

# Autonomy and connectedness: new challenges for higher education governance

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## Introduction

Rector, Dean, Director, Ladies and Gentlemen, Distinguished Guests!

Let me first of all start by congratulating CHEPS for its 25<sup>th</sup> anniversary! Over the course of the years I have been privileged to observe – sometimes from a distance, sometimes more closely – the trajectory of CHEPS. And without even noticing, CHEPS became part of my own life as well. Its research and conceptual work influenced my ideas and probably also my policy choices when reforming Flemish higher education. And some of CHEPS staff became very close friends over the years. The Netherlands should be proud of having such an influential institutional with international exposure and reputation.

But throwing flowers is not what I have been asked to do here. In Flemish Dutch (‘Southern Dutch’ to be compared with regular ‘Dutch’ according to Van Dale) we have a saying which goes as: “if someone starts throwing flowers, beware of the pots that may come with them”. Flowers wither, but in a vase one can plant something new. So, hopefully my gift here today will be rather a vase than mere flowers.

Actually, 25 years is a nice time to look back and evaluate critically. The risk with maturing adulthood is the loss of adventure, the arrival of a standardized life-course with children, a house and a mortgage, the desire to organize the return on investment, and – maybe the most risky feature – mere fatigue. After 25 years one’s personality and worldview are more or less formed, consequences of choices become apparent, and the range of possible alternative options for the future is rapidly narrowing. The analogy between a person’s life-course and an organisation’s lifecycle is defective, but there are some similarities. When maturing, also organisations tend to standardise, to develop a narrative, a discourse which secures both internal cohesion and external impact. And also maturing organisations tend to become risk-

avoiding. So, the question I asked myself in preparing this address is the following: is the dominant CHEPS discourse – as I perceive it – accurate, realistic and relevant? The first criterion refers to its internal logic and consistency; the second to its empirical truthfulness and the third to its ability to effectively generate policies and strategies that work. With regard to the third criterion: you may very well see this speech as a personal reflection on personal experiences in higher education policy where I have been in a situation testing some of CHEPS' main research findings and policy messages.

CHEPS colleagues might object that CHEPS does not have a dominant discourse or worldview, since it is a research institute driven by rigorous empirical analysis. I do believe – and I also believe many will share this vision – that CHEPS does have a narrative, and in fact a rather strong one positively contributing to its identity and reputation. I also think that there is nothing wrong with this. After 25 years of hard work the absence of a narrative would be a serious deficiency. The problem begins when a narrative becomes a closed system, not open to new findings which contradict basic contentions of the narrative. But I honestly do not believe that this is the case with CHEPS.

Summarizing a narrative is a dodgy thing to do: a defining feature of a narrative is that it never is completely or definitely told. But I will do an attempt. It is fair to say that the most important concept driving CHEPS' work and its narrative is *governance*. A lot of the work done is about the transition – or transformation – captured by the expression 'from government to governance'. The core of the argument is that ideas of New Public Management and neo-liberal views on organising the public domain reinforced by globalisation and increasing global competition dramatically changed the balance between the state and higher education institutions. Institutional autonomy increased, with the state backing away from direct regulation, more focused on organising a level playing-field facilitating self-regulation and organising the quasi-market dimensions of the system. Old systems of bureaucratic control and command were replaced by new forms of steering and accountability involving a large amount of deregulation but with reinforced output steering, performance monitoring and quality assurance. As a result, more autonomous universities improved their internal governance, thereby optimising their internal efficiency and maximising their competitive position. Institutional leadership was strengthened, internal management professionalised, but also stakeholder relations and relations with customers and the wider community were reinforced.

Of course, no one will dispute the validity of this general account of changes in governance in higher education. But I would like to put some question marks to both ends of the equation. Let me first concentrate on the level of the state.

## **The state**

Has the state really retreated from direct regulatory interventions in exchange for 'steering from a distance' or is the emperor only changing his clothes? It would be foolish to deny that the general trend of policy development has been towards deregulation, decentralisation and an exchange of institutional autonomy with new forms of accountability. The clearest case for such development probably is precisely The Netherlands, in many areas but also in education. Policies of liberalisation and the introduction of market mechanisms at the expense of direct regulation have been pursued in the Netherlands with quite some perseverance. Perhaps CHEPS may have put up with a 'Dutch bias' in some of its work. For historical reasons the central state has always been comparatively weak in this country where self-government of local communities has always been more important. Recent policies have further decreased the state capacity for regulation. But even here, strong interventionist policies, opposing the government and institutions in sometimes rather bitter political quarrels, are fought over the more traditional forms of public regulation such as financing. It will be interesting to see what the outcomes of recent government decisions on the higher education system will be. They definitely share more characteristics with old forms of regulation than with 'steering from a distance'.

A frequently cited example of a new regulatory policy instrument is output funding. In an attempt to steer institutional options and behaviour more effectively, many countries have introduced output or performance-based funding schemes. It would be interesting to study in detail the impact of such schemes on institutional behaviour, but my hypothesis would be that the regulatory impact of output funding on institutions' options and freedom of action in fact is greater than that of old, input-oriented funding mechanisms. Having introduced such a scheme in the Flemish Community of Belgium myself, I learned that policy makers were convinced of the usefulness of such a scheme, not because it would allow universities to become more autonomous, but quite on the contrary: it would allow the government to force universities into certain desired directions, which would not have been possible with old policy instruments. More sophisticated data-management systems permit governments to enforce policies more

effectively and almost automatically. All in all output funding has shifted the burden of data management and accountability from governments to institutions and has effectively decreased institutional autonomy.

Another interesting example to analyse more in depth is the recent change in the Dutch quality assurance system. Seemingly this change is informed by a policy approach characterised by moving responsibility to institutions. But the actual balance of power has not shifted to institutions, but rather to a public agency in between the state and the institutions, namely the NVAO. By moving the actual gravitation in the quality assurance system from the so-called VBI's – which are closer to the institutions than the NVAO and organise the peer-review of programmes on behalf of the institutions – to the NVAO, we might in fact speak about a 'étatisation' of quality assurance. Universities have pleaded for the reorganisation of the quality assurance system, expecting that it would reduce overload and cost, but in fact by abandoning the old and famous 'Dutch model' of self-regulated quality assurance and by shifting the focus towards institutional audits by the NVAO, universities now find themselves with a new system which on balance is more characteristic of the old state inspectorate type of quality control than of peer review in hands of a self-regulating higher education community. If the higher education system was really interested in self-regulation and keeping the state at a distance, it would have kept quality assurance – as one of the most important mechanisms of public accountability – within its own realm.

In most other European countries the picture is even more blurred, with tendencies and policies going in different and sometimes even opposing directions. One can discuss the validity of the measure, but in most countries the mere volume of regulatory law is not decreasing, but rather increasing. In the Flemish Community of Belgium an attempt to synthesize the legal framework for universities and to eliminate redundant regulation is still unfinished after many years of hard work. It is very hard for policy-makers and politicians to give up on old policy instruments. Also in France, Germany and the UK universities complain about the fact that new laws intended to give them more autonomy and freedom of action, in fact seem to have quite adverse results. This reminds of the observation by political scientists some years ago that even under the most neoliberal governments of Ms Thatcher in the UK and Ronald Reagan in the US the actual net 'weight' of the state on the economy and society fact increased rather than decreased.

This raises a quite simple but in my view very important methodological question. Maybe researchers of higher education policy should be less concerned with the stated policy objectives and intentions – and the conceptual, rhetorical or ideological backings of these – but more with the empirical analysis of the actual outcomes of policies. These outcomes often are contrary to the expectations or are producing unintended side-effects, which strongly affect the overall balance of regulation.

A complicating factor of course is the multiplication of policy actors and policy levels. Universities are increasingly confronted with other policy actors than the education ministry. And they need to react to policy initiatives from the local level as well as from the international level. For most universities interaction with city governments, the regional business community, local cultural and intellectual milieus, and other social actors has enormously increased over the past years. But perhaps even much more relevant is the European level. Policy developments on the European level are well documented and researched, also by CHEPS. My point here is that the multiplication of European policies has resulted in very direct effects on institutional choices. In an interesting way Europe has developed ‘carrot-and-baton’ policies which are at the same time forcing and seducing universities to specific institutional preferences and policies.

The Bologna Process is an interesting example. Universities have been participating in the policy developments of the Bologna Process, mainly through their European association EUA, but it is very clear that the Process to a very high degree was a government-led process. The combination of sector support, European coordination and convergence, and national legislation made the transformation of the system a rather coercive one. Maybe that also was the only possible way for effective transnational system reform. Policy analysts have noted that similar developments in other fields using the ‘Open Method of Coordination’ in fact have a lot in common with very strong, coercive policies. Personally, I have no problem with that and I do think that the Bologna Process – with its unique mixture of top-down and bottom-up transactions – was the only way to pursue certain socially desirable policy objectives to which the unorganised assembly of autonomous universities never would have come to. It is interesting to see that the proposal to give a final blow to the outdated system of national recognition of qualifications and to finally adopt the European equivalence of degrees comes from Chancellor Angela Merkel, and not from the higher education community itself.

This brings me to my conclusion with regard to the state. To put it rather bluntly: I think that all in all policies to shift the balance of power in the system towards universities have been rather cosmetic, that it was never the real intention of governments to create quasi-markets in education, and that, where it might have been the case, such policies were first of all serving ideological purposes and in the end were rather unsuccessful. Why is this so? Why have public policies in higher education remained so strong and interventionist? The reasons in my view are quite obvious: higher education remains a public policy field because the stakes are so high that no government is willing to allow universities to depart from public policy objectives which are seen as crucial for a nation's future prosperity and progress. Effective and equitable systems of knowledge production, knowledge transfer and knowledge distribution are key to societies' progress. The arguments are lacking that could demonstrate that the 'invisible hand' of a more liberalised higher education system would bring the system to produce these social outcomes as effectively as a state-governed system.

In almost every single aspect of their functions higher education institutions have moved to the centre of gravity in 21<sup>st</sup> century knowledge societies. In complex societies public regulation still is the most effective way of pursuing socially important policy objectives. Developments in US higher education also seem to support this observation. A system which has many more characteristics of a market than anywhere else in the world has produced most of the world's best research universities, but as a system it is increasingly seen as not meeting the demands and expectations of a knowledge system in the 21<sup>st</sup> century in the leading economy of the globe. Republican and Democratic governments alike have gradually increased federal interventionist legislation forcing higher education institutions with whatever means possible to better pursue and more effectively perform socially desirable objectives. In several areas this has resulted in bitter conflicts between institutions and federal policies. Accreditation is only one example.

It can be expected that the public policy rationales for interventionist policies in higher education will further increase in the near future. The economic and social significance of the knowledge society is so high that modern states simply cannot afford it to give up. Contrary to the expectations of universities, money will not be the main policy instrument. Governments will increasingly deploy alternative policy instruments to maximise the system's output and they will not accept it that institutional autonomy provides an excuse for low system

effectiveness. The demand for more efficiency and effectiveness will definitely increase on all fronts.

## **Institutional autonomy**

Let us now turn to the other side of the equation, the institutions. What has happened at their side? In nearly all European countries higher education institutions have seen their internal policy capacity increasing: more autonomy in taking financial decisions, in running academic and non-academic affairs, in human resources policies, etc. Countries which used to regulate higher education curricula on a central level have shifted the authority on curriculum design towards institutions or intermediate bodies. In some countries universities can lend money on the financial market (debt which is still counted within the perimeter of national budgets). Others have allowed universities to take their personnel outside the civil service. But all this is happening within rather narrowly defined boundaries, with a lot of supervision, monitoring and risk control. Except the UK, all European countries strictly define degree-awarding powers of universities by law and degrees have no other value on the market than the one derived from their public nature defined by the state. In most countries the state also controls programme planning and access and the minimum qualifications for academic staff.

Legitimately, universities have tried to maximise their field of play. In some cases they tested the boundaries of their authority versus the state. Unclear boundaries and weakened monitoring and control systems in some cases gave way to experiments where institutional strategies moved beyond the borders of what was legally or even ethically acceptable. The Netherlands has seen several of such cases happening over the past years. In such circumstances the state, often supported by the public opinion, quickly returns to old modes of regulation in order to reinstate the rule of law.

But such 'accidents de parcours' are perhaps not what should interest us most. More relevant from the perspective of overall system efficiency is the multiplication of internal bureaucracies in universities. Many universities have professionalised their managerial staff, but at the same time also increased internal bureaucracies. The space created by less detailed state regulation has been very efficiently filled with much more detailed internal rules and regulations, resulting in a bureaucratic burden for academic staff and departments at the end of the chain which probably never has been as high.

The field of quality assurance again provides an excellent example. What is meant to be an open, transparent system of peer review for improvement has been transformed inside universities into a carefully organised system of window-dressing, paper-filling procedures and reputation management. Internal quality managers do not seem to see the deepening of an authentic institutional quality culture as their main mission, but rather the effective stage management of reviews for the better of the institution's reputation. Members of peer review panels increasingly complain that they are confronted with professional gate-keepers and window-dressers instead of having an open conversation with their peers based on critical exchange between colleagues. In general, complaints about bureaucracy in academia are abundant and should be taken seriously. An organisation whose main functions are knowledge production, innovation and creativity – therefore should have flexibility as its main institutional characteristic – is very vulnerable for bureaucratic overload.

It is not exaggerated to say that universities seem to have inherited the old vices of bygone state bureaucracies. Internal management systems in higher education institutions often are more of the kind of traditional command and control systems than of modern professional self-regulation. University leaders easily criticize academic self-governance, and often rightly so, but they tend to replace collegial academic self-governance with administrative command and control, not with professional models of regulation based on responsibility and trust. The price paid for institutional autonomy is that, by distancing from large state administrations, universities have not participated in major public management reforms which most countries' public services have gone through in the past ten years. Reforms in human resources management including performance evaluation and reward systems, for example, in general have been much more thorough and better managed in ministries and public agencies than in most universities. Clientelism and patronage are still important phenomena in universities. The assumption that with more institutional autonomy and by operating in a more market-oriented environment universities would almost automatically move to the best possible managerial culture and internal governance model which best suits their needs, probably is wrong.

A more sensitive example of failing internal management and governance system can be found in the area of strategic management and leadership. Universities have a very difficult time in defining their strategic challenges, in profiling and in making difficult choices. Most experts – including those of CHEPS – will agree that strategic management probably is the field where

universities really can improve. Short term reputation management, satisfying the immediate desires of internal staff and external stakeholders, seems to prevail over careful long-term planning with strong tough strategic decisions. Closing a department or discontinuing a programme are decisions often too hard to take in academia. The consequences are clear: mission overload, sometimes even real mission drift, and lack of efficiency and effectiveness.

I will certainly not be the only one having heard European ministers off the record voicing serious reservations on the quality of university leadership. One of the main reasons why the financial complaints of universities – which are very real – are not sufficiently heard and understood by education ministers is the general conviction that universities have failed in the past to make the appropriate long-term strategic decisions. In important policy initiatives such as the Modernisation Agenda of the EC one can read, hidden under the surface of more general reform rhetoric, a rather strong criticism of present-day university leadership. In a more dispassionate way one can ask whether academic governance still offers the best possible conditions for effective leadership in increasingly complex and demanding environments. The Netherlands is a country where university leadership and management structures have been modernised, but in many other countries that has not been the case. The consequences of institutional autonomy for internal governance and leadership are not always fully understood.

Insecure leaders in a demanding environment tend to concentrate their efforts on image-building and reputation management, not on efficiency and transparency which normally should go hand in hand with market conditions. And that's exactly what seems to be happening in higher education. University leaders are fascinated with the negative dimension of autonomy: keeping the government as far away as possible. I am referring here of course to the famous 'Two concepts of liberty' of Isaiah Berlin. The negative concept of liberty is an almost territorial attempt to define a space where external interference is prohibited. It seems fair to say that in their quest for autonomy university leaders have concentrated on this negative dimension (*freedom from*), neglecting the more important positive concept of liberty. The positive concept of liberty (*freedom to*), applied to university governance, could be defined as the institutional ability and capacity to pursue and achieve self-defined goals. It is not exaggerated to say that precisely this capacity has not sufficiently developed for a quasi-market to perform well.

## Quasi-markets

Indeed, I believe that for a quasi-market to operate well in a public sphere strong institutions are needed which do primarily define their autonomy in terms of positive liberty and who develop the institutional capacity to fully fulfil the promises of autonomy. At a system level such a quasi-market would be characterised by three main qualities: collective action, transparency and trust. Higher education is not doing well on all three qualities. Institutional autonomy has severely reduced the scope for collective action which goes beyond the mere short-term defence of common interests against a common enemy. Rectors' conferences in Europe have weakened significantly and university associations which blossomed in the early days of international mobility and collaboration are facing hard times, with one or two exceptions.

Transparency equally is at a historically low level. System homogeneity steered by state legislation produced a kind of forced transparency. Deregulation and increased institutional autonomy require the development of new forms of transparency. If institutions have a shared interest in keeping a quasi-market functioning, it would be rational for them to collectively develop transparency tools which would allow competition to produce beneficial effects. I don't think we can see this happening in higher education. Absence of transparency has created a vacuum which has been effectively filled by rankings and other non-native transparency tools. If university leaders take their often loud criticisms of rankings seriously, they should devote much more energy and give more support to endogenous transparency tools such as the Multirank initiative or OECD's AHELO project. Good old quality assurance systems equally enhance system transparency by increasing the level of information in the system, by correcting problems of asymmetric information and by organising system feedback loops. As already noted, the decreasing support from institutions for genuine collective quality assurance indicates a lack of interest in transparency and, ultimately, a lack of belief that a well-functioning quasi-market in higher education is possible.

Finally, trust is a consequence of institutional autonomy and an engine driving autonomy. A quasi-market system in the public sphere cannot function without a high level of internal and external trust. Institutions operating at the margins or even beyond the margins of what is legally or ethically acceptable of course corrupt trust. Misbehaviour in academia such as plagiarism is not an isolated phenomenon to be found exclusively among German defence

ministers. Peer review in research and education functions far from perfectly. The impact of commercial partners on scientific discovery and patenting sometimes goes far beyond what is acceptable from an academic perspective, which has sharing knowledge and publication of research findings in the community as one of its most important principles. There are many more examples which deserve to be better documented and researched. Trust is a fragile quality, which needs to be secured every day. The general public and the political body have the impression that universities are allowing compromises on trust.

Thus, the higher education system in Europe is not functioning well as a quasi-market. Contrary to many of my colleagues who pray for a radical increase in institutional autonomy and marketisation in order to liberate the potential of contemporary universities, I believe that without strong interventionist governments the system would rapidly evolve into a situation of market failure. Universities are continuously providing many excuses for governments to maintain strong interventionist and regulatory policies. A much more likable scenario than radical liberalisation consists of the smart use of market mechanisms within a well-regulated public space with governments directly intervening or steering from a distance according to needs and levels of trust.

## **Connectedness**

The narrative about deregulating states and more autonomous institutions operating effectively in quasi-markets definitely needs to be thoroughly revised. But maybe it is primarily a question of which concepts to use to best understand the reality. Concepts such as liberalisation, deregulation and autonomy insufficiently grasp the many realities, complexities and contradictions of contemporary governance trends and challenges. In an interconnected world full of interdependencies and competing rationales we may need other words. In more recent CHEPS publications concepts such as connectedness, network governance, multilevel governance, and the like increasingly feature as crucial categories. They have not yet developed into a coherent theory of higher education governance or into an alternative narrative, but they definitely open a window to a better understanding of reality and promising research.

So far, I have been rather critical of present-day universities. But at the same time I do also believe that their governance challenges is near to impossible to manage well. Conflicting demands and the obligation to serve many masters seriously challenge governance and

leadership. Connectedness to various networks urges institutions to engage in very complex and difficult governance roles on multiple levels. Universities are also confronted with many more rationales than institutional development. Some of these rationales support and reinforce institutional performance, but others run counter to them. The way the global science system is operating for example partly strengthens institutions, but the organisation of scientific research in very flexible global networks also undermines institutional coherence. It is no surprise that university leaders are so concerned of institutional coherence. A university is a system floating apart in all directions. CHEPS research even shows that the two crucial dimensions of the knowledge nexus in universities, teaching and research, are increasingly falling apart. Orchestrating these many melodies that academics like to sing into a coherent and well-sounding symphony is quite a challenging task. Institutions are the necessary intermediate nodal point in multilevel networks where different rationales interact and where different stories find their meaning.

## **Conclusion**

Ladies and Gentlemen, my review of the governance narrative of distancing governments and more autonomous institutions operating in quasi-markets has important implications for future higher education research. After 25 years we definitely should leave the discourse of the eighties behind. Recent attempts to reformulate the research agenda – such as the *Higher education looking forward agenda* of the European Science Foundation, to which CHEPS has contributed – rightly stress social change, connectedness, network governance, diversity and multifunctionality as the main conceptual tools for future research. A situation of fluidity needs different concepts than on of rigidity. Maybe we need the equivalent of quantum mechanics in physics and fuzzy logic in mathematics in higher education governance research. The future is unclear, but that shouldn't prevent us from burying the past. I sincerely believe that we even should break more radically with the old 'state-versus-market' paradigm in governance research. Let that be my main message for today.

Thank you very much for your attention.