim has been materialised by the various partners in the following ways.

At CHEPS one PhD position was reserved for a young researcher, involved in the Dutch part of the HEINE project, to do secondary analysis with the HEINE material. This four-year PhD project will be finished in 2003. The PhD student in question has indicated that he aims at developing a career as higher education researcher after his thesis is finished.

At the KU Leuven the Sociology of Education Unit decided to create a six-year position for the young researcher who had been involved in the Flemish part of the HEINE project. The person in question was hired initially for six months. His new contract expects him to work

on a PhD thesis in the area of higher education policy.

In Finland one of the involved young researchers finished his PhD in 1999. He started to work outside higher education after his thesis was finished but has decided as a consequence of the positive experiences during the HEINE project to try to move back again into higher education research.

At CIPES one of the involved young researchers has decided to stay in the field of higher education research, amongst other things, as an outcome of his positive experience during the HEINE project. He is at the moment working on a PhD thesis in the economics of higher education at a British university.

4.1.5 Strengthening the institutional basis

As indicated above the organisational basis of the field of higher education research is not very strong in Europe. Based on that consideration it was decided in the set-up of the HEINE project to include a number of recently established recent centres on higher education research into the team. The centres in question were IFF (Austria), and CIPES (Portugal). In addition, researchers were included in the project from two countries that don't have a strong institutional basis for this kind of research, i.e. Italy and Belgium (Flanders). Finally, even though Finland has a long institutionally based history in higher education research the involved university and researchers were not based at a separate unit for higher education research. The main reason for including these Finnish researchers and not their colleagues at one of the established centres was that the researchers in question did have more experience in investigating organisational adaptation in higher education, than their institutionalised colleagues. One of the outcomes of the HEINE project was that the Finnish Ministry of Education became interested in strengthening the structure of Finnish research on higher education in order to make sure that at least part of this research would become more directly linked to the national policy making processes on higher education. It was the intention that the Finnish HEINE team leader would become responsible for developing such a structure and coordinating it.

4.2 Policy implications

4.2.1 Reflections on political and professional networks

Our societies have gradually become network societies (Castells, 1996), and this has far-reaching consequences for the way decisions are made, policies are designed, etc. More and more policy development and implementation is coordinated by decentralised, autonomous (government) units and agencies. These units and agencies form part of horizontal social networks. The interaction that is taking place in these networks forms a major input into policy development processes.

As was referred to in the explanation of the corporate-pluralist model, in practice two different policy oriented networks operate with respect to higher education, i.e. the corporate (or professional) network and the political network. This distinction is an important element of the Stakeholder Society. The functioning of these two networks can be explained by referring to the growing social variety and complexity to be observed in Europe and elsewhere. This stimulates 'horizontal' forms of social interaction while it also causes fragmentation of society. Interaction (political, economic, social) takes place more and more through horizontal (instead of hierarchical) networks. Information technologies have made it possible to speed up the process and have made 'horizontalisation' practically possible at a large scale.

Each public sector has its own networks, even though not all of them are equally influential and effective. The two types of policy networks have gradually emerged since the 1970s. Even though there is an overlap between the two, in general the political networks are less effective and influential than the professional networks. Bureaucrats seem to have adapted better than politicians to the network structures. The bureaucrats are interacting in the professional networks with experts on specific social sectors or problems, with professionals from the sector in question, with involved stakeholders, and with colleagues. In the political networks, organised on the basis of political programmes and interests, many participants seem to be more interested in yesterday's image of the makeable world than in today's reality of the network society where progress and change are 'grassroot-like' and incremental. The role of politics[9] should be to take the responsibility for determining the general higher education policy goals and designing the frameworks within which this professionally driven social development should take place. However, in general politics seem to be more interested in interfering in detail in specific aspects of the social development than in stimulating the emergent, professionally driven processes. Because of the growing social variety and complexity in most cases the political interference is at best not very effective, and at worst counterproductive.

Higher education is a sector with respect to which the two networks are clearly visible. Governments realised that the post-1945 attempts to steer and control higher education in detail were not effective enough. As a consequence, in most European countries Ministries of Education have attempted since the early 1980s to develop frameworks within which the universities and colleges could almost autonomously work on realising the goals of the national higher education policies. While the determination of the goals as such was in the end a political responsibility, the development of the policies was in general based on the interactions between the Ministries, the involved stakeholders, and academic and administrative representatives from higher education. While in some cases the decisions of national Parliaments were supporting this development, there are also many examples available of Parliamentary actions that interfered in detail with the careful agreements that had been reached between the Ministry, the stakeholders and the institutions. In the latter cases Parliament made it in general more difficult to realise the agreed upon innovation. This is not to say that politics in general and Parliament in particular, in other words the political policy networks, don't have a role to play in the Stakeholder Society. As indicated this role consists of determining the higher education goals and designing the broad framework conditions within which the sector can work autonomously on achieving the policy goals. If politics wants to influence the policy process, i.e. the policy development and the policy implementation, individual politicians should become active in the professional networks. This is happening, but only on a limited scale, and in different ways from country to country. In practice the higher education policy process is professionally driven, with (potentially) an important role for the involved stakeholders in the process.

4.3   Reflection on outcomes of research on governmental steering

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[9] Politics refers here in the first place to Parliament and the political parties. Ministers are assumed to be member of both political and professional networks, with an inclination to base the policies for which they are responsible more on the input from the professional networks than on the input from the political networks. The roots of many conflicts between individual Ministers and Parliament can be found in the tensions this inclination causes.

As indicated above in the discussion on the theoretical perspectives used in the HEINE project, up till now research on governmental steering with respect to higher education was generally based on a dichotomy of "governmental rational planning " versus "self-regulation". The way this dichotomy has been used in higher education research was somewhat normative. It was suggested that governmental rational planning had to be rejected as a result of its assumed ineffectiveness. Self-regulation was suggested to offer a more effective steering approach, amongst other things, because it would do justice to the complexities and varieties to be observed in the contexts of European higher education systems. Self-regulation would allow the higher education institutions themselves to deal more directly with these complexities and varieties, resulting in higher quality and more social relevant activities of the self-regulating universities and colleges. Autonomy was a core concept in this approach. It was assumed that strengthening institutional autonomy would lead to expected outcomes: higher quality and improved social relevance. This assumption was not only the basis for the academic research done on changes in governmental steering with respect to higher education, but it also formed the foundation of the new governmental steering approaches itself. For example, in the Netherlands the new steering approach introduced in 1985 was typified by the term *HOAK* which stands for *Higher Education, Autonomy and Quality*. The same type of steering approach was introduced subsequently in many other Continental European countries.

It was striking that in the period after 1985 in many respects the same interpretation of the basic concepts with respect to steering was used by governments and by the academic researchers examining the changes in governmental steering. Simplified this interpretation was as follows: "Central planning is outdated and ineffective, self-regulation is modern and effective". To some extent it can even be argued that in some countries there was a rather strong mutual influence between policy makers and researchers concerning the concepts used and their interpretation.

However, the steering relationship between higher education and government is in practice more complex than assumed in the dichotomy central planning versus self-regulation, and autonomy is not the core concept in the way suggested by the governmental steering philosophies and the academic conceptualisations. To mention just a view of the observations made by higher education researchers (e.g. Neave 1998) in the second half of the 1990s: Quality does not improve automatically when institutional autonomy is strengthened. And: When in a self-regulatory higher education system every institution is taking care of its own interests, who is taking care of the interests of the system as a whole?

The steering models introduced by Olsen can be argued to reflect more validly the complexities incorporated in the steering relationship between governments and higher education. In the HEINE project they were applied for the first time in a comparative research project on higher education. The empirical picture emerging through the application of Olsen's models in the eight countries suggests some interesting refinements and clarifications of the outcomes of the applications of the central planning versus self-regulation models.

First, on the basis of applying Olsen's models it can be argued that the situation with respect to governmental steering of higher education is far more diversified in the involved countries than suggested until now. The main suggestion in the higher education steering literature so far has been that most if not all European countries move in the direction of a self-regulating steering approach. The outcomes of the HEINE project suggest that there is not one dominant model, or one model towards which all countries involved are moving. The steering approaches examined showed that governmental steering in all eight countries consist of mixtures of different approaches and strategies. In addition, the project outcomes indicated that there is a difference between governmental steering rhetoric and steering practice. Being able to interpret

governmental steering in a more valid way is of importance, amongst other things, for explaining why changes in governmental steering with respect to higher education, introduced between five and fifteen years ago, have not led to the expected effects and outcomes in the countries involved.

Second, the suggestion in the steering literature until now has been that central planning not only will be replaced by self-regulation since all European countries are moving in that direction. It also suggests that countries should replace a central planning steering approach by self-regulation. The outcomes of the HEINE projects do not support such a suggestion. As indicated, in practice government steering towards higher education consists of a mixture of approaches and strategies. The specific mixture depends, amongst other things, on the steering subject. For some subjects a central role of the government might make sense, while for other subjects a more distant role of the government might be more effective. In addition, using solely the criterium of effectiveness for judging the appropriateness and validity of steering approaches leads easily to, what might be called, a technocratic economic interpretation. Examining the effectiveness of steering should not be economic only, it should also include other aspects, such as the political dimension.

Finally, the traditional steering dichotomy assumes a causal relationship between steering and social effects. In our project we assume that governmental policies, as well as steering approaches, do not follow causal routes. Instead, policy-making and -implementation, as well as governmental steering processes are interactive. Policies are the outcomes of interactions between various actors in different policy networks. They can be characterised as compromised outcomes of political and professional interactions. When implemented, policies are affected by the implementation interactions. Governmental steering refers to a complex frame developed and adapted implicitly and explicitly by government actors, within which policies are developed and implemented. Policy development and –implementation processes not only affect the content of policies, but also the specific nature of the steering approach or frame within which the development and implementation takes place.

Doing justice to the complexities of the steering relationship between government and higher education, and to the interaction between policy processes and steering approaches is a large challenge for higher education researchers. The HEINE team is of the opinion that its operationalisation and application of the concept steering has added in an innovative way to our understanding of governmental steering.

4.4   Reflection on the changes concerning external stakeholders' role in higher education

The growing importance of external stakeholders is not limited to higher education. It is a general social phenomenon in Europe confronting public sectors. It is the result of the need to adapt the dominant, almost monopolistic role of the government with respect to public sector steering and regulating as developed especially since 1945. This phenomenon can be characterised as the coming into existence of the 'Stakeholder Society.' The traditional bilateral regulatory, policy-making, and funding relationship between government and public sectors such as higher education, is gradually replaced by a complex interactive policy process in which many different actors participate at different moments, in different ways.

The notion of the involvement of external actors in higher education affairs is in itself not new. Few higher education systems have not included on their governing bodies at all levels

'external personalities' who, in various capacities and with varied powers, represented society's interests. However, the notion of stakeholders as opposed to external personalities redefines the nature of the interface between higher education and society. It points to a major shift in the role assigned to those who participate in national and institutional policy and governance matters as representatives of the external society. In addition it points to an equally major shift in the obligation of higher education to be accountable to the general public.

The consequences for the higher education institution of the development of the Stakeholder Society are related to institutional changes in areas such as the diversification of funding sources, the adaptation of institutional governance and decision-making procedures, 'contractualisation', and institutional-regional relations. Given the growing emphasis public policy places upon generating non-governmental revenues as an indicator of the entrepreneurial dynamism of universities and colleges, it can be expected that individual institutions have put in place formal structures for dealing with stakeholders. Also changes in formal institutional governance structures intended to increase the weight of societal interests in internal decision making processes have been introduced. The latter can be either the result of an initiative of the institution in question itself, or the result of new legislative frames with respect to institutional governance structures. At the same time, the possibly changing missions, roles and tasks of a higher education institution will surely affect the interest of various stakeholders in this institution and their relationships with it. This indicates the dynamic relationship between elements of the Stakeholder Society and changes in the organisational structure and culture of higher education institutions.

Below the place each university or college occupies in its various local, regional, national and international communities is being discussed. The latter is an important dimension at a time when higher education's prestige and general reputation are increasingly determined by the appropriateness of the 'services' rendered to society, instead of being mainly based on internal, disciplinary values and scholarly attainment. Moreover, it is unlikely that the public perception of the appropriateness of higher education's public 'engagement' will be less judgmental as time passes. In short, the legitimate standing of the university and college in society will to an increasing degree be a direct function of the nature and quality of its evolving ties with the Stakeholder Society.

4.5   Future research needs

Higher education as a sector is going in Europe through a far-reaching and fundamental process of adaptation. There are strong trends at all relevant levels: the supra-national level (e.g. EU-programmes and the Bologna-declaration), at the national level (new policies and new steering approaches, both discussed in section 3), at the institutional level (see section 3), at the department and chair level, and at the individual level. In this overall process of change it is of utmost importance for those directly involved (politicians, policy makers, bureaucrats, institutional administrators, academics, students, external stakeholders, etc.) to have a better understanding of the ways in which the institutionalised domains of higher education (i.e. universities and colleges) respond to the external and internal pressures put on them to adapt. Unfortunately, despite the large number of people nowadays affected directly by the mass higher education systems of Europe (staff, students, students' families, stakeholders, people working in local and regional businesses directly depended on higher education institutions,

etc.) the knowledge on the dynamics of higher education is still to a large extent unstructured, insufficient, specific instead of general, and even unknown. Given the large amount of public resources invested in European higher education, the resources made available for research to examine what is being done with these investments are hardly enough to start getting a general and valid picture of the main internal and external change drivers in the system. As a consequence of the lack of funding those senior academics doing research on higher education play a multiple role as researchers, trainers, supervisors, intra-institutional experts, external experts, advisors, disseminators, etc. The HEINE project gave the involved researchers a chance to focus on some of the dimensions of change processes in higher education, an experience all involved appreciated very much. Nonetheless, a large multi-year project such as HEINE also made us realise how little structured knowledge we have on higher education in Europe. Even basic data on student-related issues, quality issues, and funding issues are not always available, and if, not always in a way that makes comparisons between European higher education systems possible. The HEINE project ran several times against a wall of lack of available comparative data. Therefore our first recommendation concerning follow-up research is to develop an independent, de-politicised European higher education policy monitor. Such a monitor would make it possible to analyse on a structural basis the way in which each included European higher education system develops with respect to student and staff issues, quality issues, funding issues, and other policy issues, and how these developments can be interpreted when compared to the developments in one or more other European systems. It is striking that we have a Bologna-declaration indicating that the countries involved aim at creating a more open European higher education landscape, while we lack the basic data to analyse the extent to which this aim is operationalised, implemented, and realised in each of the involved countries.

The second recommendation for research concerns a direct follow-up to the HEINE project. HEINE was aimed at understanding the ways in which institutional changes are affected by governmental policies. It only focused on changes in teaching structures, not on research, while it also didn't look into the subsequent effects of the institutional policies themselves. What were the main institutional policies, for example, with respect to the economic role of higher education over the last 10 to 15 years and how effective have these policies been? A follow-up project could consist of analysing the effects of institutional policies and programmes themselves focusing on local, regional and national outcomes in a comparative way. Also other aspects of the change processes in higher education institutions and their intended and unintended effects (e.g. the effects of national and institutional ICT policies on the effectiveness of higher education institutions have hardly been investigated up till now) can be examined far more structurally, comparatively and longitudinally than is happening at the moment in Europe.

5 *Dissemination and/or exploitation of results*

5.1 Introduction

The HEINE project brought together over 30 researchers from eight countries (Austria, Belgium, Finland, Italy, the Netherlands, Norway, Portugal, and the United Kingdom). The research centers and groups involved are: AF Forum, Rome, Italy; Catholic University of Leuven, Belgium; CHEPS, University of Twente, Enschede, the Netherlands; CIPES, University of Porto, Portugal; CSET, University of Lancaster, United Kingdom; IFF, Vienna, Austria; NIFU, Oslo, Norway; University of Joensuu, Finland. The Coordinating Team of the project was formed by representatives of CHEPS, CSET and NIFU, with the overall coordination being in the hands of Peter Maassen (CHEPS), while Åse Gornitzka (CHEPS & NIFU) was the research coordinator. In addition to the European Commission, also a number of national research councils funded the project. The project lasted from November 1997 to December 1999.

The project is in general aimed at investigating the effects of governmental policies on organisational change processes in higher education institutions. This general aim has been operationalised by focusing on the effects of governmental policies aimed at strengthening the relationship between higher education institutions and the economy. The project was intended to produce knowledge on higher education of relevance to both academics and an audience of practitioners. The academic audience includes higher education researchers, as well as (social) scientists interested in organisational change processes. The target group referred to as practitioners includes in the first place all involved in the governance of higher education, be it at the supra-national, the national, or the institutional level, as well as all other higher education policy- and decision-makers interested in the dynamics of higher education.

Concerning the dissemination of the outcomes of the project two distinctions are of importance. First in line with the design of the project concerning its outcomes broadly speaking two main foci or levels can be distinguished, i.e. the national and the institutional level.
Second, the project is set up in such a way that each of the eight national groups of researchers involved has gathered and analysed national and institutional level data in their own country by using a common protocol designed by the project's overall research co-ordinator, Åse Gornitzka. The data have been used by the national groups for national dissemination activities, as well as by the projects Co-ordinating Team (CT) to produce overall comparative project dissemination activities.

5.2   Main dissemination activities

The outcomes of the project are disseminated mainly in two ways, through publications and through conferences, workshops, and seminars. The types of publications produced range from internal documents to scientific articles and books. The conferences participated in include academic meetings organised by one or more of the groups themselves, national

workshops for discussing the project outcomes, international scientific conferences, and international political seminars and conferences.

5.3 Follow-up results

Below an overview will given of the main follow-up results foreseen by the HEINE partners.

Austria/IFF:
a) IFF will produce a number of academic articles on the outcomes of the HEINE project.
b) IFF will organise a follow-up workshop for an Austrian audience on the HEINE project discussing the implications of the outcomes for Austria from a comparative perspective.

Belgium/KU Leuven
a) The Research Unit on Sociology of Education of the KU Leuven has decided to create a new six-year position for the staff member, Kurt de Wit, employed initially temporarily for the HEINE project. The six-year position includes the possibility to produce a PhD. Kurt de Wit has decided to use HEINE material for his PhD work.
b) KU Leuven will produce a number of academic articles on the outcomes of the HEINE project.

Finland:
a) The Finnish Ministry of Education decided, amongst other things, on the basis of the outcomes of the HEINE project to invest in a new Finnish coordination structure for higher education research located at the University of Tampere. Responsible for this new structure will be Prof. Seppo Hölttä, who was the Finnish research director for the HEINE project.
b) The Finnish participants in the HEINE project will produce a number of academic articles on the outcomes of the HEINE project.

Italy:
a) The Italian participants will produce a number of academic articles on the outcomes of the HEINE project.

The Netherlands/CHEPS:
a) In its new research programme 2000-2005 (Higher Education and the Stakeholder Society) CHEPS intends to build upon the outcomes of the HEINE project. For that purpose one specific research track has been developed titled "Adaptive organisations".
b) Using the data and outcomes of the HEINE project CHEPS has successfully applied for University of Twente strategic research funds for a programme developed jointly with the Faculty of Public Administration and Policy Analysis of the UT title "Institutional Analysis". Through the acceptance of the application CHEPS has received the status of Centre of Excellence at the UT.
c) CHEPS has funded from its internal resources one PhD position for a candidate who will conduct further analysis of the HEINE data.
d) CHEPS has decided to invest in 0.5 fte research capacity for two years to produce a number of books on the outcomes of the HEINE project.

e) CHEPS will produce a number of academic articles on the outcomes of the HEINE project in 2000 and 2001.

Norway/NIFU:
a) NIFU has decided to invest internal funds in 0.25 fte research capacity for two years to produce a number of books on the outcomes of the HEINE project.
b) NIFU will produce a number of academic articles on the outcomes of the HEINE project.

Portugal/CIPES:
a) HEINE material is used for two PhD projects at CIPES.
b) CIPES will organise a workshop for the Portuguese National Education Commission on developments in European higher education on the basis of the outcomes of the HEINE project in the framework of the Commission's prepration of a new Law on higher education.
c) CIPES will organise a seminar for discussing the institutional level outcomes of the HEINE project.
d) CIPES will produce a number of academic articles on the outcomes of the HEINE project in 2000 and 2001.

United Kingdom/CSET:
a) CSET has decided to invest in 0,2 research capacity for one year to produce a national case study book on the outcomes of the HEINE project.
b) CSET will produce a number of academic articles on the outcomes of the HEINE project.
c) CSET has decided to dedicate the annual CHER conference for which it has the responsibility in the year 2000 to the theme Organisational Adaptation. Keynote of the conference will be on the HEINE project.

Overall:
a) A number of the HEINE partners decided to establish a new European Consortium called HEDDA (Higher Education Development Association) to strengthen the relationship between higher education research and the practice of higher education. The intention is based on the positive experiences and fruitful collaboration during the HEINE project.

Table 2: Main HEINE foreseen follow-up results

1. *Title*: **The economy, higher education, and European integration**
   Two special numbers of the journal *Higher Education Policy* edited by Åse Gornitzka & Peter Maassen (Vol. 13, No. 3, September 2000; and Vol. 14, No. 2, June 2001).
   Partners involved: All HEINE partners
   CHEPS: Jeroen Huisman & Peter Maassen
   CIPES: Alberto Amaral & Pedro Teixeira
   CSET: Oliver Fulton, Gilly McHugh, Murray Saunders and Joan Machell
   Finland: Seppo Höltta & Pertti Malkki
   IFF: Thomas Pfeffer
   Italy: Stefano Boffo

KU Leuven: Jef Verhoeven & Kurt de Wit
NIFU: Åse Gornitzka & Agnete Våbø
Exploitation intention: The journal *HEP* is published by IAU. HEP is distributed not read by an academic audience, it is also distributed world-wide among the member institutions of the IAU. The included (14) articles discuss some of the main outcomes of the HEINE project, from a national as well as a comparative point of view.

2. **Title: Stakeholder Society and Higher Education**
   Special number of the European Journal of Education, edited by Peter Maassen. It includes 4 TSER/HEINE based articles (Vol. 35, No. 4, December 2000)
   Partners involved: CHEPS, CIPES, Finland, KU Leuven.
   CHEPS: Peter Maassen
   CIPES: Antonio Magalhães & Alberto Amaral
   Finland: Seppo Hölttä
   KU Leuven: Kurt de Wit & Jef Verhoeven
   Exploitation intention: The European Journal of Education is the largest academic education journal in Europe. In the special number the first more detailed analyses of institutional level outcomes of the HEINE project are publsihed.

3. (*Preliminary*) *title*: **Governmental policies on the economic role of higher education institutions.**
   Book discussing the outcomes of the national level case studies. Authors: Åse Gornitzka & Peter Maassen. Publisher: Kluwer academic publishers. Expected audience: mainly academic.
   Partners involved: CHEPS, NIFU.
   Exploitation intention: Discuss the outcomes of the national level HEINE case studies from a conceptual / theoretical perspective.

4. *(Preliminary) title*: **National policies on the economic role of higher education institutions. A comparative perspective across eight European countries**
   Book editors: Oliver Fulton, Åse Gornitzka & Peter Maassen. Publisher: Kluwer academic publishers. Audience: academic and practitioners audience
   Partners involved: All HEINE partners
   Exploitation intention: The book will report on outcomes of national level case studies, presenting the eight national case studies in separate chapters written by the national groups, plus two analytical chapters by the editors.

5. *(Preliminary) title*: **Organisational adaptation in European higher education**
   Book discussing the outcomes of the institutional level case studies. Authors: Åse Gornitzka & Peter Maassen. Publisher: Kluwer academic publishers. Expected audience: practitioners and academics.
   Partners involved: CHEPS, NIFU.
   Exploitation intention: Discuss the outcomes of the institutional level HEINE case studies from a number of perspectives, indicating how organisational adaptation can be interpreted in European higher education.

6. *Title*: **Organisational adaptation in higher education; the economic perspective**
   Keynote at CHER conference 2000 (September) in Windesmere, UK.
   Partner involved: CHEPS (Peter Maassen)
   Exploitation intentions: Discuss some the main outcomes of the HEINE projects with higher education research colleagues.

7. *Title*: **Non-traditional student markets and traditional European higher education institutions: Organisational adaptation or structural renewal?**

Keynote at Conference on Higher Education Open to New Publics, in the framework of the Portuguese Presidency of the EU, 2/3 May 2000, Porto, Portugal.
Partners involved: CHEPS (Peter Maassen, presenter of Keynote), CIPES (Organiser of EU conference).
Exploitation intentions: Present some of the main outcomes of the HEINE project for an EU audience.

6 Acknowledgements and References

6.1 Acknowledgements

HEINE Team members

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Kurt de Wit   KU Leuven, Belgium

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7 Annexes

Annex 1a: **National level protocol**
Annex 1b: **Institutional level protocol**
Annex 2: **Project output**
Annex 3: **Example of national HEINE report:**
           British national case report
Annex 4a: **Example of institutional level case study report:**
           Italian institutional level case study/
           The Technical University of Torino (Politecnico)
Annex 4b: **Main conclusions with respect to the Austrian institutional level**
           case studies
Annex 5: **Paper on Stakeholders in Universities and Colleges in Flanders**

Annex 1a: Protocol for national case studies

Introduction

The purpose of this protocol is to give you both general and more detailed guidelines for doing the national-level case-studies. This refers to the document analysis as well as the interviews. The protocol consists of three parts: an explanation of the selected clusters of programmes and policies to be included in the national level case-studies; specific guidelines for the examination of the policy content and processes we are interested in; and guidelines for gathering information on three additional core contextual factors of interest for our study. Please do not interpret the below guidelines as prescribed questions to be asked to your interviewees in this form. Instead they should be seen as an indication of the information that we would like to receive. It is your task to translate and transform these guidelines first of all into directions for your document analysis and second into questions for your interviews. Please do not hesitate to contact CHEPS if you have any difficulties in interpreting this protocol.

1 Policies and programmes at national level

On the basis of the comments we have received from the TSER partners, the following conclusions with respect to the main policies and programmes to be addressed in the national-level case studies have been reached.

We have distinguished three perspectives that seem to be most relevant for selecting the national level policy/programme areas for our study. First, we are interested in whether governments have developed policies for strengthening the relationship between higher education institutions and the economy by affecting the traditional **internal** teaching activities of universities and colleges focused on traditional students. Second, we have included governmental interest in the new relationships between traditional **internal** teaching activities and the **external** needs for training and education leading to new educational and training structures for "non-traditional/lifelong learning students". Third, we want to focus on governmental involvement in linking **external** stakeholders to **internal** structural change processes. These perspectives have resulted in the three broader clusters of national level policy/programme areas listed below. As agreed before the time-frame for the national-level study should be 20 years. You should keep this in mind when interpreting the following clusters.

1) *Traditional degree programmes*

In general, this policy cluster refers to the qualitative and quantitative relationship between traditional degree programmes and the labour market. More specifically we are interested in the following categories of policies and programmes. First, policies aimed at the development of new teaching programmes and degrees to fulfil new labour market needs, or adjusting existing programmes for improving their relationship with the labour market, including the internationalisation of curricula. Second student access policies aimed at increasing the overall participation in higher education, e.g. by stimulating student enrolment or setting up new public or private institutions. Third, policies intended to steer student enrolment into specific teaching programmes or institutions, which implies in most cases changing the

balance between arts and humanities versus science and engineering.
In the higher education literature it is argued that these policy areas are of interest to the government because of its concern with the vocational relevance of higher education.

2) New educational structures for working-learning relationships
This cluster pertains to government attempts to strengthen the structural relationship between the working life and learning. For this relationship in general the term lifelong learning is being used. Other terms used for this relationship are dual structures and sandwich courses. These refer to innovations in course and programme delivery without necessarily altering programme content - innovations that accommodate working and place-bound students who find it difficult to enrol in traditional graduate programmes.

3) Involvement of external stakeholders in internal processes
The focus here should be on policies and programmes for strengthening the relationship between industry/business (and other external stakeholders) and higher education institutions, through involving representatives from the former in internal processes of the latter, such as the design or adaptation of teaching programmes, the formal participation in internal governance structures, or involvement in teaching.

Each of the partners should endeavour to incorporate all three clusters in their national level study with, if necessary, adjustments for national interpretations of the three clusters. In case of a cluster containing in your country a large number of (sub)policies/programmes it is up to you to select from this national set the policies/programmes most relevant in the framework of our study. In addition each partner can include any specific national policy relevant for our project in their case study.

2.   Analysis of the policy content and process

2a   GENERAL
     a) Overall, what are and have been the main governmental views on the economic role of universities and colleges in your country?
     b) What does the government see as its responsibility with respect to optimizing this role?
     c) How do these views relate to the governmental perspectives on other policy issues concerning higher education?

2b   POLICY DIMENSIONS
In the following we have specified our interpretation of the link between the three clusters of policies/programmes described above and the six core dimensions of a policy content as distinguished in the theory outline (section 3). The following guidelines have to be operationalized for each of the three clusters.

     I   Policy Problems
         • What conditions have been defined by people in and around government as the main policy issues and problems in the three policy clusters? Please make sure that we get a list of these issues/problems. What is (are) the main policy options/proposals for dealing with these policy issues and problems?

- How have these issues and options been related, i.e. translated into policies/programmes?

Examples of such policy issues/problems that we would like you to include in the list are: a work force perceived as lagging behind in certain skills can be seen as a policy problem to be addressed; Quality of teaching programmes at universities and colleges are deemed as inadequate from the perspective of the needs of the labour market. Please make sure that you indicate clearly how these policy issues/problems are linked to policy options/solutions.

II   Nature of policy objectives
- Are policies/programmes aimed at changing, adjusting or maintaining behaviour of target institutions and actors?
- At what level are policies/programmes directed, i.e. are they directed at the whole national system of higher education, parts of it, specific institutions or individuals?
- How many aspects of higher education activities (such as internal structures, curricula qualifications for student entry) are intended to be affected by a policy?

III   Normative basis (policy ideology)
- What are the values and beliefs that policies/programmes are promoting or based on?

Example: Keynsian vs liberal frame as a basis for all economic governmental policies (= policy ideology).

IV   Policy instruments

Please indicate as clearly as possible how each identified policy in your case is related to one or more of the following categories of instruments:

1) Information: i.e. messages from government; e.g. government signalling its intentions and expectations in government documents; information campaigns to potential students or groups of student to steer enrolment and, to encourage people to go into higher education; or government information to workers about the possibilities of accessing courses in public higher education.
2) Money: i.e. government use of free exchangeable resources as a means of influence, such as transfers, contracts, subsidies, cash-incentives. Please describe as clearly as possible the allocation mechanisms that are involved and the nature of funding as an instrument.
3) Law - i.e. governments using its ability to command, prohibit, commend and permit: does a policy legally require or prohibit higher education to act in specific ways?
4) Organisation - this refers to governments setting up new public units, changing structure of existing ones or abolishing them. E.g. new units at an intermediary level, such as forums for university and industry, new buffer organisations.

V   Policy Linkage

- Policy linkage over time and over policy fields: to what extent are in your country the contents of the policies identified in the three clusters breaking with or continuing the content of other governmental policies, either previous policies in the same field/or on the same issue, or concurrent policies in another field or on another issue in the same field.
- Are these policies (deliberately) co-ordinated with other policies, and if so, how?

Example: has lifelong learning policy been in contrast with other policies in basic higher education, Ph.D. education and research?

VI   Policy networks/main actors/policy processes
- What actors have been and are part of the network of higher education policy making? E.g. elected official, appointed officials, interest groups, higher education institutions directly (cf. figure of policy network in Dutch higher education).
- What role have these actors had in developing policies and programmes within the three identified policy clusters? E.g. advisory, consultative, control, (co)-decisive.
- Did they have converging or diverging ideas and interests with respect to policy issues? In case of diverging ideas, how are "conflict" or disagreements dealt with/resolved?
- What were the main events in this/these policy network(s)?
- What is the time frame from identification/recognition to the decision on a policy, incl. the instruments attached to it? E.g. how long does it take from the publication of a policy paper to its translation into an accepted law.

2c   SOURCES OF INFORMATION

I   Documents
What kind of documents will be used in the analyses is naturally determined by the printed matter that is produced in the policy process and how easily accessible it is. The documents used should together cover the whole 20 year period. We suggest as a starting point for the overview of the general issues specified under section 2.I and below the inaugural declaration or similar types of document/statement that are produced when a new government takes office. Furthermore, important documents include annual government budgets, green and white papers, and new legislation. Document analysis could also include minutes and other documents from the policy process where accessible. If there are research reports or studies on policy aspects and processes that are of relevance, a secondary analysis should be included as basis for the national level study.

II   Interviews
The interviews should be focused on more recent events and developments, and be used to specify, complement and correct the analysis based on documents.
Selection of interviewees should comprise key actors with respect to the three clusters of policies. Your selection of interviewees should be based on an identification of policy network (see Dutch example) that determines main bodies/agencies. Interviews

should also be used to check whether the policy network you have identified reflects the actual network involved in the three policy clusters.

3   Contextual factors

In addition to the dimensions of policy as described in section 2a and 2b, the national level case studies should deliver information on the following three issues of specific relevance to our study.

For comparative reasons it is very important for us to have useful information on the relationship between universities and the non-university sector in higher education and whether/how the non-university sector has been used to influence the behaviour of universities. Given the information we received from you until now we assume that this topic will come up during the national-level case studies as an important underlying factor in all three clusters. Finally, we want to examine the overall state control and steering approach as it has developed over the last 20 years in all countries involved, because we assume it provides relevant background information for understanding the way in which the policies/programmes in the 3 distinguished clusters have been developed. We want to use the information gathered with respect to this latter topic, amongst other things, to identify the national network of core participants in the policy processes on higher education (cf. the Dutch example in figure enclosed.)

3a   The relationship between university and non-university sector
What has been the role reserved for the university sector and the non-university higher education sector respectively in the three areas of governmental policies and programmes? Has the non-university sector been used as an instrument to indirectly affect the behaviour of universities with respect to their economic role?

3b   The European dimension
What has been the role of European programmes in the national policies within the three? To what extent (if any) have these programmes affected the content of national policies? An overview of major European programmes in the three clusters will be available in time for the national level case studies.

3c   Government approach to policy making and state control/ steering of higher education
This issue refers to more types of and changes the national government's control and steering of higher education institutions and the institutional context of policy processes
Should refer to two underlying sets of rules determining state versus society relations within a policy subsystem.

First the interaction rules (how to act):
• Who gets access to policy arenas, i.e. rules of participation
• Roles of (different types of) policy makers
• rules for how information is exchanged
• rules for how conflicts are settled
• decision making rules

Second, the context rules:
- What is the domain of government interference - what is it up to the state to decide? Distribution of authority
- What has been the dominant policy paradigm? I.e. the broad goals behind policy and the kind of instruments that can be used to get there.

A policy paradigm is "a set of ideas held by relevant policy subsystem members which shapes the broad goals policy makers pursue, the way they perceive public problems and the kind of solution they consider for adoption." One can have within paradigm change (adjusting policy without challenging the overall terms of a given policy paradigm (first and second order change) or "paradigm shifts", i.e. radical changes in the overarching terms of policy discourse.

Translated into questions to be addressed in TSER/HEINE:
- what has been the broad goals behind higher education policy? And has there been any significant shift in those goals over the last twenty years?
- what has been the dominant conception of the role of higher education?
- what has been the dominant criteria for assessing higher education?
- what has been the dominant organisational form used in higher education?
- to what extent and on what issues have higher education institutions had autonomy over decision-making? What have been the argument for/against such an autonomy?
- what aspects of higher education have been the object of state control?
- what has been the dominant type of control mechanisms used by government?
- who have been the dominant policy-makers in higher education?
- what has been the dominant "arena" - parliament, civil service, intermediary organisations, government commissions?
- to what extent has the policy network consisted of representatives from interest groups and has their role been recognised as a legitimate part of higher education policy making

Annex 1b: Protocol for institutional case studies

TSER/HEINE

Introduction

The purpose of this protocol is to give you both general and more detailed guidelines for doing the institutional case-studies. They should be seen as an indication of the information that we would like to receive. Please do not hesitate to contact CHEPS if you have any difficulties in interpreting this protocol.

The protocol gives guidelines for selecting which types of institutions to study (section 1). in the following sections (2.1; 2.2; 3.1; and 3.2) we give you more detailed guidelines on the kind of information we like to get out of the institutional case studies. We start in 2.1 with describing the categories of information that refer to *formal structural characteristics* of the selected institutions as well as other information that is of relevance for understanding how the nature of the institution in question might affect its change potential. Next in 2.2 we indicate what kind of *institutional contextual variables* we're interested in. We assume that most if not all of the information covered by the categories included in 2.1 and 2.2 can be gathered through document analysis, either institutional or more general documents. In section 3.1 we refer to the *what* of the institutional policies and programmes, i.e. their content. For this we've used the same three clusters as we distinguished in the national level protocol. Finally in section 3.2 we focus on the *how* of the actual central institutional change processes. As regards these change processes we're interested in the internal dynamics of the institutional policies & programmes, as well as the external conditions and interactions affecting them. With respect to sections 3.1 and 3.2 we assume that the information asked for has to be gathered both through document analysis and interviews. In addition some pieces of information included in these sections might have to be gathered in another way, that is through a survey or another more standardised kind of methodology.

Time frame

An important item to consider is the time-frame that has to be used for the institutional level studies. For the national level case studies we agreed to use a time-frame of 20 years. This time frame allowed us (as is clearly shown in the reports you produced) to get a good insight in the relevant national level policy developments. In principle, also for the institutional level case studies we would like you to use a 20 year time frame. However, given that we have to assume that in general the history of institutional policies and programmes is less well documented than the history of national level policies and programmes, we take for granted that at the institutional level interviews will play a more important role than at the national level. Given that it will not in all institutions be possible to trace back 20 years of history through interviews we leave it up to you to decide what is for each of the selected institutions the time frame you can reasonably cover. We do want to remind you, however, that the reason for choosing a 20 year time frame is that we are interested in the *dynamics* of

institutional processes, that is we are interested in the changes that have taken place. The chosen time frame should make it possible to get a valid insight in the mentioned dynamics.

1 Selection of institutions

As agreed in the meeting in Enschede in October 1997, the institutional level study should consist of at least four institutions in each country - the institutions to be selected for the case study should be chosen following these criteria:

1) sector: university versus colleges: two of each
2) complexity: specialised versus comprehensive
3) size

The most preferable selection of cases would then be to have one big comprehensive university and one smaller, specialised university; one specialised (either technical or economic) college and one "non-technical/economic" college.
These criteria are chosen because theoretically these characteristics can be assumed to be important factors influencing institutional change processes. Following these criteria in selecting cases would ensure a meaningful variation in the types of institutions that are covered by our study.

2 Background information on the selected institutions

2.1 Descriptions of formal structural characteristics
a) organisational structure:
- number and nature (i.e. which disciplines) of faculties/schools/departments;
- number of students and employees (academic as well as non-academic);
- type of formal governance structure: short description and information on what governing bodies and actors formally have to be involved in institutional decisions, as well as the formal distribution of decision making authority over these bodies and actors.
    Including major changes in these aspects in the period of our study
b) budgets and allocation mechanisms:
- What types of state funding do the institutions receive (GUFs versus earmarked funding)?
- If relevant: what is the structure of general government funds for the institution?
- Does the institution have external funding of its activities?
- How are funds allocated within the institution?
- What sources of funding and financial contributors are linked to the institution?(relationship between basic governmental funding, NSF kind of funding and contract income)
- Who are the main contractors?
- What percentage of institutional income is covered by student fees/tuition?

In addition, the background information should include an assessment of the position of the institution, i.e. its ranking / status. In cases where a national evaluation/ranking system exists this system should be used to support the assessment. A short outline of the institution's history should also be included in the background information, as well as any other piece of

information that might be of relevance for understanding the nature of the institution in question.

2.2 Descriptions of institutional context

- Student "market" - what have been the characteristics of the enrolment market? Amongst other things, we would like to receive information on the relationship between the capacity of an institution and the demand for study places at that institution.
- Graduate "market" - what part of the labour market(s) do the graduates of the institutions go to - private (multinationals, SME's)/public, regional/national?

3   Study of change processes

In order for the institutional case studies to be connected to the work done in the national level case studies we are basing our descriptions of what institutional programmes and policies to focus upon on the three policy clusters identified and analysed in the national case studies. The development of institutional policies and programmes in the areas below will make up the core of the institutional change processes that we will analyse in the framework of the institutional case studies (cf. section 3.1).

3.1 Selection of institutional policies and programmes with respect to the economic role of universities and colleges in the area of teaching and education

The institutional case studies should address change processes in the following three areas: First, we are interested in how institutions have changed the traditional **internal** teaching activities focused on traditional students in order to strengthen the relationship between higher education institutions and the economy. Second, have the institutions developed new relationships between traditional **internal** teaching activities and the **external** needs for training and education leading to new educational and training structures for "non-traditional/lifelong learning students"? Third, have there been changes in the involvement of **external** stake-holders to **internal** structural change processes?

1) Traditional degree programmes
As for the national level policies and programmes, this policy cluster refers to both qualitative and quantitative aspects of the relationship between traditional degree programmes and the labour market. More specifically we are interested in institutional change processes in the following areas:
Firstly, development of new programmes (either whole new degree schemes/programmes or new components/modules of existing schemes/programmes) with a greater or more explicit vocational emphasis.
Secondly, attempts to re-orient/adjust the content or the teaching, learning or assessment methods of existing schemes/programmes to improve their relationship with the labour market. Items thereunder can include changes in traditional degree programmes such as: use of internships and placements in the workplace to courses previously taken wholly in the university/college; (re)training of academic staff, both external placements of university teachers and using employer representatives as tutors; internationalisation programmes.
Thirdly, institutional programmes or actions in the areas of student access. Here we are interested in the processes surrounding the institutional responses to national access policies

analysed in the national level case studies. What has been the impact on institutional entry policy of national policy? How have institutions dealt with increasing or decreasing access? Has policy for attracting students in general been established, or institutional programmes for the entry of special groups of students? Here we look for both practice and attitude ("mission statements") of the institutions with respect to access.

Fourthly, what has been the institution's policy in terms of steering student enrolment in different programmes of seemingly high economic relevance? Has the institution developed schemes for steering student in a particular direction when choosing between different study programmes within the college/university?

2) New educational structures for working-learning relationships
This cluster pertains to attempts to strengthen the structural relationship between the working life and learning. For this relationship in general the term lifelong learning is being used. Other terms used for this relationship are dual structures and sandwich courses. These refer to innovations in course and programme delivery without necessarily altering programme content - innovations that accommodate working and place-bound students who find it difficult to enrol in traditional graduate programmes. What have been the attitudes and practices of lifelong learning at the higher education institutions in question? Have any specific programmes been developed? What is the shape of these programmes, and what brought these programmes about? What kinds of formalised contacts and co-operation have been set up between the institution (at different levels) and actors from working life (such as employers, trade organisations, professional organisations)?

3) *Involvement of external stake-holders in internal processes*
The focus here should be on the involvement of representatives from business/industry, and political and other social partners in internal processes of universities and colleges, such as their link in to design or adaptation of teaching programmes, the formal participation in internal governance structures, or involvement in teaching. How did external actors get the status as stakeholders, and how were these representatives selected?

3.2 Central institutional level processes:

The analysis of policies and programmes at a central institutional level in these three clusters should start with providing us with an overview of *all* institutional policies & programmes that existed in the time frame you selected for the institution in question, that is not only the policies & programmes that relate to the selected national level policies & programmes.

1) For getting an overview of programmes and policies at central institutional level:
- What institutional programmes and policies exist with respect to the three areas and what do they consist of?
- When were they introduced and why were they introduced? What were their origins - were they new or were they an adaptation/replacement of an already existing policy or programme?

2) For the analysis and description of internal dynamics programmes and policies at central institutional level:

- **Who** were involved in these processes? What constituency within the organisation did they come from? What determined their participation? What were the roles of the participants?
- **Where** were these processes mainly taking place? Collegiate bodies, special committees or administrative units within the central administration, informal fora, specially designed processes (such as the University of X's committee for lifelong learning)
- What were the underlying **attitudes** and **interests** in these change processes? What were the **motivations** for engaging in these change processes/ development of programmes and policies in these areas?
- What and whose **ideas** were central in the processes?
- What **attention** was given to these issues by the active participants, by institutional leaders and by the institution in general? Was it central to institutional policies/missions or peripheral?
- What was (was there) interaction between different **levels** of the institution in these processes? E.g. was the development a response to/ a confirmation of processes that were going on at other levels of the institution?
- Can the actors be described in terms of their power? What constituted the basis of their **influence** on these processes - formal position in the organisation, their academic reputation or that of their organisational unit, their special interest and commitment to the programmes and policy in question?
- Were there clashes between different interests or views on the three issues? Were these processes characterised by internal consensus or by dissensus? Were there any specific alliances established?

3) For description and analysis of the external conditions and interaction in these processes:
- What were the perceptions of the external condition the institution was facing with respect to the three areas? Were there environmental events, changes or expectations surrounding these processes that were deemed as relevant? And if so, what part of the environment was seen as pertinent? International/European level, national government, business, student market, other higher education institutions, buffer organisations, professional organisations, or other?
- Were there external participants directly involved in these processes?
- If any environmental expectations were deemed as relevant, what was the institution's conception of why such expectations were put forward? E.g. what was seen by the institution as the external actors' objectives for exerting pressure?
- Were these expectations/pressures seen as consistent with the institution's own interests and ideas, or the interests and ideas of different constituents within the institution?
- Were the external expectations/pressures of some external actors seen as conflicting or contrary to expectations of other external actors?
- If relevant: in what way were the institution or different actors within the institution perceived as being "pressured" I.e. how or by what means was pressure exerted?
- What can characterise the "response" of the institutions to these perceived external demands? What did they do faced with them? The range can vary from "nothing", accepting, complying, bargaining the external constituents, avoiding, defying to actions of manipulating the external expectations (cf. theoretical framework).

As befits the emphasis of the HEINE project, a focal point for the above questions should be to track how the governmental policies/programmes have been handled in these three policy areas.

ANNEX 2: HEINE Output

A. Meetings of the HEINE research team

Enschede, the Netherlands, 16-17 October 1997
Porto, Portugal, 19-20 March 1998
Oslo, Norway, 11-12 June 1998
Rome, Italy, 24-25 September 1998
Vienna, Austria, 11-12 March 1999
Lancaster, United Kingdom, 16-17 September 1999

Meetings of the HEINE Coordination Team

Enschede, the Netherlands, 18 October 1997
Enschede, the Netherlands, 16 January 1998
Porto, Portugal, 21 March 1998
Oslo, Norway, 13 June 1998
Rome, Italy, 23 September 1998
Oslo, Norway, 23 February 1999
Lancaster, United Kingdom, 18 September 1999

B. Project deliverables

In the original HEINE project ANNEX 1 the following milestones and deliverables were included:

milestones	deliverable items
1. project planning seminar	1. elaborated theoretical framework; over view/synthesis on the state of the art of the field;
2. meeting on case-study procedures	2. institutional/national/supra-national case-study protocols;
3. workshop on draft national reports/ project dissemination plan	3. project dissemination plan;
4. completion of project progress reports	4. six-monthly project progress reports;
5. national workshops on project results	5. final country reports; institutional case reports, and supra-national report;
6. workshop/conference on major findings	6. final synthesising project report.

The status with respect to the deliverables is the following:

1. Elaborated theoretical framework (*Status: produced, see: Åse Gornitzka, 1999*)

overview/synthesis on the state of the art of the field (*Status: internal document*).

2. Institutional/national/supra-national case-study protocols (*Status: produced, see: annexes 1a and 1b above*)
3. Project dissemination plan (*Status, produced*).
4. Six-monthly project progress reports (*Status: produced, with the exception of the last progress report*).
5. Final country reports (eight); institutional case reports (40), and supra-national report. (*Status: Produced. In annexes 3 & 4 examples are included of a national report (UK/England) and an institutional level report (Torino Politecnico/Italy). Supra-national report has been produced as an internal report by the KU Leuven, and will be published as part of a book in 2001*).
6. Final synthesising project report (*Status: produced, with delay. Final conference will take place in 2001*).

As indicated, all national HEINE teams have produced a national report. These reports have not been published formally, but they have been distributed among the respective national stakeholders (for an example of a national report, see Annex 3). The Dutch and Flemish teams have decided to integrate the two national reports and publish it as a book (see below). Some of the other national teams also have the intention to publish the national report formally, but haven't done so yet. The HEINE Coordination Team has edited shorter versions of the national reports to be published as a volume in 2001.

The institutional level case study reports have been produced only for internal HEINE use (for an example of an institutional level case report, see Annex 4). With a number of the institutions it was agreed that case material will only be used anonymously. The institutional case study material will be used for a number of publications coming out in 2000 and 2001. The reports will not be published separately.

The included case institutions were:

Austria:
1. Vienna University of Technology
2. University of Graz
(Included as a special case: Vienna Bio Center)
3. Fachhochschule Wiener Neustadt
4. Fachhochschul-course Burgenland

Belgium/Flanders:
5. Catholic University of Leuven
6. University of Ghent
7. Economische Hogeschool Sint-Aloysius
8. Hogeschool Gent

Finland
9. University of Joensuu
10. Helsinki University of Technology
11. AMK-institution of Kuopio
12. AMK-institution of Jyvskyla

Italy
13. University of Udine
14. Polytechnic of Torino
15. University of Venice Capescary
16. University of Catagna

The Netherlands
17. University of Groningen
18. University of Twente
19. Hogeschool Iselinge (Educatieve Faculteit)
20. HEAO
21. Hogeschool IJselland
Norway
22. University of Oslo
23. Handelshøyskolen
24. Lillehammer college
25. Faculty of Engineering at Oslo College
Portugal
26. University of Aveiro
27. University of Lisbon
28. Polytechnic Institute of Bragança
29. Polytechnic Institute of Porto
30. University Portucalense (private)
31. Polytechnic Institute Gaya (private)
United Kingdom/England
32. Salford University
33. University of Durham
34. Leicester University
35. University of Lancaster
36. University of Central Lancashire
37. Sunderland
38. Bath University
39. University of the West of England, Bristol
40. Liverpool John Moore University
41. UMIST

C. Academic Publications (realised by August 2000)

Gornitzka, Åse (1999) Governmental policies and organisational change in higher education, *Higher Education*, Vol. 38, pp. 5-31.

Gornitzka, Åse and Peter Maassen (1999), Integrating two theoretical perspectives on organisational adaptation, in: Ben Jongbloed, Peter Maassen & Guy Neave (eds.), *From the Eye of the Storm. Higher Education's Changing Institution*, Dordrecht: Kluwer Academic Publisher, pp. 295-316.

Gornitzka, Åse, Jeroen Huisman, Anne Klemperer, Peter Maassen, Oscar van Heffen, Lianne van de Maat, and Hans Vossensteyn (1999) *State steering models with respect to Western European higher education*. Enschede: Center for Higher Education Policy Studies.

Heffen, Oscar van, Peter Maassen, Jef Verhoeven, Frans de Vijlder en Kurt de Wit (1999), *Overheid, hoger onderwijs en economie: ontwikkelingen in Nederland en Vlaanderen*, Utrecht: Uitgeverij LEMMA.

Heffen, Oscar van, Jef Verhoeven and Kurt de Wit (1999), Hoger onderwijs en beleid in Vlaanderen, *Bestuurskunde*, 8 (8) (*themanummer Hoger onderwijs en de kennissamenleving*), pp. 367-376.

Heffen, Oscar van, Peter Maassen and Jef Verhoeven (1999) Hogeronderwijs(beleid) en de kennissamenleving, *Bestuurskunde*, 8 (8) (*themanummer Hoger onderwijs en de kennissamenleving*), pp. 342-345.

Huisman, Jeroen and Lynn Meek (1999) New study programmes at universities: Strategic adaptation versus institutional adjustment, in: B. Jongbloed, P. Maassen & G. Neave (Eds) *From the Eye of the Storm. Higher Education's Changing Institution.* Dordrecht: Kluwer.

Verhoeven, Jef, and Kurt de Wit (1999) Hoger onderwijs en beleid in Europa, *Bestuurskunde*, 8 (8) (*themanummer Hoger onderwijs en de kennissamenleving*), pp. 346-356.

In addition, each national team has published a large number of internal papers and documents, many of which will be published in the remainder of 2000 and 2001 (for an example of such a paper, see annex 5).

D. National workshops

The following national workshops were organised during which the national level case report was presented and discussed.

1. Austria: Vienna, 10 March 1999. In addition to the Austrian national team also Oliver Fulton (CSET) and Peter Maassen (CHEPS) were present. Both gave a presentation on the general outcomes of the HEINE project.
2. Norway: Oslo, 12 June 1999, the Norwegian HEINE team was joined by Oliver Fulton and Peter Maassen for presenting the outcomes of the Norwegian case study and the general outcomes to the Norwegian national Mjøs-Commission.
3. United Kingdom: London, 26 April 1999. In addition to the British national team also Peter Maassen (CHEPS) was present. He gave a presentation on the general outcomes of the HEINE project
4. Belgium/Flanders & The Netherlands: Antwerp, Belgium, 3 & 4 June 1999. A joint workshop of the Flemish and Dutch team for a large audience from both countries.

Also many of the HEINE researchers presented HEINE based papers at numerous conferences in 1998 and 1999.

ANNEX 3: British national report

Higher education, the state and the economy: the English case

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Aase Gornitzka, Peter Maassen
Centre for Higher Education Policy Studies, University of Twente

1 A comparative perspective on national policies

Introduction

It is now virtually taken for granted that in Western countries at the end of 20th century, society in general and its economic prosperity in particular are more and more dependent on the way knowledge is handled. Given their traditional role in the production, transfer and dissemination of knowledge, universities should therefore be key socio-economic institutions. However, there are serious doubts world-wide whether universities as we know them are capable of living up to these expectations. Whatever the underlying arguments, it is clear in practice that universities now face a number of serious challenges. They are expected to come to grips with the need to develop new notions of learning and new structures for doing research - traditional notions and structures have gradually become perceived as outdated and inadequate for satisfying the needs of knowledge (-based) societies. Although significant adaptations have already been introduced in many universities, the adaptation process has a long way to go. A further challenge concerns the need to deal with the internationalisation of socio-economic structures. In Europe this potentially goes well beyond the general pressures stemming from economic networking and globalisation. European universities and colleges are officially regarded as key instruments for strengthening the European dimension in the social institutions of the EU member states.

Although the general trend towards the knowledge society is not a new phenomenon, these challenges facing higher education have come to the surface, at least in Europe, only in the last 10 to 15 years. Over that period we have seen a major reshuffling of the relationship between government and higher education which has been reasonably well documented and analysed across Europe (see, for example, Neave and Van Vught 1991; Goedegebuure *et al.* 1994). The university side, however, has until recently received far less attention in higher education research. The HEINE research project not only incorporates both the governmental and the higher education sides of the change process, but it specifically aims to analyse the relationship between the two, that is between governmental policies *and* policy mechanisms on one hand, and organisational change processes on the other.

Large-scale comparative policy-oriented research projects in the area of higher education are relatively rare - not least because of the scarcity of funding at a national level for such comparative work. However, the European Commission has provided funding for just such a project through one of its framework programmes, the Targeted Socio-Economic Research Programme (TSER). The HEINE project is examining government-higher education relationships in eight European countries: Austria, Belgium (Flanders), Finland, Italy, the Netherlands, Norway, Portugal and the UK (England) - and within these relationships, in line with the general emphasis of the TSER Programme, our focus is on what can be defined as the economic policies and programmes of universities and colleges, and in particular on policies, programmes and curricular, structural and organisational change in respect of the teaching function of higher education.

The project consists of three main phases. It started with national and supra-national[10] case studies focusing on specific policy dimensions at national and European governmental level.

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[10] The national studies have been based on primary (documentary) and secondary analysis over a period of approximately twenty years, plus interviews with a small sample of key policy makers and policy 'influentials', past and present.

These are being followed by institutional case studies in the respective countries, which are currently nearing completion. The final stage will be comparative analysis.

The overall research question can be simply stated as follows: How do (higher education) organisations change in response to, or in interaction with, government policies and programmes? We do not approach this issue as one would do in a classical implementation study, following a given policy from formation through implementation to evaluation of its effects, and assuming a linear causal chain of events. Rather we see public policy initiatives as possible inputs into organisational change processes at an institutional level. Moreover, our analysis of government policy does not presume a unitary state which simply articulates societal expectations and converts them to appropriate policy formulations: like Salter and Tapper (1994) our national case studies are concerned with the complex of interests and influences, institutions and actors, out of whose interplay, and explicit or implicit conflicts, policy values, assumptions, frameworks and initiatives may from time to time emerge.

In practice, the project has focused on public policy initiatives in three areas. The first of these areas is the relationship between higher education institutions and the economy in the area of the long-established internal teaching activities of universities and colleges, activities focused on what may be broadly described as 'traditional' students (acknowledging that with the massification of higher education, the social characteristics of such students have evolved well beyond the boundaries set by the elite or selective systems of the past). The second area concerns new relationships between the teaching activities of universities and colleges and external needs for training and education, leading to new educational and training structures for 'non-traditional/lifelong students'. The third area, logically different but seen by some national governments and institutions as a key to enhancing the economic role of HE, concerns attempts to link external stakeholders to internal change processes through adaptations in governance or consultative structures. These three areas or clusters have been used for selecting the governmental policies and programmes to be investigated.

In the following pages we present some of the findings of the first phase of the project, offering an overview of public policy initiatives with respect to the economic role of higher education institutions. We begin by offering a comparative framework for understanding some of the trends in national policy across Europe in recent years, and then focus in on England as a particular example, which in some respects reflects or exemplifies more general trends but in other respects appears as exceptional. At this stage of the project it is too early to present systematic findings at the institutional level.

2 Recent European trends in policies for higher education

In reviewing public policy initiatives for the economic role of higher education, we asked our national research teams to address two key questions: first, how have societal expectations and demands concerning this role evolved in recent years? and second, how have these expectations and demands been interpreted and translated into governmental policies and programmes? It is clear that across Europe over the last 20 years, governmental views on higher education have gradually been 'economised'. This does not imply that the 'economisation' of higher education follows the same patterns, the same contents, and the same intensity in all eight countries. National circumstances and traditions play a crucial role

in shaping both governmental policies and programmes with respect to higher education in any country, and also the underlying economic expectations and demands placed upon higher education. Nonetheless, we can observe in every country that the importance of the economic perspective on higher education has increased.

Governmental policy in context
European governments have a long tradition of interpreting, and converting to political action, broad social demands and expectations concerning their public sectors. However, for some time after the Second World War, the economic perspective was not regarded as appropriate for shaping the national framework for steering higher education. Generally, Ministries of Economic Affairs were unable or unwilling to see or use higher education as an economic instrument, while Ministries of Education were unable or unwilling to address the economic role of higher education. Although the first wave of expansion of higher education, which generally took place around the 1960s, was to some extent rationalised and legitimated (e.g. by the OECD) by the claim that satisfying rising social demand would also bring economic benefits, it can also be seen quite clearly that for much of the post-war period in most countries, the political elite wanted to protect higher education from any direct influence of economic interests. Higher education was primarily expected to satisfy social and cultural demands. In Italy the cultural mission of the university was even confirmed explicitly by various higher education laws after 1945, while the Italian constitution of 1947 included as one of its fundamental principles the higher education institutions' autonomy from the economic system. Such formal independence did not imply that national governments assumed that there was no relationship between higher education and the economy. Implicitly they all indicated both through their policy documents and their budgetary appropriations in the first two or three post-war decades that higher education could play an important role in economic development. However, in the European national traditions this economic role was expected to take place as a by-product, so to speak, of the other roles which higher education as a social institution was supposed to play.

Of course, specific national circumstances and traditions determined how this by-product was to be achieved. Portuguese higher education, for example, was clearly tainted by the dictatorial regime until 1974: it was a closed sector which played an important part in supporting and maintaining the ideology of that regime. Also, though very differently, in Flanders specific political and social circumstances hindered the early development of a strong governmental view on the economic role of higher education: the specific interplay of political, religious and linguistic interests which lasted until 1989 did not permit the modernisation of Flemish higher education policy in a number of different respects, including the development of explicitly economic higher education policies. In Austria, traditionally distinctive governmental 'steering' relationships existed, which combined a strong formal system of ministerial dominance with informal practices through which academics were highly influential in national policy- and decision-making on higher education: in this formal-informal governance system, higher education was protected from specific economic influences - and this lasted until the so-called second reform cycle of the 1990s. In Norway over the last two decades economic arguments have been referred to in government rhetoric, but these have mostly been rather general statements without clear policy implications. In general, in Norway so far, economic arguments have neither been the underlying driving force behind specific policy initiatives nor behind the expansion of higher education - instead

the social, democratic and cultural roles of higher education have been valued and emphasised.

Nevertheless, in general there are clear signs that in all countries there has been a gradual strengthening of economic expectations and demands concerning higher education, more or less over the last 20 years. While the specific nature, focus and timing of this 'economisation' may differ from country to country, what is comparable in all countries is that economic issues have not only entered but in some cases come to dominate, higher education policy debates.

Dimensions of the debate: internal/external and efficiency/effectiveness
We can categorise the policy issues along two dimensions. The first consists of the *internal* versus *external* dimension. By *internal*, we refer to the intra-institutional processes that are seen as necessary for achieving the desired quantitative and qualitative goals of higher education. The *external* dimension covers the relationship between higher education and society - in the context of this study, specifically economic expectations and demands. The second line of analysis has to do with the *efficiency* versus *effectiveness* dimensions of societal expectations and demands. While *efficiency* aspects refer to whether the institutions are doing what they are doing in the best possible (most cost-efficient) way, *effectiveness* primarily concerns whether the institutions are doing what they are supposed to do. Table 1 shows four resulting cells, with a number of examples of the main national areas of interest in the policy debates.

Table 1:   Governmental areas of interest concerning the economic role of higher education institutions

	Efficiency	Effectiveness
Internal	- Managerialism - Produce graduates more efficiently	- Producing better graduates (meeting the demands of employers in a better way)
External	- Reducing the level of public expenditure on higher education - Introduction / increase of tuition fees - Creation of non-university sector (creating a cheaper output)	- Creation/strengthening of non-university sector (creating a more diversified output)

The areas of interest listed in Table 1 can be argued to be the main common issues across the eight countries when it comes to the governmental interest in the economic role of universities and colleges. At different times and in different contexts, governments may emphasise the efficiency of institutions' internal operations, or the efficiency of the system as a whole; the effectiveness of institution-level activities or the effectiveness of the whole system. The efficiency / effectiveness question seems to have entered the policy debates at the end of the 1970s or beginning of the 1980s - first in the United Kingdom and the Netherlands, later and with a certain time-lag, in the other countries: first and as a consequence of its own economic crisis, in Finland, followed by Norway, Flanders, Portugal, Austria, and Italy.

Leaving the specific national areas of interest and debates aside for a moment, some striking similarities can be observed. The starting-point for an interest in the efficiency and effectiveness of higher education can be found in governments' own policies for acceding to, and in most cases stimulating, the massification of higher education. The rapid growth of enrolments in universities and colleges led not only to concerns about the related public costs, but consequently to :

- an interest in strengthening institutional governance and management as a way of improving institutional efficiency and effectiveness; worries about the quantitative and qualitative relationship between higher education and the labour market;
- an interest in using structural adaptations as a means to improve efficiency and effectiveness for the system as a whole, albeit by :
  - integrating the university and non-university sectors (United Kingdom);
  - strengthening the non-university sector (Flanders, the Netherlands, Norway, Portugal);
  - introducing a non-university sector for the first time (Austria, Finland); or
  - stimulating the development of sub-campuses (Italy);
  - and concerns with the length of study for the basic qualification.

In all countries, the massification of higher education has also led not only to the end of unconditional open-ended public funding of higher education, but to efforts to reduce the level of public expenditure on higher education, exemplified in political debates on the introduction or increase of tuition fees, as well as a general shift from a more or less fully publicly funded higher education system to a system increasingly relying on non-governmental sources of income.

Other factors of course complemented and sharpened the effects of the massification of higher education, not least the growing demand for public money from other public services. But this was intensified by the economic crisis that hit Europe in the late 1970s and early 1980s. Rather than directly stimulating a reconsideration of the economic role of higher education, this crisis instead led to a broader debate about the role of government, a reshuffling of the welfare state and an 'instrumentalisation' of the public services more generally. For a while it seemed that in most countries economic considerations and arguments were dominating governmental views on higher education in such a way that all other societal roles of higher education were neglected or at best subservient to higher education. Only with the fading away of the economic crisis has an element of innovation in higher education policies, arguably long overdue, become possible. If in many countries this has led to a partial 'de-instrumentalisation' of higher education and a renewed interest in other, e.g. social, and cultural, roles of higher education, this does not imply that the interest in the economic role of higher education in its turn has been pushed to the background. Instead the modernisation of governmental views on higher education has tended to imply some attempt to integrate the different roles of higher education, without a clear dominance of any of them. It has meant that other Ministries than Education have become interested in higher education, for example Economic Affairs, Employment, Social Affairs, Development/Aid. In this rather complex policy arena it has consequently become quite difficult to disentangle economic expectations and demands concerning higher education from other societal expectations. However, it is still the case that in current governmental policies or debates on higher education, and certainly in the leading topics on political agendas such as the quality of higher education, the relationship between higher education

and the labour market, the affordability of higher education, and the value of higher education programmes and degrees, the economic dimension is clearly present.

3   The English context

General governmental views on the economic role of higher education
General salience of higher education
Over the last twenty years the UK has undoubtedly seen an increasing emphasis on the general political importance of higher education, more or less in line with the massification of the UK system. Massification has increased the political salience of higher education in several ways: first because the cost to the state of providing higher education has risen steadily, especially in relation to the budget for compulsory schooling; secondly because higher education now feeds graduates and other highly qualified people into a much wider segment of the labour market; and thirdly because the experience of higher level study, and an expectation of it for their children, is becoming the norm for an increasingly substantial proportion of voters, whose expectations cannot easily be ignored or marginalised. Nevertheless, it is a matter for debate whether the agencies of government, including the Education Department in its successive incarnations, fully reflect this increased salience: some of our interviewees would argue that in culture, structure and assumptions most civil servants and politicians still derive their values and aims more from the compulsory education sector than from direct engagement with, or reflection on, distinctive features of higher education. It has also been the case that at least until recently, their own personal experience of higher education was entirely of the elite university sector of the 1960s or earlier. Some interviewees appeared to draw - consciously or otherwise - largely on this personal experience: others (both those with different backgrounds and those who had taken opportunities to inform themselves more fully) commented on the lack of understanding among much of the political elite of the full implications of massification.

Cost to the state
During the late 1970s and early 1980s, higher education was relatively insignificant as a focus of central policy, with the relevant government departments, even more then than now, mainly preoccupied with issues in the compulsory sector. For higher education, attention mainly focused on the possibility of reducing costs to the state. This concern has only increased as costs have risen with mass participation. Even during the Labour government of 1974-79 there were a number of attempts, successfully resisted in the short term, to encourage universities to review their practices with a view to greater economy, i.e. to improve the social return through increased 'efficiency'. At the same time a few independent critics, mainly on the political right, argued that the universities' 'over-dependence' on the state for their funding posed an undesirable threat to their autonomy.   Internally, officials with direct responsibility appear to have regarded the higher education budget as a source of considerable embarrassment, at least vis-a-vis the Treasury: a very large hole, in the words of one, into which large sums of money were tipped with no accountability or attempt to demonstrate that value for money (in terms of either efficiency or effectiveness) was being delivered.

It was therefore no great surprise that in 1981 the Conservative government, by then well embarked on its much more ideological quest to reduce public sector expenditure, announced that it would sharply cut back its grant to the university sector over the following three-year

period, nominally at least on the grounds that student numbers were forecast to fall. In the short term the university sector reduced its intake of students in line with the funding provided, thus preserving the 'unit of resource', i.e. the per-capita cost. But net income to most universities fell substantially, and to some very sharply. Staff numbers and other items of expenditure were reduced. And crucially, there was now a substantial incentive to look for alternative sources of income. The marketisation process thus began, helped by government moves to increase universities' financial independence - and hence, in the current circumstances, their vulnerability.

However, the policy messages as received by institutions were perhaps more confused. The UGC, which had the job of allocating financial cutbacks across institutions, chose to do so differentially. A few universities were very sharply affected (up to 40% cuts at the extreme). Inevitably, most of these made great efforts to diversify their income for the sake of survival. There are only a limited number of ways in which universities can - or could at that time - increase their external income, and many of these would naturally point in the direction of an increased economic role, through selling services to the productive sector. The University of Salford, in particular, one of the two most severely-cut English universities, immediately restructured itself and became quite successful at independent income generation through commercial operations. Indeed, it was held up as a flagship by its entrepreneurial Vice Chancellor and commended by government ministers mainly for its entrepreneurialism (seen as a virtue in itself) but also for its economic relevance. Salford lost no time in pointing out that its commercial success was built on well-established connections with local industry and an exceptionally good record of employment for its graduates - qualities which it claimed had actually been negatively rated by the UGC in its allocations. It was certainly the case that whatever its economic achievements, it scored badly in some of the more traditional indicators of quality, such as research output and student entry qualifications - and the implication was that the latter had been heavily weighted. The consequence was that while the financial cutbacks may have acted as an incentive to income generation, their (inevitable) differential implementation also suggested to many universities that near-market activities would be penalised in the allocation of state resources - a set of conflicting perceptions which persists today.

The universities had at first believed that these cutbacks were imposed on a one-time basis. But in 1984 they were warned that their funding would from now on be steadily reduced and that they must constantly seek to achieve greater efficiency, and in 1985 the government's Public Expenditure White Paper announced that the university grant would be 'cash-limited' for the foreseeable future at well below the forecast rate of inflation: efficiency requirements were from now on built into funding allocations.

During the 1980s the polytechnics were also subjected to 'efficiency savings' but, unlike the universities, they increased their student recruitment and achieved the required lower per-capita costs not through reduced income but through educating larger numbers for the same income. The contrast was successfully used by this sector to claim political credit, and their example was applied to the universities, after a brief and unsuccessful attempt in 1989 to create direct price competition between universities through competitive tendering for student 'places'. In effect, the massive system-wide expansion of 1989-1993 was used to drive down per-capita costs by funding new student places at near-marginal prices: universities that wished to maintain their total income from teaching at its previous level had no choice but to

take extra students - an option which only a few refused. In other words, reduced costs or greater efficiency were achieved through a double process of competition: both *between* the two sectors of universities and polytechnics/colleges, and between institutions *within* each sector.

Since the ending of growth in 1993, further 'efficiency gains' have been imposed without (until very recently) the option of substantially increasing income through expansion in government-funded numbers - a reversion from competitive to dirigiste policy with respect to teaching costs.

The net result, in any event, has been that across the system per-capita costs have been reduced by at least 33% in the past ten years. Moreover, since 1993 real income has fallen to the point that many universities have faced financial difficulties - some severe; substantial and sometimes draconian economies have been adopted including staff reductions (staff-student ratios have changed more or less in parallel with the financial cuts) and a shift to greater casualisation of employment; and the Dearing Committee, reporting in 1997, broadly agreed with the higher education system's claim that high quality could no longer be sustained if funding continued to decline.

A major effect of these funding changes has been to create a strong incentive for higher education institutions to respond to financial policy instruments from government. Since the early 1980s government departments and their successive central planning/funding agencies have increasingly and successfully used 'initiative' or categorical funding as a main lever for policy change. Most institutions, while complaining that disproportionate efforts are needed (at both the bidding and the implementation stages) for very modest returns, have generally felt unable to turn their backs on opportunities to tender, and government has arguably obtained high leverage for quite modest sums. Financially-levered policy has apparently been accepted as legitimate (albeit resented) in a system where there is a high level of formal autonomy for universities, and has also fitted with successive governments' ideological commitments to market mechanisms. At the same time, however, the reliance on a plethora of relatively small-scale initiatives has given the impression of piecemeal rather than grand-plan policy making. And a few universities whose participation in these initiatives might have been particularly welcome to policy makers seem in fact to have decided that there are better ways to earn money.

In comparative terms, as suggested above, the UK is not particularly unusual in the level of political concern for the rising costs of higher education. Such concern has been generated both internally (through the cost of educating increased numbers) and externally (through national economic crisis (Finland), the desire to reduce state expenditure (NL, UK) or chronic shortage of resources (Portugal).) Other countries have taken steps - earlier than the UK - to shift costs to students (NL, Portugal) or have debated the possibility but drawn back from it on social or political grounds (Norway, Flanders). England however is at the extreme - or in the vanguard - both in the scale of cutbacks in government funding and perhaps also in government (Treasury) preoccupations with demonstrating efficiency/value for money.

Changes in the labour market.
Even in the late 1970s a number of high-level occupational groups in the UK (including professions such as accountancy, and senior management 'tracks' within a number of major

industries) had been wide open to non-graduates, and some prominent industrialists felt no embarrassment in suggesting that graduates were so ill-equipped for work that universities should not be a priority for national investment. But there has been a growing awareness of unfavourable international comparisons, first of higher education participation - though perhaps not graduation - rates, and later of skill levels in the working population. A recognition of the vulnerability of one of the allegedly lowest-skilled economies in the European Union north of the Mediterranean has largely transformed the earlier anti-university rhetoric. Since the mid-1980s the massification of higher education has generally been closely linked in political discourse to desired changes in the labour market, towards a 'high-skill/high-wage' economy, with greater flexibility and mobility of labour linked to higher qualifications and 'personal' skills. A number of commentators, notably Brown and Scase (1994), have linked this new emphasis to changes in the nature of work itself, with the move from 'bureaucratic' to 'flexible' organisational forms (or from Fordism to post-Fordism in others' terms): some of our interviewees virtually echoed this analysis, if in less technical language.

Alternatively, we can interpret these changes as the outcome of a long-running debate about the appropriate rationale for the supply of highly qualified labour. Policy aims have oscillated between, on the one hand, aiming to meet current or forecast needs for highly qualified people and on the other, supplying human capital which might generate new jobs and economic growth. It has sometimes been claimed that political proposals for manpower planning recur in the UK on a regular, cyclical basis. Periods of social demand-based policy or planning (which was adopted as the guiding principle by the Robbins Committee in 1963 and justified *inter alia* by human capital-based arguments) tend to be followed by allegations of either over- or under-supply of graduates. These may arise through imperfect or time-lagged market feedback, through unanticipated changes in the availability of specific 'graduate jobs' or most commonly, through phases of the economic cycle. The early 1970s and early 1980s were both periods of claimed oversupply, as indicated by rising graduate unemployment and claims of 'under-employment': the later 1980s, however, saw warnings from leading industrialists and others of potential under-supply.

In 1980 the Committee of Directors of Polytechnics (who had much to gain from expansion of numbers) told the House of Commons that 'Manpower planning in any detailed sense has been generally discredited, yet a consensus is growing that some overall target planning is necessary in order to provide a flow of skilled manpower which will roughly meet employment demands or economic developments.' And in 1982 a government minister declared that 'Government, industry and higher education must work together to *match* the output of qualified personnel with industry's needs' [our italics]. In 1984, however, the UGC and NAB [National Advisory Body for Polytechnics and Colleges] jointly argued the economic case for increased participation on broad human capital grounds. They suggested that 'it is impossible to apply detailed manpower planning to higher education' but that an increasingly highly-skilled economy would inevitably (but unquantifiably) need a higher proportion of graduates. But in reply the DES in its 1985 Green Paper provided calculations of historic rates of return which showed that while recent rates were 'satisfactory' by current standards, they had declined considerably from the early 1970s - and commented that any proposal for expansion (or for the recruitment of socially marginal groups) must demonstrate that the expected benefits would justify the costs of investment, suggesting that 'it is not improbable that some institutions ... will need to be closed or merged at some point during the

next ten years'.   (It also declared that 'the Government believes that it is vital for our higher education to contribute *more* effectively to the improvement of the performance of the economy,' [our italics] - a sentiment repeated in every major Government paper since then - and made specific proposals about subject balance, attitudes to industry and quality (see below).)

However, in the two or three years following this, and after a change of Secretary of State, a campaign by, notably, the new Council for Industry and Higher Education (CIHE), a pressure group composed of leading university vice-chancellors and the chairs or chief executives of leading companies, argued that a *de facto* policy of reducing graduate output was wholly incompatible with the government's simultaneous aspirations for economic growth. In 1986 Kenneth Baker, the new Secretary of State, began to reverse the previous cautious policy, and by 1989 he had committed government to expansion to a mass system, in order to 'meet the economic and social challenges of the final decade of this century and beyond': his primary aim for higher education was that it should 'serve the economy more effectively'. References were made in the 1987 White Paper to general and specific shortages of graduates, both current and projected. But by 1989, when expansion was in full swing, the language of policy had fully shifted from discussion of forecast needs to references to 'international competitiveness' and international comparisons of participation rates, graduate output and labour force distribution.

Equally, however, there was little attempt to justify, either in human capital or manpower-forecast terms, the restrictions on further growth which were abruptly reimposed in 1993, largely if not entirely for financial reasons. Although these restrictions have only been partially relaxed, there is certainly now talk of further expansion. And it appears that even under a new government with a renewed commitment to the use of education, including higher education, as a key means of alleviating a wide range of social problems, political emphasis on a broad economic justification for educational 'investment' has never been stronger.

In our interviews we tested our impression that much of the policy debate of the last twenty years has been characterised, if not bedevilled, by the conflict between human resource planning (basing the supply of higher education places on forecasts of future demand for graduates), human capital approaches (the assumption that a greater supply of graduates would prompt economic growth) and the perceived imperatives to respond to social demand from students or even to engineer greater demand for socially progressive reasons. Interviewees generally confirmed that a decisive shift had indeed taken place between 1985 and 1987, but tended to describe this largely in economic terms, as a rejection of human resource planning (as both practically ineffective and economically inappropriate) in favour of human capital approaches.   On the whole they suggested that there were few echoes in England of the robust rejection by most other countries in our study of the political legitimacy of applying forecast-based restrictions on the supply of places. However, apart from persistent attempts to increase the supply of science and technology graduates (see below) the UK approach has recently been to improve the supply of information on *current* graduate employment and then leave it to students to make up their own minds. Some smaller European countries (notably Finland with its vision of the 'Nokia economy') have attempted to provide rather firmer guidance on expected or planned *future* macro-economic trends in employment.

Economic critiques

But any positive rhetoric about human capital, reinforced by national targets for lower levels of qualifications and visions of the knowledge or learning society, has been counter-balanced by frequent criticisms of the economic deficiencies of higher education. It should be noted that while individual employers, and indeed politicians, have perhaps ranged along a single continuum from - at one end - relatively strong support for the economic role of higher education combined with relative lack of criticism, to - at the other extreme - strong criticism and little or no support, there are numerous examples of public statements (government Green and White papers, statements by the CIHE, employers' organisations, etc.) in which there is a clear attempt at balance: higher education is said to be both essential but at the same time inadequate as presently delivered. Many commentators attribute the rising critique (which we tentatively date as first occurring around 1970 and peaking in England in the early 1980s) to the 'overselling' of higher education in the 1960s, by the Robbins Committee, by the UK and many other national governments and by international organisations. Robbins for example suggested that the expansion of higher education would help to solve both of the country's most pressing concerns - economic decline and social inequality - setting up expectations which were virtually bound to be disappointed, at least in the short term.

The 'deficit model' has a number of components.

On a *quantitative* basis, there have been very long-standing English concerns with the balance of subjects studied in higher education, whether generally between 'vocational' and 'non-vocational' subjects or more specifically between science/technology and non-scientific subjects. However, planners and policy-makers have found themselves repeatedly at odds with the market as expressed in student applications. The polytechnic sector, which was set up in the 1960s with the explicit brief to provide vocational courses in response to local and regional, especially industrial, needs, quickly found that demand for vocational courses was not as buoyant as had been expected: much of the early growth in the polytechnics (and the curricular diversification of the college sector) was in non-vocational courses in the arts, humanities and social sciences. There was certainly criticism both of this 'drift' in the polytechnics and of the universities' alleged overemphasis on liberal education. Unfortunately for the critics, little evidence could be found outside a small number of specialist vocational courses to suggest that there were genuine shortages on a scale large enough to impede economic growth: in fact, graduates with general / liberal education qualifications have long tended to command higher salaries in the labour market.

There has also been an equally long-standing concern with the proportion of students taking courses in science and technology. In this respect, although occasionally evidence was produced of 'skills shortages' in particular, often quite limited subjects (such as electrical engineering and computer science), human capital and indeed ideological arguments have been much more prominent. (It is of course within specific disciplines that manpower planning techniques are subjected to their sternest test.) On the human capital front, organisations of scientists and especially engineers have constantly argued that a good supply of technically qualified graduates is most likely to propel the UK to the forefront of international competitiveness, and have succeeded in creating something of a moral panic at a long-term *relative* decline in the proportion of science and engineering students among the (rising) student population as a whole.

A series of initiatives in the late 1970s and early 1980s therefore aimed to provide extra student places (or to protect places from proportionate cutbacks) in science and technology. However, these proved, if anything, counterproductive: they have consistently distorted the applications 'market', making it harder to obtain places in comparable institutions for many humanities, social science and professional disciplines than it is for courses in science and technology. All sides of the market - employers, students and their parents, and schools - tend to judge courses (and hence their graduates) on the basis of the entry grades required: courses, and disciplines, that are easy to get into, are perceived as low in status and likely to command lower salaries. Thus the government insistence on expanding the number of places in science and technology may well have had the perverse effect of discouraging applications and downgrading the potential contribution of the graduates who did emerge from these disciplines.

On the *qualitative* side, graduates are said to be inadequately trained and prepared for work - they lack essential skills and attributes and do not meet employers' legitimate expectations. We referred above to the pattern of employer discontent which became steadily more vocal during the 1970s and - along with growing government anxieties about returns on the investment of limited public funds - prompted government concern, throughout the education system, from 1976 onwards.

One of government's first responses was the commissioning of research in the late 1970s into employers' attitudes and expectations, which underlined (perhaps even exaggerated) the depth of verbal discontent, which arguably constituted a generally critical and even anti-intellectual discourse. At an explicitly ideological level, in the mid-1980s it was commonly argued both by government and by its intellectual supporters that Britain's poor economic performance was directly attributable to a failure on the part of the (liberal) educational system. Notably, Corelli Barnett and Martin Weiner received considerable attention for their historically-based critiques of an alleged 'British Disease' of anti-scientific, anti-industrial and anti-entrepreneurial culture, which was largely blamed on the values of an academic elite. At a more mundane level, employers had told Roizen and Jepson (and other researchers) that graduates were not only ill-equipped with entrepreneurial values but lacked specific, more practical skills including numeracy and/or literacy (of a kind appropriate for a business environment), communication and interpersonal skills. At the same time, however, there was evidence to suggest that despite their spokespersons' complaints, firms were continuing (or even increasing) their recruitment of graduates, not least graduates from the kinds of disciplinary and institutional backgrounds which they were at the same time condemning as inappropriate and poor preparation for work. In particular, many employers were found to be unsympathetic to the well-established use of 'sandwich' programmes, in which a student typically inserts up to a year of work placement between the normal three years of an English first degree. It might have been thought that these programmes would constitute a good solution to at least some of the employers' complaints. But in fact there was evidence that many employers were unwilling to provide such placements themselves, so that institutions providing sandwich courses found it difficult to arrange placements of adequate quality and quantity. Nor were sandwich course graduates favoured in the market: perhaps in another version of the vicious cycle described above in connection with science and technology graduates, well-qualified students avoided sandwich courses because job prospects were not

good (perhaps also because they lacked 'entrepreneurial spirit' - or simply wanted to graduate sooner), and employers avoided them because their entry qualifications were relatively low.

Academic staff have also been included in this critique. Implicit or explicit criticisms include claims that academic staff are ignorant of 'the real world', and even that they are antipathetic to enterprise: the 1985 Green Paper warned universities (implicitly their staff) to 'beware of "anti-business" snobbery' and 'the hazard of blunting [..] the entrepreneurial spirit' and instructed them to 'go out to develop their links with industry and commerce', though also acknowledging that many such 'techniques and arrangements' were already in place. More generally, the Jarratt Report of 1985 was sharply critical of universities' neglect of staff 'development, appraisal and accountability', arguing not only that staff needed further training to cope with increasing demands but that they were unaccountable and, by implication, often performing badly.

Higher education *institutions* have also been criticised as inefficient and/or badly managed, accused of wasting public funds and financial over-dependence on the state. This criticism was first and most clearly articulated in the Jarratt Report, which claimed that 'Universities are increasingly told what they should be doing by outside bodies, in part because such bodies believe universities themselves are not sufficiently responsive to national needs' and recommended not only staff management measures (see above) but that universities must regard themselves as 'corporate enterprises' with corporate plans, performance indicators, cost awareness and full cost recovery, value-for-money exercises, vice-chancellors acting as chief executives rather than as senior colleagues, and in general a highly managerialist framework which was regarded - with some validity - as wholly alien to the culture of most of the then universities. The rationale for these recommendations (aside from their intuitively self-evident desirability to the mainly non-academic authors of the report) was the need both to use public money more efficiently and also to position institutions for much greater direct income generation.

There is little sign in the reports from other countries of the level of discontent which was for a considerable period a dominant component in public discourse about higher education in England. This is not to say that the issues are not on the agenda: as we have already suggested, the capacities and attributes of graduates and the efficiency of institutions have been seen as areas worthy of policy-makers' attention. But our impression is that by and large, elsewhere the main inspiration for policy initiatives in these areas has been more a desire for improvement, in pursuit of international competitiveness, and possibly also direct policy borrowing, rather than serious dissatisfaction on the scale experienced in England.

Regional role
In the most recent period in the UK, and even in England, there has been increasing interest in the role of higher education institutions as agencies of economic development or regeneration for their locality or region, through skills supply and development, technology transfer, financial multiplier effects, etc. This has been a fairly consistent thread in the policy discourse for some years (e.g. the 1985 Green Paper & thereafter), and has received growing support in principle from the regional focus of much European policy, and recently from the Labour Government's apparent commitment to regional devolution, not only to Scotland and Wales but also to English sub-regions. However, it has also been argued that the broad thrusts of national policy - most notably the RAE's emphasis on international comparisons, but also

national assessment and future benchmarking for TQA, the premium on national and international student recruitment, etc. - have not rewarded, and indeed may well inhibit or even penalise, local and regional initiatives. There is some evidence, both from our national interviewees and from the first case studies of institutions, that this may now be becoming an area in which there is genuine and potentially wide divergence from national norms, in other words that certain institutions (and not only, and not all of, the former polytechnics which after all only recently emerged from a strong local government connection) may find it in their interest to develop very strong regional links. However, it appears that on the whole this interest has not been driven by DES/DfE/DfEE, but by local political agencies, European funding mechanisms and criteria, non-education ministries and agencies and also through either an historic or a newly-emergent commitment of a relatively small number of institutions to regional responsiveness and regional development.   Certainly, none of the central (or regional) government initiatives in the UK in the area of regional policy for higher education have yet developed the weight that has been given to regional policy in other European countries such as Finland, Norway, Portugal or Italy.

Specific government policy responsibilities
Institutional autonomy and the limits of government power and authority.
Approaches to government-higher education relations in the UK have been based on the understanding that universities are autonomous institutions, whose autonomy, at least for the pre-1992 institutions, is safeguarded by royal charter. In no formal sense can the chartered universities be described as 'state' institutions on the continental European model, or their employees civil servants.

However, this technical boundary, while indicating fundamental differences between the UK and most other European countries, by no means describes the full complexity of government-higher education relations. There has long been a recognition of the state's legitimate interest in the universities. Even in the nineteenth century, the state twice intervened in the internal affairs of Oxford and Cambridge. In the twentieth century, the increasing salience of universities to perceived wider national interests led to a set of elaborate structural arrangements for managing the relationship, and an implicit contract between universities and the state not unlike the more explicit contract recently envisaged by Dearing. The UGC was created in 1919 to act as a 'buffer' between government interest and university autonomy, and by the end of the Second World War, an agreed understanding seems to have been reached that it was for government to decide on the overall size of the system (that is, the total number of students), and the balances between 'science' and 'non-science' subjects and between undergraduate and postgraduate work. Other matters - including the decision to create new universities in cities without them - were for the committee to make. But even on the size and shape of the system, and on the cost (which by now fell overwhelmingly on government funds), government was expected to rely heavily on the 'expert advice' of the committee. A number of other principles - notably that all universities would be funded on the assumption that all staff would be equally engaged in research and scholarship - were also built into the public policy understanding.

However, the UGC system was unable to resolve all potential policy problems. Following a very sharp rise (by contemporary standards) in the social demand for higher education during the 1950s, government felt compelled to set up the Robbins Committee, with a number of explicit tasks, but implicitly and most importantly to provide legitimacy to both the plans for,

and the consequences of, the impending transition from elite to mass higher education in the UK. Although, in the strictly numerical terms which Martin Trow uses as his definition, Britain's higher education system did not reach 'mass' status (i.e. 15% participation of school leavers) until the 1980s, it is clear that even the approach of a mass system created a number of policy issues for government which it was unable or unprepared to delegate. Prominent among these was the ongoing issue of demand and access; but the needs of the economy have consistently been on the policy agenda.

Even in the 1960s, the 'binary' policy which led to the creation of 30 polytechnics was clearly influenced by economic considerations. Whereas the Robbins Committee had argued for a unitary system, in which institutions aspiring to provide higher education must essentially adopt the culture and values of the existing universities, the final decision was to create a separate sector, designed to offer primarily vocational, part-time and full-time courses to locally based students, through institutions which would remain 'under social control' - i.e. under the existing system of administration of schools and further education colleges, which depended on local education authorities for their control and management. In their early days the polytechnics had virtually no autonomy, either in financial/managerial or academic matters; and although they gradually achieved greater practical freedom, and eventually full university status in 1992, this was a long war of attrition. Viewed from a comparative perspective - and indeed in the view of some but not all of our interviewees - this final surrender of government control (beyond that available for the pre-1992 universities) looks anomalous - and indeed from a 'rational' policy making perspective it still has puzzling elements.

Planning the supply of graduates.
As suggested earlier, there have been recurrent debates about the appropriateness and desirability of 'manpower' / human resources planning, using labour market research and forecasting and, sometimes, rate of return analysis to estimate future demand for graduates. In theory such methods could be used both positively and negatively: positively to ensure an adequate supply of highly qualified people for anticipated needs, and negatively to control the provision of student places against over-supply. In either case, this would (as described above) require government to set policy not simply for the total number of graduates but also for the balance of courses in different subjects - both of which were in the past seen as a legitimate responsibility of the centre. There has for many years been interest among civil service economists in several ministries in monitoring rates of return and the first destinations and starting salaries of new graduates. For understandable negative reasons, the Treasury appears to have been the most committed of these departments to attempts at manpower planning, with the DES/DfE, as the main spending ministry for higher education, commissioning investigative studies and floating policy options from time to time. By contrast the various agencies of the Department of Employment, once engaged with the employment and hence the education of highly qualified people, are said to have been far more concerned with ensuring an adequate supply of manpower, and to have carried the flag not so much for positive planning but for more broadly-based human capital approaches. Even though formal planning is now largely discredited except for specialist occupations such as medicine and school teaching, this does not mean that government is seen as having no responsibility for orienting higher education to the graduate labour market. As far as traditional undergraduate entry is concerned, there have been a number of economy-related areas in which government has taken a growing policy interest.

Human capital approaches
The most important of these is the obverse of manpower planning: namely human capital approaches to the supply of highly qualified labour. As we suggested above, it is now generally accepted that it is a key role of government not so much to ensure that there will not be serious manpower shortages, but much more positively to increase the national stock of human capital, which is then expected to generate economic growth and productivity in its own right. The ultimate logic of human capital approaches would be that the individual, aided by access to reliable information, should take full moral, practical and even financial responsibility for investing in his or her future career: so long as markets work, why should the state intervene? Although some classical-liberal thinkers have taken this view, such a position has never been politically viable among mainstream politicians, for two reasons: first, because the markets for highly qualified labour are far from perfect (for example, employers appear to have been surprisingly reluctant to use wage rates as a signal, current information (itself inadequate) is a poor guide to the future up to forty years ahead, and both students' and employers' decisions are seriously time-lagged); and secondly, because at least until very recently attempts to remove or reduce historic subsidies to students and their families have proved politically highly unpopular, as have efforts to induce employers to contribute more. As the Confederation of British Industry sharply declared in 1984, 'the state must continue to support higher education. It cannot opt out.' Moreover, it is possible to identify not only a private return to individuals but also a social return on investment in human capital: even Annex B to the 1985 Green Paper, in an otherwise acutely critical and sceptical document, conceded that 'compar[isons] ... with the Test Discount Rate established for use in public service investment appraisal ... suggest that the gains from higher education overall are satisfactory.'

In this context, therefore, the main policy problem is one of choices within resource constraints. First, how much national investment should there be in higher education - and how much should the individual be asked to contribute - compared with other levels of education and training? And second, are there specific types of courses within higher education for which the return on private or social investment is likely to be especially high and the state and the individual should therefore make different contributions? Again, these are still seen without question as issues for government, and *not* for the market to decide - at least at first degree level. The long debate on student loans, fees and maintenance, culminating in the political settlement of 1998 which transferred substantial long-term costs to students whatever their current means, can be seen not only in cost-reduction terms (crucial though these undoubtedly were) but as a piece of human capital-inspired intervention. First indications from the new scheme (which took effect for new students entering in autumn 1998) are that the increased individual contribution appears not to have deterred young people, but to have noticeably reduced the proportion of older entrants to universities and colleges. Since older graduates not only have a shorter working life for repayment but also experience, on average, markedly worse employment prospects and salaries, it could be argued that expectations of private rates of return are indeed influencing individuals' decisions to enter higher education. If so, advocates of a human capital approach within and outside government could be said to have demonstrated its effectiveness.

Access initiatives.
There is also an economy-driven concern with access and equal opportunity for

disadvantaged groups. It is notable - and suggestive - that although the DES/DfE was sometimes concerned with issues of social equality, which have varied in emphasis in tune with current ideological thinking, the Employment Department (ED), even at the height of the Thatcher years, promoted and sustained a concern with improving access for the disadvantaged - with two economic rationales: first, to remove market imperfections which prevent the country from making best use of scarce resources; and second, to ensure a better flow of able graduates. It is generally agreed that, at least in the school sector, the ED and not the DES was crucial in placing equal educational opportunities on the national agenda during the early 1980s. In higher education, the balance has perhaps been different: unlike TVEI, Enterprise in Higher Education (EHE) did not have a direct mandate to address equal opportunities as a priority. Moreover, by 1987 the DES too was able to offer support for a national framework for access courses, justifying this with a reference to concerns ' ... about a demographic decline in student numbers and insufficient supply of highly qualified manpower'.

Careers information and guidance.
Another potential area of market failure is the availability of information and guidance to current and potential students. Traditionally the provision of career-related information and guidance to young people - and by extension in recent years to the older public as well - has been a responsibility of local education authorities. Universities and polytechnics, on the other hand, routinely provide careers advice to their current, and in many cases also to their former, students, using their own resources on an autonomous basis. Here government has since the late 1980s identified a number of roles for itself. One is to improve the quality and quantity of information that is publicly available, through the publication not only of quality league tables and other performance indicators but also of employment-related information. A number of general guides for students and young people have been produced and distributed by government departments. Secondly, there has been support, starting with EHE, for universities and colleges to improve their own guidance and support facilities, both through extra-curricular advice and guidance and even by encouraging the provision of accredited courses on aspects of the labour market, careers, personal development etc.

Improving graduate quality.
We suggested above that human capital approaches are increasingly popular, but that in practice they may amount more to a rejection of restrictive manpower planning than a clear policy guide. One area in which government has, however, undoubtedly taken on an increasing role for itself is in encouraging, or even requiring, higher education institutions to respond to employers' critiques of the quality of new graduates. This encouragement has gradually moved from the commissioning of research in the late 1970s, through the encouragement, via specific initiatives (notably EHE) during the 1980s, of improved linkages of various kinds between employers and higher education institutions or departments, and more recent financial incentives for (e.g.) the development of 'learner autonomy' or key skills, to recent attempts - including distinct hints of future compulsion - to require the undergraduate curriculum to include specific elements believed to be of concern to employers. These hints or threats have already been enforced in the case of teacher education where government has a direct interest as the major employer: university opinion varies between regarding teacher education as a possibly legitimate (or more often, illegitimate) exception and seeing it as a Trojan horse. So far, in general, these curricular prescriptions have been focused heavily on graduates' generic skills and attributes, and have not attempted

to prescribe substantive areas of the curriculum for specific disciplines and/or occupations. Again, it is possible to interpret this focus in contrasting ways. It could, as some sceptics within universities argue, be a strategic emphasis on aspects of learning which are less likely to be resisted because they pose no direct challenge to academic expertise: a 'thin end of the wedge', with further prescriptions to follow once the principle of curricular intrusion has been accepted. The aim in this conspiratorial interpretation would be, not curricular for its own sake but a strategic take-over by the state bureaucracy following the success of the National Curriculum for schools. It is true that one of the less explicit policy drivers for the National Curriculum was the hope or expectation that a prescribed curriculum would lead to tighter central control of delivery costs, and that the same arguments could certainly be made in higher education.

But for some critics this line of argument goes further: a stronger grip on the content of the higher education curriculum could lead not just to tighter policy coupling for its own sake but to a radical restructuring of higher education teaching, commodified for a global marketplace - and to the deprofessionalisation of most of the existing academic labour force. More plausible to us, however, is the view that the 'skills' focus is first and foremost a relatively naive response to employers' critiques of the relatively unfamiliar products of mass higher education; but also a reflection of what have been called 'neo-correspondence' curriculum aims, which are built on new conceptions (whether plausible or misguided) of desirable employee characteristics for a post-Fordist, mass-educated workforce. It should also be noted that our interviewees with (past or present) connections with central government were unanimous in agreeing that government has neither the authority nor the capacity to dictate to higher education what the components of the curriculum should be: at most it is entitled to indicate generic aims (such as better satisfying employers' demands) and to leave institutions to fulfil these according to their own judgement. However, this modesty perhaps fudges the question of whether an intermediary agency could be found (or has already been invented) which would aim to ensure consistent curricular change on government's behalf. Here too it might be noted that at a time when in England central government interest and involvement in quasi-curricular issues have been on the increase, in most other European countries central authorities have for some time been transferring whatever curricular authority they might previously have possessed (and in some cases this was substantial) to institutional level.

Accountability and monitoring.
During the late 1970s, there was considerable policy interest in (and academic writing on) the concept, imported from the USA, of 'accountability' to stakeholders: a search for better ways in which public sector bodies, and professionals more generally, could be asked or required to account for their use of public funds and their privileged status. But the early 1980s saw much fiercer challenges. The Thatcherite project of attacking and undermining professional privilege has been well documented. The growing use not only by institutions but by the intermediary bodies (UGC/NAB and later, the Funding Councils) of performance indicators, quality assessment and league tables, and other aspects of 'new managerialism' are well known and have frequently been described. Although these have been, and still are, resented and resisted within higher education, government has gradually succeeded in achieving their imposition through a mixture of appeals to reason and conscience, appeals to other constituencies (such as students and 'taxpayers'), funding incentives and penalties, and finally (in 1992) legislation imposing teaching quality assessment. Even if these initiatives have their origin in a complex set of ideological and socio-economic changes, it is also possible to

see them as forming part of a new economy- and market-oriented approach to higher education by central government. However, what was not perhaps altogether anticipated was the radical and dynamic effect that these mechanisms can have on universities' internal priorities. Research and teaching assessments appeal not only to the market but also, and perhaps particularly, to academic values within institutions, for which the pursuit of status can be at least as powerful as that of market position or the very substantial sums of money which follow the RAE. A clearer understanding of this process might defuse some of the accusations of 'irrational' behaviour by institutions and departments which we heard in our interviews. Certainly the assessment mechanisms constitute an absolutely crucial part of the context for the construction and implementation of substantive new policies for higher education.

Involvement of external stakeholders
The principle that institutions can benefit from involving external members is not particularly controversial in the UK, especially in the area of governance. Governing bodies of old universities have traditionally included 'lay' members, generally members of local elites. Indeed Bargh, Scott and Smith have argued that the rise of the academic 'guild' as the main governing agent of the old universities was a relatively short-lived aberration from a norm of lay governance to which both nineteenth century universities and post-war polytechnics were committed. What is arguably newer is the language of 'stakeholding': the suggestion that those such as employers and others with a more direct interest in the products of higher education should be privileged. At two recent points the government used the opportunity of its broad reforming legislation to insert stakeholders further into governance. In 1988, when the academic-dominated UGC and the local authority-dominated NAB were replaced with two Funding Councils for the universities and polytechnics, the Education Reform Act required each to include at least eight people who 'have experience of ... industrial, commercial or financial matters or the practice of any profession.' Likewise in 1992 the Further and Higher Education Act, which converted the polytechnics to universities, required their governing bodies to include a majority of 'independent' members and stated that there was no requirement to include either staff or students. It could well be argued that the removal of internal interests was more crucial to government thinking than the inclusion of more external members.

At levels below an institution's governing body, government has not in any way attempted to impose specific requirements. But the public policy documents have since the early 1980s been full of exhortations to 'partnership' with business and industry - especially in research and in training / lifelong learning. The 1987 White Paper, for example, declared that 'the achievement of greater commercial and industrial relevance in higher education activity depends on much closer communication between academic staff and business people at all levels ...' and 'the Government and its central funding agencies will do all they can to encourage and reward approaches by higher education institutions which bring them closer to the world of business.' Indeed, from the early 1980s there have been a series of rather disparate policy initiatives, some with incentive funding attached. The evidence so far reviewed suggests that these have not brought external stakeholders into formal internal management processes (with the possible exception of Enterprise in Higher Education), nor indeed into curriculum design or delivery on a substantial scale. Cynics have noted governments' continuing interest in encouraging private investment in higher education, and especially in finding new sources of support for capital investment in infrastructure.

Costs, prices and salaries
As suggested above, the level of state support for higher education has been accepted by all parties as a legitimate concern of government - even if the outcomes have been a source of great discontent. (It must of course be added that even though unit costs have fallen very sharply, state expenditure on higher education has risen greatly at the same time.) In addition the whole issue of pricing, and related questions of student support, have been areas of probably the most intense debate within higher education policy. Key issues have included the balance between direct support to institutions and fee-based income (with the potential to induce more market-oriented responses); the fees to be paid by students on different courses, in different modes of study and from different backgrounds; and students' eligibility for different forms of student support. Although some aspects of these decisions have been passed to institutions for their own determination (such as fee levels for overseas, part-time and postgraduate students) others have been very tightly controlled but hotly debated. Indeed the Dearing Review, although notably wide-ranging, was dominated by financial issues - and these same issues have arguably distracted government policy makers ever since the report emerged.

The nominally autonomous status of universities, which means that academic staff cannot be described as civil servants in the European sense, has not yet meant that academic salaries and working conditions are a private matter for the institutions and their employees. Because public money contributes such a high proportion of HE's income, and staff salaries are an even higher proportion of institutions' budgets, central government has until recently felt justified in retaining very substantial, if indirect, control over salary negotiations. After 1992 the Conservative government made it clear that it would prefer local market-led salary negotiation to the present national agreements, which mean that negotiations are conducted at a national level with little or no local variation. But national negotiations still take place annually between the trade unions and the employers' (i.e. universities') representatives. The formal government position is now that salary determination is solely a matter for the employers, whose only constraint is that they must live within their decreasing means. In practice, however, both sides are clearly aware of, and constrained by, not only the level of government support to higher education for the coming year, but also the declared general 'pay norm' for public employees. System-wide data show that relative salaries have been in decline for many years: but in recent years there has also been increasing casualisation of much of the workforce. Other conditions of work have also been affected by government intervention. In 1985, following the Jarratt Report, the then government began to remove what it saw as rigidities in employment practice in the old universities - notably the existence of academic tenure. In the following years, government only agreed to salary settlements on various other conditions, including agreements to introduce, first, formal appraisal procedures for academic staff and later, an element of performance-related pay. Here, too, we see clear if understandable signs of ambivalence between genuine marketisation and more dirigiste impulses.

Non-existence of policy.
The issues discussed above are all areas in which central government has defined a policy role for itself, for which it has been more or less successful in achieving legitimacy. There are, however, a number of areas in which one might well have expected government intervention, but this has not in fact occurred.

Vocational qualifications (VQs)
Probably the key debate in the immediate post-compulsory sector (age 16+) in recent years has centred on a series of attempts to reshape the qualifications framework. Difficulties with the academic-vocational divide have been an English preoccupation for, arguably, well over 100 years. Although these are very far from resolved, the main government initiative in this area was to create an entirely new system of National VQs, based on workplace skills and competences, followed by a system of General National VQs which could be acquired while in full-time education and training. These developments have admittedly been both fragmented and contested; but while there has been discussion of extending the two systems to higher levels which would map onto higher education - and indeed a formal framework exists along with a small number of experiments - there appears to have been remarkably little central policy attention to the place of vocational training and qualifications (VQs) at HE level. The long-established BTEC system of vocational / professional certificates and diplomas, broadly equivalent to the first one to two years of higher education study (and this in itself is contested), maps quite uncomfortably onto degree-level courses - and there is considerable variation in different institutions' and professions' practices in this regard. The result is widely agreed to be confusing both to potential students and to employers. It is a matter of some puzzlement to us why this has not been a higher priority for government action, especially since courses at these levels have now been identified as a key area for the promised expansion of higher education, both on economic and social grounds. Clearly institutional autonomy would be a deterrent, but this would not preclude every kind of initiative.

Modularisation
During the last ten years the majority of institutions have embarked on massive and often highly disruptive reforms of their curriculum structures, notably by moving from fixed programmes of study to modular schemes in which students combine their own package of unit credits towards a degree of their choice. There are of course numerous claimed advantages, including economy of effort (e.g. by sharing common courses across departments), facilitating access by tailoring programmes to students with varying levels of preparation, and enabling consumer sovereignty through what are essentially market systems. Modularisation has also been criticised: claimed disadvantages include a loss of depth and loss of integration in students' programmes, and a massive growth in the number of graduates with broad-based or 'general' degrees whose knowledge, understanding and skills may or may not meet current labour market needs. Again this has, oddly, *not* been an area to which government policy appears to have paid great attention. Even though the curriculum is certainly an area of formal autonomy in the UK context, one would have imagined that the consequences are potentially sufficiently wide-ranging - across areas of legitimate government interest - that there might have been clearer policy attention.

Lifelong learning.
Lifelong learning has also apparently been compartmentalised within policy structures for most of the period. Although there have been numerous policy movements in the direction of 'new working-learning relationships', they appear to have been quite incoherent in themselves and not well co-ordinated with policy movements within initial higher education: we believe that there has been a fairly sharp internal division within policy-making structures between initial and continuing higher education. Only in the last year have we seen for the

first time a substantial government statement on lifelong learning as a whole - but even then, in the form of a declaratory and consultative document. The key problem, as seen by many of our interviewees, continues to be that of cost - how is this to be split between the three parties of the state, the employers and the learners themselves? Their view is that the persistent reluctance of all three parties is still seriously inhibiting development of lifelong learning opportunities on anything like the scale that might in principle be desirable. In this respect, however, there is less to choose between the UK and the other countries in our study.

4 Conclusion: the wider context

This has been a deliberately partial account of government views and activities over a twenty year period, using specifically economic concerns as the lens through which to examine the wider development of policy. There are therefore notable omissions which would need to be reinserted to provide a comprehensive account of the context in which these economy-driven decisions have been taken. Notable among them are the policy imperative to respond to social demand, which was of course elevated to a fundamental principle by Robbins - noting however that the Robbins principle declared simply that *a* place in higher education, but not necessarily in the institution or course of their choice, should be made available to all young people with the requisite standard minimum qualification. Although financial mechanisms (specifically the size of maintenance grants) have been used to manipulate demand, any tentative suggestions of demoting the Robbins principle in favour of manpower-planning or cost-driven approaches, i.e. directly turning away qualified students, have consistently met with rejection. It is also a particular irony that the creation, quite substantially for other purposes, of the binary system, combined with the competitive cost pressures of the 1980s and early 1990s, was probably the single most important factor in transforming the prospects of access both for mature students and for younger students without a family tradition of higher education.

We have already suggested that there are some interesting absences from the list of central initiatives - and our project's comparative analysis is beginning to highlight both outright absences and also divergences from what seem to be common European approaches - such as the very recent creation of binary systems in at least two other countries in our study, and their firm retention in several others. What is also striking is the apparent absence of European reference points for policy makers. Our impression at this stage is that not only has UK policy chosen as its main sources of comparison and inspiration systems from elsewhere in the English-speaking world (notably the United States, Australia and New Zealand); but that central responses even to quite specific European initiatives and opportunities have been fragmented and largely decentralised. There is a certain irony in this for European-funded researchers, which is not lost on our collaborators on the mainland.

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ANNEX 4a: Italian institutional level case study/
The Technical University of Torino (Politecnico)

TSER/HEINE project

Italian Institutional Case Study

The Technical University of Torino (Politecnico)

Draft

Confidential – not to quoted

May 1999

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A.F. Forum

1.

Governmental Policies and the Economic Needs Generating Changes

2.

Background Informations on the Technical University of Torino

2.1 National and International Position of the Institution

2.2 Organizational Structure

2.3 Student and Graduate Market

2.4 Budget and Allocation Mechanisms

3.

The Processes of Changes

3.1 Internal changes: institution level programs and policies and the ways and agents to carry them out, some examples of sub-unit level reactions

3.1.1 the diffusion of evaluation and self-evaluation

3.1.2 first cycle degree programs

3.1.3 new structures for the relationship between employment and learning

3.1.4 external actors and stakeholders

3.2   Social and economic context of institutional change

Introduction

- Following the protocol of the research in the first chapter of the case study the governmental policies and economic needs are briefly described that have generated those changes in the Italian higher education system that are followed and presented in the examined institutions.

- In the second chapter the Technical University of Torino (Politecnico) structure, financial resources, decision making system, student market and graduate market is presented according to the accepted guidelines.

- In the third part the dynamics of change and the interactions of internal and external actors on central and on unit level of the institution are showed.

Governmental Policies and Programs Generating Changes

As we have already described in other research documents (Boffo-Moscati) in Italy the most relevant policies concerning the university system in the past two decades were the following:

- the planning of the system`s development through the adoption of four- or three-year University Development Plans since 1986,
- the reform of the university national curricula through a 1990 law (341), the introduction of the first cycle professionally oriented degree (the Diploma Univeristario), the redefinition of the second and third cycles as well as of continous education,
- the reform of university teacher recruitment mechanisms and the creation of the two categories of univeristy professors and that of researchers since 1980,
- the reform of student welfare through a 1991 law (390)

These general policies were implemented together with other reforms that changed the power distribution of the Italian higher education system governance and led to the progressive shift of competences from central level to the individual institutions:

- The independent ministry (MURST) coordinating both sectors of university education and scientific research (created in 1989 by the law 168) aimed at separating political choices from the managing of these choices that were left for universities and research organizations
- From central governance level power has been progressively transferred to individual institution level so that the overall autonomy of universities has been gradually expanding: autonomy concerning their statutes and internal laws (1989), financial autonomy (1993), curricular autonomy (1997) and autonomy in recruiting teachers (actually in a stage of elaboration)
- The transfer of power can be witnessed from Parliament to the Government too through different measures of decentralisation of functions, „delegification" and administrative simplifications (since 1997).
- The creation or the reform of national level representing or consulting bodies of the higher education system, like the National University Council (CUN), the Rectors` Conference (CRUI), the National Council of Students (CNSU) and the National University Evaluation Council, have also contributed to shifting power from political

institutions to higher education institutions having gained important possibilities of exercising their influence.

The autonomy of the universities, the growing responsibilities of the individual institutions on different fields of their activities, the more and more differentiated demand of quality education together with the growing awareness of limited financial ressources have stimulated different new management structures. Among them national and institutional level systems of evaluation and assessment.

The changing relationship between higher education and economy has been on the one hand a motivating factor behind the reforms and an important aim of them on the other hand. The growing autonomy and the „permissive type"new laws allow individual institutions to adapt to new educational demand from the side of professional bodies, economic organizations, social insitutions or from students.

The initiatives to set up structures of distance education and decentralized teaching structures were accepted by the legislators.

To establish stronger links with their local economic world and social community HE institutions may have representatives of private organizations in their governing bodies since the 80-ies, business representatives can also be invited to participate in the assessment processes of the individual institutions and university-business partnerships to support different joint targets (curriculum development, R+D, post-secondary training, etc.) are also stimulated.

Among the most important HE policies to answer new economic and social challenges the creation of the first cycle degrees through the introduction of the Diploma Univeristario (DU) should be also mentioned. The need for professional figures with high level – post-seccondary – knowledge, not necessarily on „laurea" level has emerged in several fields of employment, in technical sciences and engineering as well, as in economics, in social services or in cultural life.

The DU as a professionally oriented type education does not correspond completely to the classical „first cycle", as uptill now it does not automatically open way to a further cycle, like a BA, or a French DEUG or „license". (Its reform to integrate it into the series of HE studies, the „serialization" is actually on the agenda in several universities, among them in those visited by our team during the case studies.)

Basically its most important function was to stimulate HE institutions to better match social demand for education:

- to answer certain employment needs of different professional fields (in economy, in technical, pedagogical, social science etc. studies) to create intermediate figures beneath the category of „full" university degree holders,
- to enable young people to have a choice of shorter term studies and an acces to such professional education in the HE system that help them better to integrate in the system of employment.

These aims lave led to important innovations in teaching programs, in organizational and managerial procedures of teaching and learning and in cooperation between employers, professional bodies and university institutions. Through the diffusion of DU courses the universities have become relevant subjects in the economy (or in wider sense, socially) oriented high level professional training.

As we have seen the autonomy of the universities and their changing relationship with the economy (and more generaly with social demand on the education market and with the world of work) were the most important changes in Italy stimulated by government policies in the past two decades. To realize and to encourage these changes several measures were taken as we have mentioned above.

To study organizational and institutional reactions and interactions as well as their agents we have selected to follow two of them:
- the introduction of the DUs – the first cycle professional degrees,
- and the diffusion of evaluation and assessment in the Italian univeristy system.

The study of organizational and institutional processes around these two new elements of the Italian HE system had two advantages for our research: it permits us to operationalize for the research the issue of change and it enables us to focus our view on the given environmental and internal context of these changes.

2. Background Informations on the Politecnico

2.1 Organizational Structure

The Technical University of Torino is one of the most important institution in the Italian technical high education and in R+D. It has been established in 1906 as „Regio Politecnico di Torino", by the unification of former Royal School for Engineers and the former Royal Industrial Museum (both created already in the middle of the 19th century). In 1935 the former independent Faculty of Architecture has been integrated to the „Politecnico".

In the last decade the Torino Technical University in frame of its autonomy has been actively engaged to renew its educational offer and to grow in a regional dimension too. This institution was among the first to establish several first cycle degrees, DUs, and to set up its system of „post-laurea" education too. A second faculty of engeneering and different decentralized units were set up since the 80-ies by the Torino Technical University in surrounding small towns of the Piemonte region.

Despite its regional dimension that is reflected by its territorial articulation, the Torino Technical University is a national institution as well. It attracts students from other Italian regions and especially from the Southern parts of the country. This indicates, that through the flexible adaptation of its educational offer the „Politecnico" keeps in mind not only the realities of the local economy, but the national context of technical and scientific development. It is however important to see that the local economic surrounding is a very

heterogenous system consisting of the leading firms of the Italian industry as well as of small and medium size firms of very different technical and organizational level.
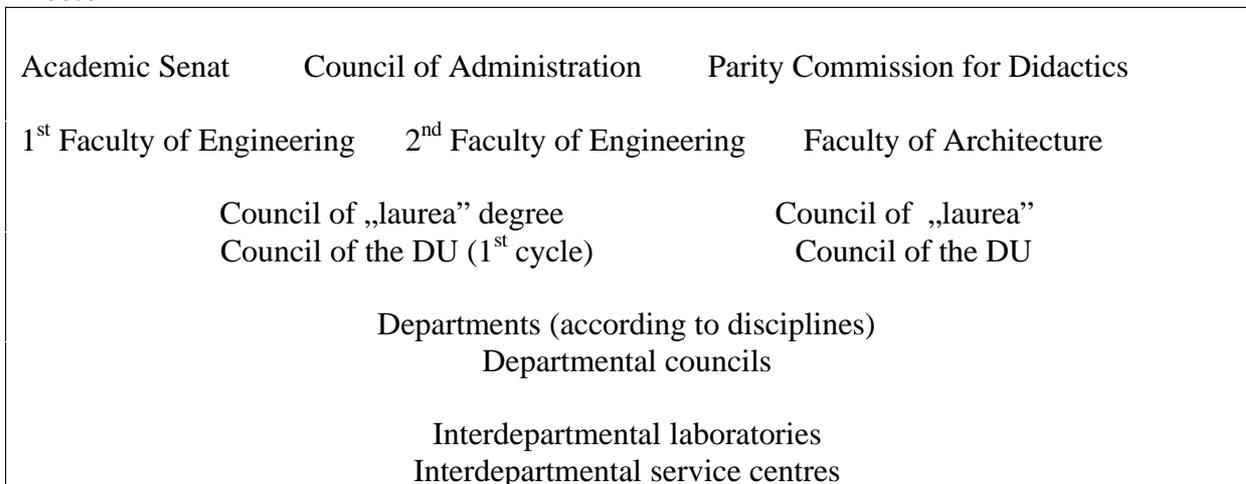
The Torino Technical University is well known and acknowledged on international level too due to both, to its educational and research activities. It has more than 500 international cooperation agreements, among them those that assure the double recognition of degrees with British, French, Roumanian and Spanish universities.

The Technical University is a public HE institution submitted to the same laws as all other Italian universities. It has however some specificities:
- its education serves only the sectors of engeneering and architecture,
- the relatively low number of students and the education and research structures allow to follow international level standards of education and research.

2.2 Organizational Structure

Rector

Academic Senat   Council of Administration   Parity Commission for Didactics

1st Faculty of Engineering   2nd Faculty of Engineering   Faculty of Architecture

Council of „laurea" degree   Council of „laurea"
Council of the DU (1st cycle)   Council of the DU

Departments (according to disciplines)
Departmental councils

Interdepartmental laboratories
Interdepartmental service centres

The most important change in the governance system of the „Politecnico" was the set up of a well articulated self-assessment structure that supports by its systematic informations, observations and proposals the governing bodies. The guidelines of these activities were laid down by the Senate, while the function and structure of their evaluation system has been defined by the Council of Administration. This unit is designed to keep contact with the national level HE institutions of evaluation, first of all with the ministerial Observatory.

From among the three faculties the second one of Engineering is situated in the nearby town of Vercelli. First cycle courses, DUs are located in five other surrounding towns (Aosta, Ivrea, Biella, Mondovi and Alessandria). Five first cycle DUs can be obtained through distance learning as well.

The faculties offer the following degrees:

Laureas:

- Faculty of Architecture:

- 1 „laurea"
- 4 specializations (Architectural Design, Technology, Defense and Restoration of Historical Architectural Wealth, Urban Planning)

- 1st Engineering Faculty:

- 13 „laureas" (Aeronautics, Chemistry, Civil Engineering, Engineering of Materials, Telecommunications, Construction, Electric Engineering, Electronics, Informatics, Mechanics, Nuclear Engineering, Environment and Territory, Management)

- Among them there are 2 agregations: one between Civil Engineering and Construction, another one in Information between Telecommunications, Electronics and Informatics. The teaching staff of these later degrees plan to establish in the near future an independent faculty in Information Engineering integrating „laurea" and DU courses of other faculties as well.

- 2nd Engineering Faculty (in Vercelli)

- 3 „laureas" (Civil Engineering, Electronics, Mechanics)

First cycle DUs:

- There are altogether 16 first cycle DU courses offered by the institution:

- Four at the Faculty of Architecture: Industrial Design, Construction, Territorial Informatic Systems, Printing Design and Technics.

- One, in Energetics at the 2nd, Vercelli Faculty.

- Eleven at the 1st Faculty: Construction (Torino), Space Engineering (Torino), Chemical Engineering (Biella), Environment, Ressources and Security (Torino), Infrastructures (Torino), Telecommunications (Aosta and distance), Electric Engineering (Alessandria and distance), Electronics (Torino, Ivrea and distance), Informatics (Ivrea), Engieering in Informatization and Automatization (Ivrea and distance), Mechanics (Mondovi, Torino, Alessandria and distance).

8 *As to third cycle studies:*

The Torino Technical University offers doctoral courses and specializations. There are 4 specializing schools, „Scuole di Specializzazione":

- in Space Engineering,
- in Analysis and Assessment of Architectural and Environmental Properties,
- in Architecture and Urbanization in Developping Countries,
- in Motorisation.

Doctoral courses (Dottorati di Ricerca, corresponding to PhD level) are organized by:

- the Faculty of Architecture (3: Architechtural Design, Territorial Planning and Real Estate Market, Architectural and Environmental History and Analysis)
- by the 1st Engineering Faculty (9: Energetics, Space Engineering, Geoenergetics of the Environment, Electric Engineering, Communications and Electronics, Informatic Systems, Structural Engineering, Applied Mechanics, Machine Construction and Design). At the same time the Torino Technical University as member of different university consortia, is participating in 26 other doctoral programs.

The institution has 18 disciplinary departments: Automation and Informatics, Electronics, Industrial Electrics, Energetics, Aeronautic and Space Engineering, Chemical Engineering and Science of Materials, Physics, Mathematics, Geo- and Territorial Ressources, Mechanics, Installation Procedures and Techniques, Architectural Planning and Design, Urbanisation, Territorial and Construction Systems, Structural Engineering, Hydraulics, Civil Transportation and Infrastructure, Production Systems and Economy of the Firms.

There are interdepartmental services also, like the library system, the system of informatics and telematics, a pedagogical service at the Faculty of Architecture and a museum-centre. There are two laboratories as well that serve the whole of the departments: one for experimental didactics in engineering and another one for mechanic and electornic engineering.

The number of teaching staff is 754 (1998 data). Their distribution among the faculties is the following:

- Architecture: Professors (1st and 2nd categories):   96
- Research fellows and assistants: 68

- 1st Engineering: Professors   : 339
- Research fellows and assistants: 198

- 2nd Engineering: Professors   :   18
- Research fellows and assistants: 32

The number of courses offered by the teaching staff in the mid 90-ies (94/95) is 830 in the „laurea" programs and 201 in the DUs, and these figures are expected to grow. These numbers mean that there are somewhat more than 2 courses (2,17 in 1994/95) per one member of the teaching staff. The number of exams per professor was 152 in the same year. (This ment 3 exams per students at the same year.)

The administrative and technical staff was 613 persons in 1998 in the Technical University. They were distributed in 3 structures:

- in the central administration (254 persons),

- in the departments (286 persons),
- in the central services (73 persons).

The departments and the interdepartmental centres as well as the sevice centres are autonomous management centres that have their financial autonomy. They may even conclude contracts with third partners. This decentralized financial autonomy has importance for research contracts and for all other types of cooperation with external actors.

2.3 Student and Graduate Market

The Torino Technical University has cca. 24 thousand students altogether, among them some 15 thousand are regular students, the others are „fuori corso", those run out of the regular length of their degree program. Their distribution among the different faculties is the following in 1996/97:

Architecture:

- first cycle, DU students: 448 (23,5 % of them „fuori corso")
- „laurea" level students: 7.207 (46,7% of them „fuori corso")

1st Engineering:

- first cycle, DU students: 1.431 (10,6 % of them „fuori corso")
- „laurea" level students: 13.273 (38 % of them „fuori corso")

2nd Engineering:

- „laurea" level students: 879 (27,7 % of them „fuori corso")

Third cycle doctoral students: 298

Students in post-laurea
specialization: cca.1.000

The number of new entries since the early 90-ies was around 4.000 per year. While the number of outgoing degree holders was 1.149 in 1992 and 1.779 in 1996. (A considerably more positive however not yet satisfying result.) The average duration of studies at the Technical University are 6 and half year somewhat more favourable than the national average.

Several of the interviewed students regard this long duration of studies dangerous from their professional point of view too. Given the rapidity of technical and scientific innovations in their fields they are afraid to enter the labour market with already outdated knowledge. Others however regard this danger less important emphasizing that the most considerable employment channel of the „Politecnico" „laurea" holders is the category of firm managers („quadri"). („Many of them will never sign a project.")

It is interesting to mention that despite the highly developed and industrialized character of the region the ratio of „laurea" degree holders is slightly lower, 3,4 %, than the national average, 3,8 %. In the decade of the 80-ies the number of those having a „laurea" has increased only by 1 % in Piemonte, while the graduates of secondary schools were more by 7 %.

It might be remarked here, that this trend could be regarded not only as a rejection of HE studies, but as a labour market demand for an intermediate HE degree. In fact, according to all our interviewees, the DUs were succefully oriented by the „Politecnico" to those young people who probably would not enter a „laurea" program right after their secondary school and who are eager to enter to work earlier. Beside changing educational demand from the part of the economic organizations (and in general of employers) and the demand of developping sub-centres of the region, this offer of secondary school leavers, but non-applicants for „laurea" programs met succesfully to guarantee the success of the rapidly diversifying first cycle programs of the „Politecnico".

As to the entrance of its degree holders on the labour market the Technical University has no overall data given several difficulties of such systematic surveys. Only sporadic experiences of smaller scale research carried out by a few of the departments give certain informations from time to time about the career of given groups of their students.

These experiences show a high value of the „Politecnico" degrees on the national and local labour markets and an insignificant rate of unemployment of their degree holders. The responsibles of the local and regional administration, interviewed by us, compared this fact to the high unemployment of certain other degree holders coming from other local Universities, especially of those with „weak laureas" in humanities.

A dirigent of the Association of Small Firms contributed the succesul integration of DU degree holders (in contruction, in environment and ressource engineering, in space engineering, etc.) to the „close cooperation with representatives of the economic sphere before and during the creation of these teaching programs".

The labour market entrance channels of „laurea" degree holders and those with DU degrees are rather separated:
• first cycle degrees give access to jobs that require university level technical knowledge,
• while „laureas" in engineering give access to managerial posts in public institutions as well as in private firms.

The student organizations of the Technical University are rather active in professional orientation activities and regular „carreer days" are organized by them according to different branches of engineering where employers are invited to present there possibilities and requirements.

2.4 Budget and Allocation Mechanisms

- Similar to all other Italian HE institutions the share of government ressources in the budget of the „Politecnico" are still overwhelming.

- The income of the institution for its different paid services represents only 6 % within its entries.

- As to the financing of research activities 50 % of the ressources available come from external orders. The global spending for research is around 8 % of the total spending of the „Politecnico" (7.200.000 Ecus in 1995). The research funds coming form the European Union has increased to 1.241.000 Ecu in 1995.

- In the budget of this University students contribution represent an important entry, in 1996 1,28 million per student. This means a high jump if we compare it to the 0,87 million of 1993, when the number of students was still somewhat below 20.000 and it has also increased over 24.000 in the meantime!

The structure of spending for the personel (in million ITL) and the number of persons was the following in the middle of the 90-ies:

	1994		1995		1996	
	mil ITL	pers.	mil ITL	pers.	mil ITL	pers.
Central Administration	9.341	254	9.845	246	12.254	254
Service Centres	1.952	53	2.027	53	3.422	71
Departments	71.202	1.014	76.828	1042	97.179	1040
Total	82.495	1.321	88.700	1341	112.855	1365

An important new element of the allocation mechanisms is the central „re-balancing fund" through which the ministry recognizes the better performing universities.(In 1997 this fund was cca. 7 % of the total HE contribution.) The part obtained by the Torino Technical University was planned to support students – in some form of financial assistance – to diminish the duration of their studies.

3. The Process of Changes

3.1 Internal changes: institution level programs and policies and the ways and agents to carry them out, some examples of sub-unit level reactions

The most important structural changes happened since the mid 90-ies in the life of the Torino Technical University:
- the first new, already „autonomist" Statut has been accepted in 1994,

- the structure of self-assessment has been created in 1995, and
- the new first cycle programs, the DUs have been activated also in these years.

From our interviews and assessment documents it could have been recontructed that these formal changes were preceeded by different „bottom-up" inititatives to find answer to financial pressures as well as to new social and economic demand in the institutions research and teaching acitivies.

3.1.1 The Diffusion of Evaluation and Self-Evaluation

The „Politecnico" set up its official - even in its name - evaluation system in 1995 right after the legal regulation of the financial autonomy of the Italian universities. The created Internal Evaluation Office has three sub-units that is unique among Italian universities:

- a unit for the evaluation of teaching and learning,
- another one for the evaluation of research productivity,
- a third one to evaluate the technical-administrative activities.

The Office is also supported by a Consulting Committee composed of three professors.

This newly created structure had „predecessors" in the Torino Terchnical University since the late 80-ies, early 90-ies. After the election in 1987 of the actual Rector a Planning and Development Unit has been created that based its work on the continous analysis of the internal processes of the university and in its environment. A special organ, the Paritetic Committee of Didactics (of 8 professors and 8 students) has been created already in 1993 as an obesrvatory to follow teachning and learning and make propositions for their renewal.

This later committee is responsible - among others - to evaluate regularly through standardized questionaries filled by the students the quality of teaching activities, an initiative that met considerable resistance of professors. Our interviewees, professors and student representatives have told us that 2-3 years were necessary to get wider support to this initiative from the teaching staff.

The Rector and together with him several interviewed professors and students found important another initiative of this committee too, that is, the monitoring the quantity of exams and the analysis of the causes of unsuccesful examinations.

With regard to the overwhelming traditional and unqueried power of professors within the system of Italian higher education these evaluation activities represent a challenge that gradually modifies the authoritarian power relations. Not only that these relations became more balanced but their character is also changing as students may feel becoming „customers" who transmet social and labour market needs towards their universities. („At the beginning we have concieved our work in terms of controll over teaching, now we prefer to deal with following and controlling the process of learning. Verifying and controlling all what

students can obtain during their stay within the university can help us more in our interventions for real changes." – President of the Committee)

Some external factors have also contributed to the spread of the norms and culture of systematic and continous evaluation at the Technical University:

- This trend of intensifying evaluation activities was connected to the other important moment of change in this institution, to the creation of the first first-cycle degrees: the European Social Fund that supported in frame of the CAMPUS project several DUs followed through regular evaluation very closely the functioning and the results of these initiatives.

- In frame of a cooperation project in the mid 90-ies the European Rectors Conference has also supported a pilot study of evaluation in several European and Latin American universities, among them at the „Politecnico".

- Thus widening international cooperation and closer relationship with the surrounding economic and social context have both given impetus to regular self-assessment experiences that have been initiated from inside the institutions too for the sake of development and continous renewal.

The Rector of the Torino Technical University summed up as follows the relationship between economic changes and evaluation:

„ The mutations of the social and economic context in the last years and the increasing reduction – or in the best case, the maintenance – of financial ressources have laid down the main lines for a completely new behaviour. Public administrations are considered to answer as active and conscious actors to the new norms and especially to those transmitted by government organisms. This has led us to introduce asssessment mechanisms that help the better utilisation of our limited ressources as financial disponibilities should correspond to the realization of objectifs and thus should be based on the the verification of these results. Of course their were certain institutional finalities as well that altogether stimulated our University to launch a series os assessment intitiatives."

The Statut of the „Politechnico" in fact engages the institution to carry out a „systematic evaluation to verify the correct allocation of ressources, the impartial and low cost functioning of the administrative management and the productivity of research and education". (8. Art.)

This strong engagement in assessment activities related to the autonomy of the institution indicates how evaluation represents a gurantee and the main instrument that balances the loss of direct controll not only from the side of central organisms of HE and from the ministry over the individual universities, but for the leadership of the universities over their decentralized structures.

This process however is not a simple change in the instruments of controll. It should lead to building up a general attitude of all members and units of the organization to consider themselves and their activities as organic part of the institution and to be ready to offer

informations and suggestions to decision-making bodies of their university concerning their activities. This requirement is radically different than the traditional discipline oriented attitude of isolated teaching and research units.

It might be also noticed how the reasoning putting forward assessment needs are resembling to the reasoning of economic organizations. „Efficiency aims" and „quality control", „low cost administration", „process-control" and „productivity" and the internal procedures and structures to realise them show a tendency of organizational learning from the economic sphere, a certain organizational conformity of higher education institutions with economic organizations.

3.1.2 First cycle degree programs

The diversification of degrees and of teaching programs is the other significant change at the Torino Technical University. This development was strongly influenced by technical, technological and organizational developments in the surrounding economic environment of the institution, in the North Western region of Italy:

- Beside the leading big industries and firms of the region (and of the whole of Italy) medium and small size firms became important economic actors partly as independent actors on local, national and international markets, partly as subcontractors and suppliers of the „bigs".

- New industries, like informatics and telecommunications appeared in the economic scene as well. In the region of Ivrea, that is the centre of the Olivetti company, there was a strong demand for high and middle level experts in informatics. In the zones of the towns of Alessandria and Cuneo there was a new need for experts in mechanics and in electronics.

The Torino Technical University satisfied this demand through the decentralization of its teachning activity by creating the centres of different special first-cycle programs in these nearby smaller towns.

The introduction of the DUs, as first cycle degrees separate in its teaching programs from the „laurea" courses has changed in many ways the didactics and the structure of teaching:

- The first cycle courses have lower number of students because of entrance limits that should correspond to the labour market requests as precondition of launching these programs.

- This ensures an easy entrance of the DU holders to employment and a lower „student mortality", that are important indicators of efficiency.

- The low number also permits more intensive communication between teaching staff and students.

- The process of teaching and learning contains more „professionalizing" elements and less theoretical disciplines. DU courses are also obliged to assure a close contact with employers to organize practice periods for their students.

- Necessarily external actors, employers and representatives of professional bodies are involved from the establishment of the different DUs through the planning of their teaching programs till the evaluation of teaching methods and the organization of the practical placements.

As a good example for the rapid reactivity of the „Politecnico" for educational demands the example of the Environment and Ressource Engineeering DU can be mentioned. One of their most recently created specialization program within this DU, the specialization in Safety Engineering satisfies employer demands concerning high level experts need in work safety and work environment issues put on the agenda by legislation too. A former first cycle specialization, within the same Ressource Engineering DU has been launched a few years before for the request of the Agip group to assure professionals for the petrol research activities. In this later case the company offers a part of the teaching staff too.

The integration of first cycle programs and the traditional „laurea" programs into a „serialized system" planned for the near future is expected to lead to the widening of the credit system, to a completely different system of students` registration and of the didactic structure as well.

As our interviewees, responsibles for DU programs emphasized, new combinations of professionalizing and theoretical studies should emerge from this integration to assure both professionally spendable first cycle studies and succesful preparation for further programs.

Beside the diversification represented by the introduction of the first cycle degrees the creation of new „laureas" has been also widened the education offer of the „Politecnico" since the 80-ies. The new degrees in electronics, in informatics, in telecommunication answer to the still increasing economic demand in the information sector. While the program of production engineering became important in the light of spreading new organizational and management systems.

The pratical placements enwidened on international level through different European programs and through overseas scientific relations of the Technical University have been also added to the innovations of the traditional teaching programs by the interviewed academic staff and by students.

3.1.3 New structures for the relationship between employment and learning

The changing education needs have stimulated at the Torino Technical University the creation of , first, occasions, then later the creation of organisms and separate structures that connected employers and the university already before the appearance of pressing financial needs to involve external ressources.

Among these new structures to assure the relationship between the economic world and the University the most important is the Consortium for Research and Continous Education

(COREP). This structure was set up in 1987 by the „Politecnico" and by its most important industrial partners, that were at the same time the most important business circles of Italy, like FIAT, IRI, IBM, Olivett and by local public and professional institutions, like the Chamber of Commerce, the regional government and the city administration, etc. The European Union has also recognized this „university-enterprise partnership" as a COMETT unit.

Beside the stipulation of research contracts this consortium was since then very active in the field of education as well:

- especially in the organization of „post-laurea" specilizations and of „Masters",
- in working out the distance learning system and
- in supporting the traditional didactic activities of the institution.

- The issue how to satisfy permanent education needs of the economy is also delt within the framework of this Consortium.

- With the help of regional legislation they have worked out the system of recognizing work experiences (the „acquis") in frame of special adult education programs organized jointly by the „Politecnico" teaching staff in cooperation with the partners of the Consortium.

Several interviewees regarded the decentralized teaching units carrying out several first cycle programs in the surrounding towns (Ivrea, Alessandria, Aosta, Cuneo, Mondovi) as structures that bring the University nearer to employers and to its local student market. This relationship is considered to be more intensive, placements and access to work are considered to be easier.

3.1.4 External actors and stakeholders

External actors are involved in both, in teaching and in research activities of the Torino Technical University. Beside the above mentioned consortium the „Politecnico" has several important contracts with such firms as Fiat, Motorola, IBM and others not only in research but in educational activities too:

- These firms together with many others regularly ask for different adult education courses that are organized by the teaching staff of the institution but on contractual basis.

- At the same time they represent the most important practical placement fields for the „Politecnico" students.

The regional and town level public autorithies are also expressing certain educational demand for the Technical University. The „education of educators, teachers in technical fields" for the schools of the vocatiional training system is an important demand from the side of the local public administration" – as it was mentioned by the Deputy Mayor of the city.

Beside the traditional relations that the Technical University has with the local big firms that are, as we have said, the most important on national level too, the Institution has also intensified its relationship with other actors of the economy since the late 80-ies.

This change can be explained by many reasons:
- by of the decentralization of many productive processes,
- by hi-tech innovations reaching small scale production and services as well,
- by the spreading new methods of management in small firms.

As a dirigent of the Association of Small Entrepreneurs mentioned:

„While the Politecnico was utilized and sponsored by the big industries a great ressource of experts and knowledges, the small artisanal firms earlier regarded it as something distant from their world. The small firms had to develop and to learn to express their demand for diversifying and decentralizing the teaching programs of the Technical University according to their needs and became „clients" and „commissioners" of the Politecnico".

Among external actors in the processes of change the national and international academic community have been also often mentioned by the interviewees:

- The European Social Fund follows very closely the first cycle teaching programs and their results supported by them.
- International and national HE experts are invited to participate in the assessment exercises of the „Politecnico".
- The European Rectors Conference carried out its first evaluation pilot projetc in this institution.

The actual Italian system of nomination to academic positions assures an overwhelming influence to disciplinary groups on national level, that again opens certain space to the influence of external actors in the internal dynamics of HE institutions. However the influential academic groups of the Torino Technical University can much better support their candidates` nomination then scientifically less recognized academic groups of smaller and/or new HE institutions.

3.2 The Social and Economic Context of Institutional Change

As it has been mentioned before in the past decades there were several important changes in the wider and local social and economic environment of the Torino Technical University. At the same time through its research and development activity and through its „output" of engineers this University itself has been an active and influential actor, promoter in these changes.

The Deputy Mayor of Torino put these changes in the historical context of industrialization in the following way:

„The former fordist type manufacturing is loosing terrain while high level production is realized in small and medium size firms in decentralized location. Public administration is also rationalizing while the sphere of social, health and cultural services offer more employment."

Sociological studies (among others Bagnasco A.: La citta dopo Ford, Bollati Boringhieri, 1990) showed not only the technical and technological modernization of the traditional big firms, but also the tranformation of the economic and social structure of the town of Torino and of the Piemonte region.

According to our interviews with the teaching staff and with public functionaries of Torino and of the region as well as with representatives of professional and employer associations, the Technical University has been an active partner to follow these changes and satisfy the educational and professional needs not only in the modernizing big firms and in the most advanced sectors, but the requirements of the diffusion of new technologies and new production organizations in the emerging small and medium size entreprises too.

The emerging heterogenous structure of the Italian economy and of the region around the „Politecnico" has developed in a continous – however not always and not in all local HE institutions succesful - communication and interaction with the education system. In the case of the Torino Technical University the involvement of economic actors in the academic activities and the very rapid introduction of a wide range of first cycle degrees diversified the educational offer and the teaching programs that not only corresponds to the educational needs of this heterogenous development model but gives also further support to this development.

In this sense the experiences of the „Politecnico" show a rather strong general social and cultural consensus concerning not only the ways of technical and economic development but a wide-spread acceptance of the co-existence of different development models too. In this respect the understanding seems to be shared within the institution too.

The high scientific and technical level represented by the „Politecnico" thus has not become an obstacle to descend to lower levels of teaching, the institution has not isolated itself into the „ivory town" of hi-tech and has not rejected the „strategic choice" of establishing several new contacts – decentralized units, first cycle degrees, university-industry partnerships etc. - with its social and economic environment and to diversify its activities and its structures to adapt to the multiplied education needs diversified also in their scientific levels, in their professional elements and in their multidisciplinarity.

The university autonomy as a general framework and the new management of the institution based on sistematic assessment, helped to have an overview of weaknesses and results, to elaborate and to establish a reasonable internal understanding concerning diversification among the different internal actors, faculties, departments, teaching programs, central and decentralized units.

This development strategy of the Torino Technical University had its roots already in the different traditional ways of professional and technical-scientific cooperation and contacts with the economic world that helped to find choices in the period of HE transformation. The Italian government`s HE policy, autonomy and responsibilization of the individual institutions, the intentions to evaluate ressources and results in the light of growing costs, the need to find new financial means and to open up to economic and social demand were not alien of the „Politecnico". Working out its strategy and setting up new programs and new structures this institution was not only adapting to new requirements, but lived with the new

possibilities to offer at the same time different chances of development to its internal sub-groups in answering to the new educational needs while its teaching and research capacities in the different territorial and teaching units have been articulated.

This institution, like all of the Italian HE system was affected by new regulations concerning critical central ressource flows, but the „Politecnico" seemed to adapt better than many others. Beside the internal consensus continously recreated around the new steps and measures, an important reason for that can be find in the fact that the proposed programs and stategies to widen and strengthen the relations between economy and HE, between learning and employment, were „compatible" with the professional identity of that group of academics that has grown together with the Italian industry close to the Fiat and the Olivetti (not to mention others) and with the history of the „Politecnico".

ANNEX 4b:
Comparative conclusions with respect to Austrian institutional level case studies

Main Comparative Conclusions concerning Austrian institutional case studies

This paper tries to draw some comparative conclusion from the four case studies. We have chosen four issues in order to characterise similarities and differences: the profile of the institution, its relation to labour markets, the connections between the region and the higher education institution, and the way in which the change process is organised.

Before we start with these comparative conclusions, we present some comparative data on the higher education institutions in Austria.

Typs of Higher Education Institutions in Austria [11]

Comprehensive [157.650 ST]	*Specialized Universities [67.166 ST]*	*Arts Universities [6.835 ST]*	*"Fachhochschulen" [3.756 ST]*
"Monster" • Uni Wien (73.426)			**"Big" FHS (5-7 StG)** • Technikum Joaneum GmbH. (7 StG, 2 StO) [358 ST] • Trägerverein zur Vorbereitung der Errichtung und Erhaltung von Fachhochschulen in OÖ (5 StG, 3 StO) [600 ST] • FHW-Fachhochschul-Studiengänge Betriebs- u. Forschungseinrichtungen der Wr. Wirtschaft GesmbH. (5 StG, 4 StO) [369 ST]
"Traditional Unis" • Uni Graz (28.535) • Uni Innsbruck (26.151) • Uni Salzburg (10.928)	**"Big and Specialized"** • WU Wien (21.696) • TU Wien (22.030) • TU Graz (11.825)	**"Music and Drama"** • Musik Wien (2.187) • Musik Salzburg (1.435) • Musik Graz (1.123)	**"Middle range" FHS (2-4 StG)** • Technikum Kärnten – Verein zur Errichtung der Fachhochschule in Spittal/Drau (4 StG, 3 StO) [164 ST] • Verein zur Errichtung, Führungg und Erhaltung von Fachhochschul-Studiengängen in Burgenland (3 StG, 2 StO) [346 ST] • Wiener Neustädter Bildungs- und Forschungs-Gesm.b.H. (3 StG) [644 ST] • Techno Z-Salzburg Fachhochschul GmbH. (3 StG, 2 StO) [244 ST] • Fachhochschul-Studiengänge Vorarlberg GmbH. (3 StG) [174 ST] • WIFI Steiermark GmbH. (2 StG) [95 ST] • Fachhochschulverein Inntal (2 StG) [0 ST] • Bfi Wien – Euroteam Fachhochschul-Studiengangs-Betriebsgesellschaft m.b.H. (2 StG) [108 ST]
"Reform Unis" • Uni Linz (13.932) • Uni Klagenfurt (4.678)	**"Small and Spezialized"** • Boku (6.851) • VetMed (2.615) • Montan (2.149)	**"Fine and Applied Arts"** • Akademie (649) • Angewandte (931) • KHS Linz (530)	**"stand alone courses" (1 StG)** • Gesellschaft zur Durchführung von Fachhochschul-Studiengängen St.Pölten m.b.H. (1 StG) [66 ST] • Theresianische Militärakademie Institut für Offiziersausbildung (1 StG) [0 ST] • IMC- Internationales Management Center GmbH. (1 StG) [140 ST] • Verein Holztechnikum Kuchl (1 StG) [59]

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[11] (Zahlen: WS 96/97, lt. Statistischem Taschenbuch 97, Zahlen bei Unis: Studien inkl. Doppelzählungen)

|			
			• Management Center Innsbruck GmbH. (1 StG) [86 ST]
			• Träger- und Förderverein für die Errichtung von technischen FH-StG in Tirol (c/o Wirtschaftskammer) (1 StG) [0 ST]
			• Verein zur Gründung und Führung von FHStG an der Camillo Sitte Lehranstalt (1 StG) [66 ST]
			• Verein zur Förderung eines Fachhochschul-Studienganges Elektronik in Wien (1 StG) [237 ST]

The Ratio between the different types of Higher Education Institutions in Austria

Ratio between Comprehensive Universities, Spezialised Universities, Arts Universities and „Fachhochschulen" concerning total enrolment numbers in 1996/97.[12]
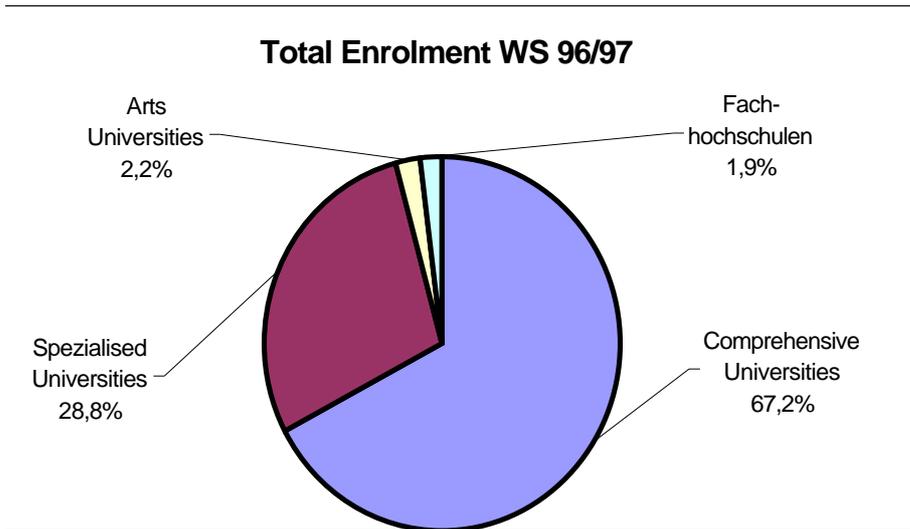
Total Enrolment WS 96/97

Arts Universities 2,2%

Fach-hochschulen 1,9%

Spezialised Universities 28,8%

Comprehensive Universities 67,2%

Ratio between Comprehensive Universities, Spezialised Universities, Arts Universities and „Fachhochschulen"concerning enrolment of first year students in 1996/97[13]

Enrolment of First Year Students WS 96/97

Arts Universities 3,3%

Fach-hochschulen 8,8%

Spezialised Universities 21,1%

Comprehensive Universities 66,8%
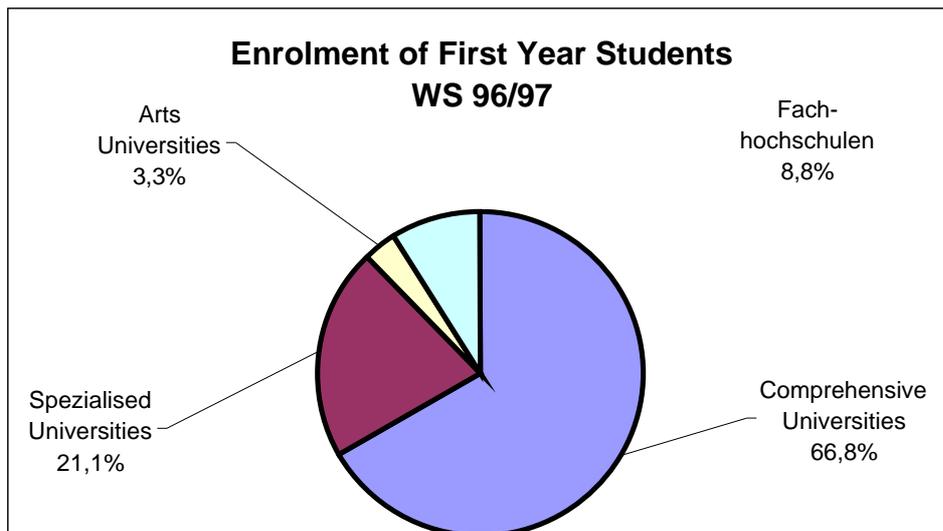
According to the plans of the Ministry of Science, this ratio of the „Fachhochschul"-sector compared to the rest should be increased up to 30% (~ 6000 first year students) until the year 2005.[14] Ten years after its establishment, the „Fachhochschul"-sector would take nearly one third of the first year students in Austria.

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[12] BMWF: Statistisches Taschenbuch 1997, S. 28-29.

[13] BMWF: Statistisches Taschenbuch 1997, S. 28-29.

[14] Developmentplan for the "Fachhochschul"-sector until 2005, cited in "Bilanz des Bundesministers Caspar Einem".

Institutional profile

The four case studies represent very different institutional profiles:
- The University of Graz is a traditional university looking back on a history of about 400 years. The university covers the full range of faculties and well established academic disciplines. As a consequence it is characterised by a significant variety of academic cultures which makes the task of integration more difficult. With about 35,000 students enrolled and 2,500 academics it is a large university. With respect to age and size it is the second behind the University of Vienna. An important asset are the strong links to the region.
- The Vienna University of Technology is a specialised institution which is almost 200 years old but has university status only for 25 years. This university has a long tradition of excellence in applied research. With respect to teaching it used to have strong links to external demands. In the last decades there was a process of academic drift which resulted in an adaptation to the traditional values and habits of academic life. Although it has as many faculties as the University of Graz, it is in fact characterised by a rather homogeneous culture which should be an advantage for the task of institutional integration. The relation with the region are rather weak.
- The two Fachhochschulen differ strongly from the universities, the differences between the two cases are less important. Both are less than 10 years old and have only a few hundred students enrolled. As non-university institutions they do not adhere to traditional academic values. They enjoy less academic autonomy than the universities and are confronted with strong external demands and expectations. Both Fachhochschulen have very strong connections to the region. In terms of governance they are characterised by strong managerialism; on the other hand they have a large room of manoeuvre vis-á-vis the government. They have a positive self-image as an entrepreneurial higher education institution, which has no tradition in Austria.

Relationship to labour market demands

Both universities have experienced a deterioration of the labour market for their graduates. Prior to the expansion starting in the 1960s labour markets for graduates used to be sellers markets due to the rareness of university graduates. With some simplification one could say: graduates were absorbed by the labour market regardless of the quality of their education. As a result of expansion, the supply of graduates started to increase in mid-1970s. Conditions for graduates deteriorated: entrance into working life became more difficult, wages decreased. Graduate markets gradually changed towards buyers markets. Now the interface between academic training and the labour market started to be a problem: Do students choose the "proper" subjects? Are universities responsive to demands of industry?

For some years the change in graduate markets seemed to make no difference for universities. Austrian universities were not used to see the employability of their graduates as their responsibility hence they did not see any serious challenge. This attitude changed in recent years. The policy makers and the general public more and more emphasise issues of evaluation and accountability. Universities now at least pay lip-service to the demands of labour markets. A closer look indicates significant institutional differences:
- The University of Graz is a traditional university with a large range of academic disciplines. Some fields of study, mainly those which train for the academic professions (medicine, law), have by tradition a strong occupational orientation. Fields of study which are mainly oriented to research have no such tradition. Today, all field experience a significant pressure and have to make efforts in order to strengthen the employability of their graduates. A good example is law where the graduate market has deteriorated due to the austerity policy of the government. In the humanities and social sciences additional qualification of graduates increasingly become necessary.
- The Vienna University of Technology is in a different situation. By tradition, this institution was strongly oriented to the demands of industry. The Vienna University of Technology was not strongly concerned by the expansion of higher education. Most graduates of this university still have very good occupational prospects, in some fields firms recruit students even before they complete their studies. But while graduates easily find a job, they do not always find a job which is adequate to their specialised and research oriented training. This is due to the process of academic drift which has weakened the links to industry.
- In some respect the Fachhochschulen have taken up the place which was given up by the technical universities during the process of academic drift. The absence of a relatively short vocationally oriented

technical training at the postsecondary level has created a pressure from industry which eventually resulted in the establishment of the new sector. Fachhochschulen primarily differ from universities in their active efforts to build connections and co-operations with industry. They deliberately limit their academic autonomy and grant a lot of influence to external actors. Labour market prospects for graduates are excellent at the moment. However, it is difficult to judge to what extent this advantage can be attributed to the distinctive profile of Fachhochschulen and to what extent it is due to the fact that only a small number of Fachhochschul graduates exists at the moment

Embededness into the local region

Universities are federal institutions in Austria, financed and governed by the federal state. But in some cases there are also strong connections with the Land and/or the city in which the university is located. In this case a university can play an important role as economic factor. So the University of Graz, situated in the capital of one of the nine Austrian Länder, is strongly embedded into the local region and the city of Graz. Most of the graduates work in the region, the regional labour market is very important for the university. The city uses the university as an important asset in its city profile and is an additional donor to the university. In the case of the polytechnics: the Land, the region, has an even more important role, since the initiative to set up a polytechnic study course usually orginates in the local context. Only when the local embededness is strong enough, the initiative will be powerful enough to gain federal support.

The situation is different in the case of the Viennese University of Technology. Since half of all Austrian students study in Vienna, and most universities are located in the Austrian capital, Vienna has taken its status of a university town as granted and only in the last years started to build up an explicit link between universities and city. So the link between the local labour market and the University of Technology was not too strong. As it is described under the heading of „academic drift" there is anyway a tension going through the University of Technology whether to orientate towards national or international labour markets. The regional demands are obviously better met by polytechnics.

Structure of change processes

The typical structure of the change processes which occurred in the case studies can be sketched as follows. Our general assessment of the modification processes at universities was by and large confirmed by the case studies: on the level of the subjects, within the disciplines, daily innovation and modification take place. Also in Graz and Vienna new adjustments in the chairs and appointments were made and the instructional contents were adapted to new requests. Thus also in the autonomous range of the university and of their own accord some change occurred, in order to strengthen the co-operation between university and industry. However, this form of the change is very uncontrolled, rather small dimensioned, incalculable (will a newly appointed professor remain with his/her specialisation?).

More far reaching modification processes however require an external impact . Due to the structure of the Austrian university system, the government plays a substantial role as a catalyst of modifications. Primarily there were the new organisation and study laws, which caused substantial modifications. In the first reform cycle of the 70's-years the primary reaction to modifications was expansion, extension of the supply. In the second reform cycle of the 90's however rather the pressure for financial cuts caused modifications. The UOG 93 strengthens the autonomy of the universities and pours the external reference into new, more direct forms . The university studies law stresses above all innovation on the level of the curricula and in amazingly short time relatively big changes occurred. The establishment of the polytechnics was also intended as modification impulse from the national level towards the universities. The University of Technology feels the competition by technical polytechnics slowly, but clearly (.e.g. through decreasing student numbers). At the faculty for electrical engeneering it is again interesting to observe how a non-governmental stakeholder – the Association of the Electrical Industry – again and again exerted modification impulses from the outside. A applied university like the University of Technology is always more closely coupled to the industrial-technical developments compared to a „full university" with a variety of academic disciplines like the University of Graz .

However, strong external modification impulses are so far mediated mainly by the state. Above all two prerequisites seem to be favorable that a reform impact from the outside is taken seriously by academics: a intiative group of well reputed university teachers takes up the impulse and uses the opportunity for a global reform of instructional contents. If the group enjoys a high academic status and represents rather the "mainstream " of the faculty , it will succeed to keep the resistance of the remaining faculty members rather small.
In certain sense most reforms at the faculty up to now were transferred „top down". However, there are also examples in the case studies how much at the university can be moved by the engaged self organisation of students and some teachers. Here the free space enabled by the new laws can create remedy, since the very close legal frame so far rather obstructed such initiatives.

Altogether, nevertheless the nature of the modification processes were more strongly shaped by the culture of the entire university system (centralistic organisation) than by the respective culture of the individual institution. The same applies to the relations between industry and universities: they are coined by the total culture and structure of the university system and this is in the middle of a „cultural revolution". A follow-up investigation in a temporal distance of 5 years therefore appears extremely delightful since then probably already more pronounced institutional differences in reaction to a stronger differentiation of the university system can be stated.

ANNEX 5: Paper on Stakeholders in Universities and Colleges in Flanders

Stakeholders in Universities and Colleges in Flanders

KURT DE WIT & JEF C. VERHOEVEN

Introduction

The participation of 'stakeholders' in the internal governance of universities and colleges (*hogescholen*) in Flanders has a long tradition. Since about 30 years, universities have a democratic governance structure, with a representation of both university staff and stakeholders. In the college sector a similar structure developed. Therefore, when investigating changes in Flanders over the last decade related to the 'stakeholder society', not so much the issue of new stakeholders is central, but the relative importance of each group of stakeholders in university and college policy making processes.

The notion 'stakeholder society' points at two developments with regard to the participation of 'external actors' in higher education systems. First, it indicates a shift in the role assigned to these representatives of 'external society'. Second, it implies increasing responsibility on the part of higher education to account for its actions to the general public. In Flanders, these developments seem to have taken place too.

During the last ten years the Flemish government has increasingly stressed the importance of higher education's openness to society. From the government's point of view, a maximum amount of autonomy has to be granted to the individual universities and colleges, in order to make them strong enough to take part in the international competition (van Heffen, Verhoeven & De Wit, 1999). As a counterpart for this autonomy, however, the individual establishments have to allow governmental control of the quality of the teaching programmes they offer (Verhoeven & De Wit, 2001). This has led to the obligation for higher education to set up a quality assurance system, with external reviews, and controlled by the government. Responsiveness to society has thus become a key element in assessing the quality of higher education.

But does this mean that the role of (external) stakeholders in higher education is really becoming more important? Or is the increased attention for the responsiveness of higher education mainly rhetorical instead of an impulse for actual changes? To answer these questions, this article will present some results of the Flemish case studies carried out in the framework of the TSER-HEINE research project. We will describe for both the university sector and the college sector how the participation of external stakeholders has grown historically. Then we turn to the current situation as it is laid down in Flemish law and regulations of the universities and colleges themselves. Finally, we present four case studies, two universities and two colleges, in which we unravelled the way stakeholders participate in practice in the governance of these four establishments and the reasons for actively involving them or not. But first, we will outline the theoretical perspective that guided the case studies.

Theoretical Perspective: Neo-institutionalism and Resource Dependency Theory

The focus on the two developments outlined above - higher education's increasing accountability and external stakeholders' changing role - requires a theoretical perspective for the analysis of the case studies that takes both into account. The theoretical framework

developed in the TSER-HEINE project (see Gornitzka, 1999) serves this purpose, by combining elements of neo-institutional theory and resource dependency theory.

Starting from an open systems perspective, i.e. the acknowledgement that an organisation has to interact with its environment for its survival, the question is what kind of interaction should be the major focus of attention. Resource dependency theory argues that the necessity for an organisation to be open to its environment results from its dependence on that environment for attaining critical resources. In the context of higher education, these resources can be government funding, staff, students, and so on. To guarantee the flow of resources, an organisation (in our case, a higher education institution) will react to changes in its environment that affect this flow, where 'reaction' does not stand for passive adaptation but rather for an active choice on how to cope with external pressure (which, of course, can also result in the decision to adapt passively).

The neo-institutional perspective offers a different view on organisation / environment interaction. It states that the structure of organisations reflects taken for granted norms and beliefs about social reality. External pressure stems from the institutional environment of the organisation (Scott, 1987). The institutional environment consists of the rules, expectations, and understandings shared by the members of a society. These include conceptions of which organisational structures and which organisational behaviour is 'fitting'. The organisation will usually (and at least partially) have to conform to this institutional environment. The degree of success of a policy directed at organisational change thus depends also on the degree of institutionalisation of this policy (Tolbert & Zucker, 1983). Or viewed the other way round, the success of an organisation depends on its legitimacy, derived from taking on externally legitimised structures, rather than on its efficiency and / or effectiveness.

In other words, organisational change does not have to involve real adaptations, as long as it seems to comply with the change in the environment. By implementing changes in a ritualistic fashion, organisations achieve stability despite the volatile pressures from 'outside'. This 'outside' of the organisation has to be understood correctly. Although the norms and beliefs are taken to be in the environment, they are actually internalised by the individuals. These cultural, interpretative schemes will therefore not only influence the behaviour of the individuals, but will also be strengthened or changed by it.

What receives little attention in institutional theory, however, is the 'inside' of organisations, i.e. issues of power and interests of actors within organisations. Here we must turn to resource dependency theory again. This perspective emphasises the importance of sub-units in organisations and their role in institutional change processes. Each sub-unit will try to improve its own situation, by trying to manipulate the 'subjective' resource dependence, i.e. the definition of which resources are important for the organisation. The picture of the organisation then becomes one of a complex social system that is not managed from one central point, an arena in which groups exercise power against each other and try to influence each other and the leadership. Different actors compete to advance their values and interests and the means they find important (compare Mintzberg, 1983, Clegg, 1990).

But resource dependency theory tends to see power as the consequence of a number of causal mechanisms. It is then often related to the division of labour (Pfeffer, 1981). But power can also be seen as a property of relations. The power struggle within an organisation takes place in complex and ever changing patterns of interaction, governed by rules that are not fixed (Clegg, 1990). The actors try to exploit these rules to their own advantage. The division of

labour can then be seen also as a consequence of the underlying power relations.

Organisation action takes place in complex and contingent circumstances (Devos, 1995). Unforeseen external actors can play a role in the interaction field, external actors can have an influence on the power of the actors in the organisation, and so on. According to Gornitzka (1999: 8), "The underlying model is one of influence and countervailing power: the greater the power of external stakeholders the greater the environmental determinism, whereas greater organisational power suggests greater capacity for organisational choice".

The implications of this theoretical framework for our study of external stakeholders' involvement in the governance structure of, and change processes within, higher education institutions, are the following. First, the way these institutions respond to the expectations coming from their environment cannot be understood without taking into account factors internal to the institution. This means we have to pay attention to power distributions and power relationships, but also to values, routines and traditions prevailing in the institution. In the field of higher education, we must be aware of certain characteristics of the institutions that make them "hard to move" (Gornitzka, 1999: 11). For instance, higher education institutions – in Flanders especially the universities – are what Mintzberg (1979) has termed 'professional organisations'. The core of the organisation is at the bottom, i.e. the academic staff members. Implementing change throughout the organisation therefore is not straightforward. Furthermore, higher education institutions are to a large extent structurally differentiated. Faculties or even departments are quite independent from each other in many respects. Their identities and features can differ considerably.

The theoretical framework indicates also that the interplay between these internal factors and the external situation must be recognised. Sub-units can be powerful to a greater or lesser extent depending on their capacities of receiving external support or of gaining external legitimisation. For a higher education institution as a whole, too, it can make a difference whether it is evaluated by outsiders or not, has to take part in competition with other institutions or not, and so forth.

This theoretical perspective has guided the case study research and the analysis of the cases. In the next section, we first present the two case studies of universities, preceded by a brief outline of the historical background of external stakeholders' involvement in university educational affairs. Later on, we will do the same for the two case studies of colleges.

Universities in Flanders: Academic Freedom Reigns

The Ivory Tower Critisized

The involvement of external stakeholders in the internal governance structure of the Flemish universities has its roots in the student agitations in Belgium in the second half of the 1960s. At first, however, these student agitations focused on an entirely different matter: the presence of the French-speaking section of the Catholic University of Leuven in the Dutch-speaking region of Flanders. The Catholic University of Leuven was a bilingual university, in which lectures were given both in Dutch and in French since the 1930s, and who's governance structure was divided into a Dutch-speaking and a French-speaking part since 1962. When the Act of 1963 delineated linguistic areas within Belgium (Dutch in Flanders, French and a limited area of German in Wallonia, and both Dutch and French in Brussels), the Université Catholic de Louvain remained a disturbing symbol of French-speaking presence in Flanders.

On the basis of the principle 'language of the territory = language of instruction', the question arose whether the French-speaking section of the Catholic University of Leuven should be moved to Wallonia. In 1966, the Belgian episcopacy declared unilaterally that this was impossible. This authoritarian decision caused a mass protest, not only among Flemish students, but also among the professors and the Flemish, mainly catholic press and organisations. In this way, Flemish demands became entangled with anti-clerical and anti-authoritarian demands.

When the academic government of the French-speaking section of the Catholic University of Leuven in January 1968 decided not only to stay in Leuven, but also to expand the university, Flemish students and professors joined for a four week strike. The demands of the students were now not just about the Flemish character of Leuven, but also about a 'democratic Flemish university' (until then, only professors participated in the internal management of the university, as in all universities in Belgium).

Unable to settle the conflict, the government had to resign. The new coalition government first provided a solution for the Flemish-Walloon problem, which was considered more important than university reform. Within the framework of university expansion, it made money available for moving the French-speaking section of the Catholic University of Leuven to Wallonia and for dividing the Free University of Brussels (ULB) in the same manner as the Catholic University of Leuven had already been divided. From October 1968 onwards, the French-speaking and Dutch-speaking sections of the Catholic University of Leuven began working autonomously.

When the linguistic contention abated, the issue of 'joint-management' became more prominent again. On 30 June 1968, the government called together a 'Conference on University Reform' in which representatives of academic, economic and social bodies, professors, assistants, and technicians would participate. It was to advise the government on necessary reforms in the public universities.

Meanwhile, at the Free University of Brussels, a student revolt had broken out in May 1968 under the influence of similar events in Paris. University buildings were occupied by the students, free meetings organised, etc. In Brussels, like in Paris, democratisation was ostensibly the objective. The demand for the division of the university into two autonomous linguistic sections, French and Dutch, came later. The board of directors declared its willingness to discuss all the demands made by the agitators. As early as 4 July 1968 a reform committee was established by the board of directors, and already on 20 November 1968 a temporary board was installed with seven elected professors and six deans, one work-leader, five assistants, seven students, two representatives of the administrative and clerical staff and eight co-opted representatives of social, political and economic bodies from outside the university.

At the Flemish section of the Catholic University of Leuven, a restructuring commission was created in September 1968, but without success at first. Only after new protest actions of the students in November and December 1969, new regulations entered into force in 1970, based on internal democracy, but with a predominance of professors. Here too the government did not exert any influence.

Action in the public universities and the colleges of higher education followed, but is was not as passionate there. The Conference on University Reform could only agree that the board of

directors of each university should have a democratic composition. The public universities who, unlike the private universities, could not choose their own mode of government, would have to wait until the Act of March 1971 before a certain amount of joint-management was introduced. In this Act, the democratisation of the board of directors was interpreted to mean that the four sectors of the university, i.e. faculty, assistants, administrative and technical personnel, and students, should each have some voice (not: an equal voice) in university affairs and that decisions by the boards should be made public. Faculty was given a larger representation than the other groups because of their experience and the continuity of their presence in the university. The same idea appeared in the Royal Decree in dealing with the organisation of the faculties, which continued to be 'faculties with chairs' despite the many proposals for further departmentalisation.

It was also decided that henceforward the universities should not be allowed to be 'ivory towers', but should be 'open to the needs of the society'. These 'needs' were to be provided for by the representation on the Boards of Directors of the municipal and provincial governments, and the social and economic organisations. In this the ministers followed the example of the private universities, where this pattern had already been observed. This was not only a new situation for the universities, but also for the trade unions, who until the crisis of 1968 had never taken much interest in the universities. From 1971 this changed, however, and the trade unions began intervening in the universities on behalf of the assistants and the academic staff.

Democratic Governance: Legislation and University Regulations

The monopoly of the professors, who used to direct the faculties collegially, has disappeared from all governing bodies of the universities since 1971. For the public universities this was determined by the Act of 24 March 1971; the private universities changed their own regulations in the years before that. Both the legislation and the universities' regulations left the centre of authority in the university in the hands of those members of the organisation who are likely to work the longest in the organisation and to try to realise its aims most clearly. This was not meant to ignore the importance of the other groups, but to guarantee that the group that traditionally had determined the university's goals would be able to maintain those goals even if other aims had to be included.

The current composition of the governing bodies of the universities is still based on the principles established in 1971. The same groups are represented in the governing bodies, in similar mutual ratios, although the actual numbers have changed.

In principle, each university is responsible for the establishment of its own internal organisation. For the public universities, however, this is only partially true. The Special Decree of 26 June 1991 transfers the organising authority from the Flemish Government to the public universities themselves. Before, they remained dependent on the Minister of Education for many important decisions, such as final decisions regarding appointments and the creation of new chairs. Even today their organisational framework is established by decree. By contrast, the private universities had and have great autonomy. Therefore, the organisational structure of the private universities differs. In what follows, we describe the governance bodies of the Catholic University of Leuven (KU Leuven) as an example of the governance structure of a private university. We also give an outline of the situation in the public universities, as defined by the Special Decree and further established by the universities themselves. In each case we look at the competence and composition of the bodies in which stakeholders are involved.

When we first look at the central level of the KU Leuven, stakeholders can be found in the Board of Directors and in the Academic Council. The Board of Directors administers the university and represents the university towards third parties. It consists of the vice-chancellor, the general manager, the vice-chancellor of the campus Kortrijk, the deputy vice-chancellors, the co-ordinators (for education policy, research policy, and students policy), and a final category of 'other members', including at least four members who are not university staff.

The Academic Council determines and co-ordinates the policy on education, scientific research, and scientific services. Its composition is similar to that of the Board of Directors, but without the category of 'other members', and including the deans of the faculties, the academic ombudsman, and representatives of the students (four) and the auxiliary academic staff (three).

On the central level of the public universities, stakeholders are involved in the Board of Directors and the Administrative Board. The Board of Directors is the most important administrative body. It is responsible for matters comparable with those of the Board of Directors of the KU Leuven. It consists of 33 voting members: the vice-chancellor, the deputy vice-chancellor, twelve professors, two assistants, four students, three representatives of the employers organisations and three of the trade unions, and four representatives appointed by the Flemish Parliament.

The Administrative Board consists of the vice-chancellor, the deputy vice-chancellor and elected representatives of the different groups within the Board of Directors (two representatives of the professors and one representative for each other group). Among other things, the Administrative Board prepares and executes the decisions of the Board of Directors. Moreover, it has the residual competence, i.e. all matters that are not explicitly attributed to the Board of Directors.

The Decree on Universities (12 June 1991) guarantees participation of students in the decision-making of a university. Every university has to establish a Council of Students (as in the colleges of higher education; see below) if the students are not already represented in the highest body of the university that discusses matters that directly concern them.

Finally, concerning conditions of employment, in accordance with national labour legislation private universities have a Works Council (minimum 100 persons employed) and/or a Committee for Prevention and Protection on the Workplace (minimum 50 persons employed), just like all other companies in Belgium.

Turning to the sub-unit level, and still taking KU Leuven as an example, there is a Faculty Council in each faculty, composed of the professors, representatives of the assistants, and representatives of the students. The faculties are responsible for planning, organising and co-ordinating education and for co-ordinating and stimulating the departments. Every faculty of the KU Leuven contains one or more departments, which are responsible for the organisation and co-ordination of scientific research and scientific services. On this level, there is a Departmental Council with a similar composition as the faculty council but restricted to the members of the department.

The Special Decree (1991) gives the Board of Directors of the public universities the power to establish faculties and, in addition, departments, subject groups, and other bodies considered necessary for the realisation of the mission of the university. In general terms, the co-ordination of the provision of education and scientific research is situated at the level of the faculties.
The Faculty Councils consist of all professors and representatives of the assistants, the technical and administrative staff, and students. For each discipline or group of disciplines, there are departments, on a faculty or inter-faculty basis. Since the abolition of the principle of faculties constituted by chairs, the departments are the smallest management units that are responsible for education. They also have a co-ordinating role with regard to scientific research and service.

Finally, we must mention two mainly advisory bodies that were established in all universities, although they are not obliged by law: the Educational Council at the central level of the universities, that advises the central governing bodies on educational matters, and the Education Committees, that advise the Faculty Council. In both students are represented (their number and share differs from university to university).

Actual Involvement of Stakeholders in Flemish Universities

In public universities professors are no longer in a predominant position; in private universities they still have a majority in the decision-making bodies. But their possibilities for influencing decision making do not depend solely on their number and share. The actual (rather than formal) involvement of the stakeholders is important too.

In this section, we take a look at some results of the TSER-HEINE research project, relating to socio-economic stakeholders in governing bodies for education in two Flemish universities. The first case is about a large private university, the second case about a large public university. We go into the ideas of the central governors about the relationship with the economy and socio-economic stakeholders, the way these stakeholders are involved in central decision making, and the situation in four faculties of each university.

Case A

The dominant idea at the central university level about the relationship with the economy, is that the university must be reserved about demands coming from the socio-economic stakeholders. Tendencies in society should not be ignored, but the university has to turn them into a university project. The goal of university education is to provide people with a general, broad education, a starting point that can keep its value for the rest of a persons' life. This project should not be liable to the hype of the moment and the often specialist demands of the economy.

Notwithstanding the stress on the specific identity and the proper goals of university education, university A experiences a growing impact of the economic rationality on university action and thinking. The main reason is the growing competition in attracting external financial resources on the national and international research markets. Furthermore, the university's environment exerts some pressure in indirect ways. Academic staff has individual contacts in the professional world or in some cases works there too. For each course programme an educational framework of reference has to be established in which

attention has to be paid to the labour market of graduates. A similar concern is present in the reviews.

A direct involvement of external stakeholders is only possible on a limited number of occasions. There is a representation of external stakeholders in the Board of Directors, but this board has no direct role in the educational policy. In the Evaluation Commissions and the Education Committees an alumnus can be and often is taken in as a deputy member. Finally, external stakeholders are prominently present in the structure for continuing education of university A, i.e. they make up half of the members of the Steering Committees (intermediate bodies between supply and demand) and they are represented in the Continuing Education Council, an advisory body on the central university level.

In the Continuing Education Council, two problems arise with regard to the involvement of the external stakeholders. First, it often happens that internal university affairs are discussed in the Council, what can be considered as a waste of time for the external members. Second, and more important, questions raised by the external members often cannot be answered by the representatives of the university, or can not be addressed in the time frame that is considered appropriate by the external members.

In short, at the central level of university A it is believed that the influence of external stakeholders is small, even -and perhaps especially- when they have a formal representation. In the faculties this picture is confirmed. In the four faculties we researched (engineering, economics, law, and pharmaceutical sciences) the more indirect influence of external stakeholders is pointed out, via their contacts with individual academic staff members. These contacts for the main are non-organised. However, in the Faculty of Pharmaceutical Sciences the professional organisations and the alumni association are active and important. The Faculty of Engineering has an Advisory Council consisting of faculty members and industrials, and at the departmental level advisory councils with alumni. But these councils seem to be more a way of fostering a good relationship with important industrials.
The reason for this low involvement of external stakeholders in faculty affairs, is -according to the faculty members- that economic demands change too rapidly, are too fashion-oriented, and therefore run counter to the mission of university education, i.e. offering more permanent insights.

Case B

In general, the central level of university B is in favour of keeping contact with the social environment, including the economic environment. It incites the faculties to involve alumni closer in educational reforms, because their feedback about the education and the other university tasks is essential for quality maintenance and improvement, and because their labour market position is a good way to measure the socio-economic appreciation of the courses of the university. But even more than in case A, in university B the decentralised organisation model is stressed. The involvement of external stakeholders is believed to be a faculty level responsibility, and also in practice it is realised on that level. External pressure on the central university level is small (and this is certainly true for pressure from socio-economic actors), because the central level is not strongly involved in the field of education and because socio-economic actors do not have many possibilities to exert pressure towards the university directly. They are only present in one central body (the Board of Directors). Moreover, we have to remember that the central level was not very relevant in the old structure of the public universities (before the Special Decree of 1991).

Because of the strong decentralisation, the situation with regard to involving stakeholders differs considerably from faculty to faculty. Nevertheless, a picture emerges that is broadly similar to case A.

First and foremost, individual contacts between professors on the one hand and business people and / or alumni on the other, are the most important channel of influence of external stakeholders in all four faculties (engineering, economics, medicine, arts and philosophy). The Faculty of Economics even tries to stimulate these informal contacts rather than the formal. The Faculty of Engineering is the only one that has a clear formal representation of external stakeholders. It has an Advisory Council with an equal representation of academics and industrials, to discuss the long term options for the programmes. There is also a (small) deliberation forum, which helps to define the knowledge that has to be offered to the students. Again this absence of formal representation is explained by the contradiction between the demand for practical, transitory knowledge coming from the economy, and the aim of university education of providing a broad and general knowledge base.

Nevertheless, the interviewees believe that the involvement of external stakeholders in curricular reforms is increasing in university B. In accordance with the central guidelines, alumni and business representatives are asked more often to participate in educational reforms. Also, more frequently guest professors from outside the academic world are appointed, as are practical training assistants. The reviews, that assess among other things the relevance of programmes for the occupational field, and whose members can be socio-economic stakeholders, have an increasing impact. They are seen as an important catalyst for changes, especially through the self-reflection they imply. Finally, students can evaluate education on a structural and regular basis within the framework of the quality control structure.

Colleges in Flanders: A Clear Orientation on the Vocational Sector

Democratisation in the Wake of University Reform

In the wake of the changes in the administrative structures of the universities the position of stakeholders in colleges of higher education changed as well. The changes happened more peacefully than in the universities.

On the national level stakeholders already received a place in the High Councils for the different parts of college education by the Act of 7 July 1970 concerning the general structure of higher education. These councils advised the Minister of Education on their own initiative or on the Minister's request. Their members were representatives of the organising authorities of the colleges and of the teachers, but also representatives of the students and of the social and economic sector.

On the local level the Royal Decree of 1 August 1977 determined that the Board of Directors of the public colleges should be composed not only of the director and his adjunct, and representatives of the teachers and the staff, but also of two representatives of the students and four persons appointed by the Minister of Education on proposal of the other members of the Board. The latter were proposed on the base of their special knowledge about the domains of study organised by the college. Although the private colleges were not obliged to follow these regulations, it became a custom in these colleges as well to have external stakeholders on the

Board. The same Royal Decree also established a 'Social Council' in each college. Besides the director and his adjunct, five student representatives were elected among and by the students, and one representative of the staff for each union present in the college. This council had the right to advise to the Board of Directors.

During the following years the principle of a representation of stakeholders got a new legal basis several times (the Special Decree of 19 December 1988, and the Decree of 23 October 1991 organising participation by parents and other stakeholders in private schools), but the principles did not change very much. One important difference between public and private colleges should however be stressed. Whereas the stakeholders in public schools could participate in the decision making, in private colleges the legal rights of the stakeholders in participation councils were confined to taking part in the deliberation only. Nevertheless, the stakeholders in the Board of Directors in both public and private colleges had equal rights of decision making.

Legislation on Democratic Governance in Colleges

The College Decree of 13 July 1994 has granted the current legal position to the colleges, and prescribes the administrative organisation of the colleges and the position of stakeholders in the different councils. As before, the Decree distinguishes between public colleges and private colleges.

A public college is governed by a Board of Directors, consisting of the representatives of the different categories of the personnel elected for four years by the personnel, representatives of the students, elected for two years by the students, and the representatives of the organising body and/or the representatives of the socio-economic and cultural sectors (also for a term of four years). The Director has an advisory voice in this council. The Board of Directors determines the regulations concerning administration, examinations, and discipline, establishes the budget, appoints the personnel, establishes the framework for the organisation and co-ordination of the tasks of the educational institution and so on. The Directorate consists of the chairman of the Board of Directors, the Director, and three representatives of the personnel appointed for four years by the Board of Directors. The Directorate is responsible for the daily administration, and for the preparation, announcement, and execution of the decisions of the Board of Directors.

In private colleges, the Board of Directors co-opts its members independently, but most boards co-opt stakeholders (though not always students) as well. The College Decree, in a similar fashion as the University Decree, provides the private colleges administrative bodies with mainly advisory tasks. One of these is the Academic Council, which consists of elected representatives of the Board of Directors of the college (with a term of four years), of the personnel (also four years), and of the students (two years). The Academic Council is entitled to receive information from the Board of Directors concerning all matters bearing educational aspects. It advises the Board of Directors for at least the education-related aspects of certain matters like the research policy, and has the 'competence of consultation', i.e. the power to decide on the condition that the decision is taken by consensus, regarding educational aspects of matters like the financial policy, the policy concerning education and examinations, and the organisation of study guidance. If there is no consensus, the Board of Directors will take the decision.

Each college, both public and private, must also establish a Council of Students, consisting of at least 8 and at most 16 elected students. The Board of Directors must consult the Council of Students before taking a decision on all matters that have direct relevance for the students (for example, regulations concerning education and examinations, and the evaluation of the teaching staff). The Council of Students may also take advisory initiatives.

Concerning the conditions of employment, each college and each of its departments has a Negotiation Committee to regulate the relations between the employer and the unions of the personnel. The Negotiation Committee on the level of the college consists of the representatives of the Board of Directors on the one hand and representatives of the personnel on the other.

Each college is divided into departments. For each department in a public college, there is a Departmental Council composed of the same parties as the Board of Directors (with the same terms, but with another proportional composition). This council elects the head of the department, who serves as chairman of the council for a four-year term. The Departmental Council is responsible for among other things the establishment of educational programmes, examinations, and research programmes, the recruitment of temporary personnel and the nomination of permanent personnel, the internal organisation of the department, and the yearly drawing up of budget proposals.

At private colleges, a Departmental Council has to be established for each department. It consists of the head of the department (appointed by the Board of Directors of the college), who is also the chairman of the council, elected representatives of the teaching staff (1/2 of the council), elected representatives of the students (1/4 of the council), and representatives of the socio-economic and cultural sectors (1/4 of the council), co-opted by the head and the teachers and students representatives. This council has the right of information for all matters concerning the department and may advise on a range of departmental matters when asked by the Board of Directors of the college or on its own initiative. In other words, the Departmental Council is an advisory body in private colleges, whereas in public colleges this council takes part in the decision making.

At both public and private colleges, the Departmental Negotiation Committee consists of representatives of the Department Council and of the personnel. The latter are elected among the teachers candidates proposed by the unions.

Stakeholders do not only influence the college governance on the local level, but also have a say in the design of the curricula of the colleges on the level of the Flemish Community. Indeed, the Decree determines that colleges should design the course profiles in accordance with the vocational profiles developed by the Flemish Education Council (VLOR). The VLOR is an advisory body towards the Minister of Education and a forum for consultation and debate concerning all matters that regard education. It consists of representatives of the social and economic organisations, the educational trade unions, the governing bodies, and parents organisations. The VLOR organises consultations between the educational field, the Social and Economic Council of Flanders (SERV) and the Department of Educational Development of the Education Department of the Ministry of the Flemish Community (DVO) about the vocational and course profiles.

Actual Involvement of Stakeholders in Flemish Colleges

Just like in universities stakeholders have attained a clear position in colleges, although there are some positional differences between stakeholders in public and private colleges as far as the legal rights of the stakeholders in the participation in the decision making are concerned. Nevertheless, both in public and in private colleges stakeholders may play an important role in the decision making, as will be shown below.

But before we discuss the actual position of the social and economic stakeholders in two colleges, we give a short overview of some results of a survey of a representative sample of the members of the Board of Directors, the Departmental Councils, and other participative councils in the Flemish colleges (Devos, Verhoeven, Maes & Van Pee, 2000). Among other things, their opinion was asked concerning the importance of the role played by the social and economic stakeholders in the Board of Directors, and in the Departmental Council.

The item 'External stakeholders play an important role in the decision making of the Board of Directors' could be rated by the members of the different Boards of Directors (N = 67) from 1 to 5, the latter being the most positive standpoint. The mean score was 3.76, which is higher than the answers on a similar item concerning the contribution of the representatives of the personnel on the Board (score = 3.45) and of student representatives (mainly in public colleges) (score = 2.65). If the external stakeholders seem to have some influence on the Boards, then this is less so in the Departmental Councils (N = 384). Their score here is 3.07, which is lower than those of student representatives (3.16) and of staff representatives (3.85) (Devos, et al., 2000: 349, 362).

Who are these stakeholders? Although they sit on boards of higher education, not all of them got a higher education degree: 4% enjoyed only secondary school, whereas 44% attained a college degree, and 52% a university degree. Professionally 13% of them are self-employed, 8% are clerks or officials, 14% have a teaching profession, 45% are executives, and 20% are pensioned.

To get a more detailed view on the involvement of external stakeholders in the educational governing bodies of colleges, we now turn to two TSER-HEINE case studies of colleges in Flanders. The first concerns a private college that only offers course programmes in the field of economics; the second is a large, general college in the public sector.

Case C

The disposition of college C towards economic reality is very positive. Its main objective is to prepare the students adequately for a successful professional career. The courses offered are both business-oriented and of an academic level. The curriculum implies a close co-operation between the college, the government, the business sector and the non-profit sector. By providing a full evening programme alongside a day programme, the college wants to stress the business orientation of its programmes and answers the growing demand for in-service training. In order to adapt the curriculum to the demands of the labour market, college C tries to continuously update and revise the curricula. The interviewees stress that this attitude and the consequent functioning and organisation (practice-oriented education, attuned to external signals), is highly valued by the companies and organisations recruiting their graduates. Next to the business aspect, the training concept stresses a critical, problem-solving method, the self-activity of the student, and the development of an international vision (by means of multilingual communication).

In college C stakeholders play an important role in several councils. The members of the General Assembly represent the cultural, social, economic and academic sectors. Some members of the General Assembly act as the Board of Directors, though most of them are not stakeholders, but members of the management of the college. This Board is responsible for the course programme, the formal educational structure, the study load, the exam regulations, and quality assessment.

The Academic Council is composed of 3/8 representatives of the General Assembly, 3/8 representatives of the teaching staff, and 2/8 representatives of the students. The Academic Council is the highest academic body. It has the right on information about any subject related to the college, and has advisory and deliberation authority. In other words, the Academic Council has the academic responsibility for the college's educational policy.

Of importance are also the so-called Resonance Councils. The members of the Resonance Councils (between 4 and 11) are not academic or scientific staff of the college. They are representatives of companies or other organisations operating in the labour sectors of the future graduates of the college. They may also be academics whose professional activities concern the speciality of the graduation fields. The Resonance Councils assemble at least every two years to discuss the relevant targets, the content, and the structure of the specialist options in the second cycle, and can advise to the Academic Council on these matters.

The quality assurance system of college C is also strongly influenced by the economic world. Within the framework of a special programme started in 1994 a major revision of the curriculum was realised. As a consequence of this action the business orientation of the curriculum was strengthened and some new courses were introduced. During the following years an external audit granted the college several ISO-9001 certificates for several parts of the organisation.

More than the universities, college C is interested in hiring guest professors working in the business sector, in the civil service, and in the non-profit sector. They mainly teach in the second cycle, where they provide an intensive contact between students, teachers, and the professional practice. At the moment, about one third of all professors of the college are guest professors. Nevertheless, in a number of fields there is no direct involvement of external participants, but rather a broad practical co-operation between the college and the business sector (for example in the field of projects offered to the students by companies).

This college is not at all reluctant to external pressure from the economic world. On the contrary, it even tries to act as a company (using the same quality standards, applying management principles) in order to give the students the experience of how a company really works.

Case D

College D differs from college C in many respects. It is a merging of different smaller colleges and does not only provide two-cycles training (courses lasting four years), but also one-cycle training (three years). As a result of this more complex situation, different views and practices exist in college D regarding the involvement of external stakeholders.

Although the Board of Directors is partly composed of stakeholders from the socio-economic and cultural sector, there is little direct interference of these sectors in the central

administration of the college. Nevertheless the College Decree of 1994 brought the college to a new mission: the college should not only provide education, but should also render services to society and carry out research. Moreover, this decree made the college aware of its relationship with the economy, by stating that within the framework of quality assurance the relationship with the alumni and the business sector has to be supported. In college D, this has led to the appointment of a quality co-ordinator and the definition of a number of quality priorities.

One of these quality priorities is the analysis and formation of the course programmes in function of the course profiles and the vocational profiles (see above). This is seen as a way to evaluate the relevance of its goals in the light of societal developments. However, college D does not want to be determined by external stakeholders completely either. Consequently, the departments have to take into account the ideas of the business sector, and the alumni, but they don't have to accept their proposals without critical reflection: a practical training suggested by a company or organisation does not have to be accepted by the department if it does not fit into ongoing or planned projects.

However, the general attitude towards the economy is favourable. This is shown in the various ways in which the departments are in contact with the economy.
All courses offer a practical training to their students, albeit in different forms and with different names. This practical training is established in co-operation with companies (sometimes also universities): in some cases the training takes place in the company, in other cases it takes place in the college on a company's request and supported by that company. The companies are not only involved in the organisation of the practical training, but also in the evaluation of the students. Professional organisations play an important role for some courses (for example in the sector construction - real estate).
Especially for courses in which it is more difficult to have practical training or involvement of professional organisations, guest professors are appointed. This is said to be important to update the courses. The guest professors too are involved in the evaluation of the students.

All Departmental Councils have 1/3 members co-opted among socio-economic stakeholders. The influence of the latter is experienced to be more indirect than direct. The case studies we made of three departments (engineering sciences, business and commerce, and health services) illustrate this. The interference of the stakeholders in these departments is confined to the technical parts of some fields. They do not interfere in the general education.

In short, in the opinion of the interviewees of college D, the relationship with socio-economic actors has to take the form of co-operation. Nor the college as a whole, nor any of its departments may be dominated by external factors. Nevertheless, the significance of external stakeholders for many courses is great.

Different Levels of Involvement of Stakeholders

The central question throughout this article was whether or not external stakeholders have become more influential with regard to the educational activities of higher education institutions. The results of the four case studies show that the actual way in which stakeholders are involved in the higher education institutions differs between universities on the one hand and colleges of higher education on the other. The continuing divergences between these institutions, despite a trend towards convergence, has recently been confirmed

for other aspects of their education activities as well (see Verhoeven, Vandeputte & Vanpée, 2000).

The TSER-HEINE case studies show that universities have very much remained autonomous institutions, in which a formal representation of "society's interests" exists, but in which decisions are still taken by the academics. The interviewees almost invariably refer to the concept of academic freedom and point out the 'specific mission' of a university and of university education. Besides, the legislation also confirms the predominance of the academic staff in academic decision making.

However, the "outside world" is not absent either. Many academics have contacts with business (or in some cases are in business themselves). These contacts are for the main non-organised, informal contacts. Further influences from the outside world come from the external reviews, the educational framework of reference (case A), and guest professors (especially in case B).

But the influence of external stakeholders in these cases is more on the informal level and is not decisive. Moreover, problems arise in formal councils as a result of the diverging agendas of the university members on the one hand and the external members on the other. Councils in which both parties are represented often seem to be in the first place a way of intensifying relationships.

On rare occasions, stakeholders do play a significant role. The cases do not directly point at this, but one clear example was the branching off of the management school from university B, as a result of the students' legal actions to dispute the unclear position of the management school in the structure of the university.

When turning to the colleges, the situation is different. They are in a way legally obliged to take external viewpoints into account. They have to draw up vocational profiles in conference with the relevant occupational fields and must design the course profiles in accordance with the vocational profiles. Being more vocation oriented, colleges also have more formal contacts with external stakeholders than universities. First, many contacts are established within the framework of organising practical training for the students, which is also an obligation for the colleges. A similar situation exists as regards facilities for thesis projects. Furthermore, an important interface between college and stakeholders is the appointment of guest professors (a practice used much less in universities). Next to the formal contacts, informal influences - often resulting from the formal meetings - are important too, although less than in the universities.

The two case studies further show that the attitude found in colleges is more business-oriented than in universities and is in general more favourable towards the socio-economic field. In case C this business orientation is even stated as an explicit goal. In case D it is stressed that being business-oriented should not mean being dominated by the business sector, although courses that clearly prepare for a certain profession experience much influence from the vocational field.

With this comparison, we can turn back to our theoretical framework. The research design of the TSER-HEINE project implied a focus on any given policy at a certain moment in time, instead of taking one policy and following it throughout its implementation. This means we cannot infer causal relations, but it does enable us to find the elements that play a role in the relationship between internal and external stakeholders in decision making processes within higher education institutions, and to see the interplay between these elements.

The theoretical frame pointed at a number of such elements that might explain the position of external stakeholders in the internal policies of higher education institutions. Within the institutions, it pointed at both power relations and belief systems. Moreover, the relationship between each of these elements with the 'outside world' was marked as important, i.e. support for the power position of different groups and legitimisation for the prevailing beliefs respectively.

The power of different groups in the governance bodies of higher education institutions shows another pattern in universities and colleges. Viewed from the position of the academic teaching staff, universities guarantee a more independent position than colleges. As a consequence, the informal side of relations overshadows the formal representation of external stakeholders in universities, whereas in colleges the prime channel of influence of the stakeholders results from their formal position and competence. This situation is externally confirmed and strengthened by the provisions laid down in the Flemish higher education legislation. For universities, the law clearly acknowledges the more important role of the academic staff as compared to the external stakeholders. In colleges the staff is obliged to take account of the viewpoints and demands from external stakeholders on several occasions, for instance in the case of vocational profiles.

As regards the norms and beliefs that prevail in the higher education institutions, we see a pattern that runs parallel to the power distribution in the institutions. In the universities the belief in the traditional image of academic freedom is widespread among academic staff. The introduction of democratic governance structures in the 1970s apparently did not change this. On the contrary, it seems generally accepted - and in fact, also by the public - that professors should be the most important party in the decision making process. Staff in colleges has a much more favourable attitude towards external stakeholders. Probably this is related to the fact that a large part of the staff is external to the college, and that colleges were originally established as a vocation-oriented extension of secondary education. This explains why the introduction of a more open governance structure in colleges was less problematic than in the universities.

We can conclude on the basis of our four case studies, that the role of external stakeholders in Flemish higher education cannot be described homogeneously. In universities, the tradition of academic freedom remains central both in the value system and in practice, meaning that external stakeholders have an indirect influence at the most. As far as colleges is concerned, all internal and external elements point at a greater impact of the external stakeholders than in the universities. Overall, however, all higher education institutions experience increasing pressures from the 'outside world'.

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