CHAPTER 9

# National Cases of Cross-Border Higher Education: Austria

*Elsa Hackl*

## Introduction

This paper aims to contribute to the knowledge on how Cross-Border Higher Education (CBHE) has evolved and how it is dealt with at the national level through a case study on Austria. It starts by delineating the country's political and demographic context and the main characteristics of its higher education system; then data and developments on CBHE will be presented. Next, relevant political measures and legislation are discussed. Finally, some conclusions will be drawn.

## Political Context and Some Characteristics of Austrian Higher Education

Austria has an area of approximately 84,000 square kilometers and a population of eight and a half million inhabitants. With a per capita GNP of 36,930 EUR (2013), Austria is one of the wealthiest member states of the European Union, which the country joined in 1995. Public expenditure on higher education amounts to 1.5% of the GNP which is between the average of EU27 (1.4%) and the OECD average (1.6%) (Statistik Austria

E. Hackl (✉)
University of Vienna, Vienna, Austria



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2014, p. 86; OECD 2014, p. 230). Austria is a federal state comprising nine province (*Länder*) governments and a federal government. Higher education is a responsibility of the federal government. After the elections of 2013 the government merged economy/business and higher education into one ministry (*Bundesministerium für Wissenschaft, Forschung und Wirtschaft*/Federal Ministry for Science, Research and Economy).

As in most other countries, participation in higher education in Austria has continued to rise; in the academic year 2012/13 about 45% of the relevant age cohort entered higher education (Bundesministerium für Wissenschaft, Forschung und Wirtschaft 2013).

Public universities (ISCED 5,6) have by far the largest share in higher education: In 2013 about 298,100 students were enrolled in 22 universities (including six universities for music and fine arts and one for continuing education). Although governed by the same regulations, universities are by no means homogeneous concerning size and the range of courses offered, ranging from approximately 1000 (University for Fine Arts and Industrial Design, Linz) to almost 100,000 students (University of Vienna). In the same year the country's 21 *Fachhochschulen* (universities of applied sciences, only established since 1994, ISCED 5A) received approximately 43,600 students; twelve private universities (established since 1999, ISCED 5,6) around 8100 students and fourteen higher education institutions for the education of compulsory teachers (ISCED 5A) approximately 15,000 students (Bundesministerium für Wissenschaft, Forschung und Wirtschaft 2014a, pp. 6, 14).

With the exception of universities for music and the fine arts, and for sport courses, the traditional access requirement to public universities has been a secondary school departure certificate (*Matura*). This still applies to the majority of courses, but starting in 2006 with medicine, around 45 courses at public universities currently or may soon require students to sit entrance examinations. At universities of applied sciences there have been entrance examinations since the very beginning and private universities vary in their requirements (admission test, motivation letters, interviews and so on).

Generally, students from Austria or other member states of the European Union are not charged fees at public universities. Students from third countries pay up to 726.72 EUR per semester. Universities of applied sciences may charge fees and most do so, normally 363.36 EUR, which were the fees generally collected from 2001 to 2009. At private universities fees vary between 363.36 EUR to approximately 10,000 EUR per semester.

This rather confusing situation results from a political compromise of the social democrats (SPÖ) and conservatives (ÖVP) that form presently a coalition government. In 2001 the conservatives that formed a coalition government with the "freedom" party (FPÖ) had introduced tuition fees for all students (363.36 EUR per semester). The social democrats promised to abolish the fees as soon as they were in power and finally made the above-mentioned compromise in 2009 when they were in a coalition government with the conservatives.

## Developments in and Data on Cross-Border Higher Education

### *Mobility of Students*

Student mobility—that is, according to the General Agreement on Trades in Services (GATS), Mode 2: consumption abroad—has a long tradition in Austria. While data on out-going mobility are not available for earlier periods, data on foreign students in Austria have been gathered by the relevant ministry since the 1960s. We therefore know that until the end of the 1980s, the percentage of foreign students in Austrian universities amounted to 10% or more. Foreign students, however, meant primarily German and Italian students, the latter due to Austria's policy concerning Southern Tyrol. These two countries still make up 46% of all foreign students at Austrian higher education institutions, although in the last decades the composition of foreign students has become more diverse and their number continues to increase. In 2012—according to the data of the Ministry responsible for higher education—67,710 out of 275,523 students at public universities, that is 26%, were foreign students. Ninety percent of them were from Europe: seventy percent citizens of EU member states, 20% of other European countries; 7% came from Asia, 2% from the Americas and 1% from Africa (Bundesministerium für Wissenschaft, Forschung und Wirtschaft 2013, p. 33). Due to the overwhelming size of the universities, this picture does not change substantially if we take universities of applied sciences (foreign students: 15%) and private universities (foreign students: 39%) into account. Higher education institutions differ with regard to their share of foreign students not only by sector, but also by their profile: the most 'internationalised' institutions are universities for music and fine arts with 46% foreign students, followed by medical schools with 29% foreign students, 'traditional' universities with 28% and

universities of technology with 25%. Also outstanding is the University of Veterinary Medicine with a share of 34% foreign students. In addition, the percentage of foreign students is higher in institutions situated close to the German border: Mozarteum Salzburg (University for Music and Fine Arts, Salzburg) 58%, Medical School, Innsbruck 44%, the universities of Innsbruck and Salzburg 39% and 34%, respectively (Bundesministerium für Wissenschaft, Forschung und Wirtschaft 2014b).

If instead of 'foreign students'—that is, students without Austrian citizenship—we use the OECD's concept of 'international students'—that is, students who left their country of origin and moved to another country for the purpose of study—the picture is slightly different. According to OECD data of 2011 published in '*Education at a Glance 2013*', the percentage of international students enrolled in Austrian tertiary education institutions amounted to 14.7%. This is much lower than the number of foreign students but still puts Austria second—after the United Kingdom—of EU (15) member states in the share of international students or in the fifth position of OECD (24). OECD data, too, underline the dominant share of students at Austrian higher education institutions from neighbouring countries (58.6%) and of countries with the same official language (52.8%) (OECD 2013, p. 314).

The mobility programmes of the European Union presumably had a stronger impact on the national diversification of foreign students than on their numbers; only about 10% of all foreign students are programme students.

OECD data also provide us with information about Austrian students studying abroad. In 2011, according to data from countries covered by the survey (all OECD countries plus six non-OECD countries), 17,263 Austrian students studied outside their home country (OECD 2013, Table C 4.7, Web only). With 5.3% of its tertiary students enrolled abroad, Austria is also above the average of EU21 (3.6%) and OECD (2.0%) as a sending country (OECD 2013, p. 323), although less pronounced (seventh highest share of OECD countries) than as a receiving country. Austrian students going abroad—as it is the case with international students coming to Austria—study mostly in neighbouring countries with the same official language: 8836 students, or 51.2% of all Austrian students abroad, study in Germany; in comparison, 27,753, or 21.1% of all German students abroad, study in Austria. 1459 Austrians, or 8.5%, study in Switzerland while 808, or 6.7% of Swiss students abroad, study in Austria. Thirteen point two percent of all Austrian students abroad study

in the United Kingdom and 5.8% in the United States; for the remaining countries the share of mobile Austrian students is less than 2% (OECD 2013, p. 322). The European Union's mobility programmes did contribute to raise the number of Austrian students abroad; roughly 25% of them are in programmes.

### *Mobility of Staff*

Mobility of teachers—which corresponds to Mode 4 of GATS: presence of natural persons to supply services—has been a minor topic in literature compared to student mobility, due to insufficient data, among other factors. This also applies for Austria. However, the ministry responsible for higher education for half a century has gathered data on appointments of professors at Austrian universities. From this we know that from the 1970s to the 1990s, every year approximately 25% of the appointments to professorship were foreign citizens, notably German academics. Another 20% on average were Austrian academics from universities abroad. A comparison with recent data on appointments is difficult, as they are no longer collected by citizenship but by the appointees' prior country of employment. However, recent data allow for some assumptions. In 2013, 199 persons were appointed to professorships at Austrian public universities; 34% of the appointees came from Austrian universities and 66% from abroad (56% from EU member states). If one takes into account that, as in prior decades, a number of the latter were Austrians that have worked abroad and some of the appointees from Austrian universities were foreigners, one may estimate that around 40% to 50% of the new appointees were foreigners. This estimated increase is supported by data on the citizenship of professors. In 2013 the share of foreign professors in Austria amounted to 35% as compared to 16% in 2005; their number more than doubled (to 823 in 2013). One may mention in passing the higher share of women among foreign professors compared to Austrian (30% versus 18%). This supports a point sometimes made in discussions on gender parity that the promotion of women in their home country is less likely than abroad. With non-professorial staff the percentage of foreign citizens is lower than with professors, although from 2005 to 2013 it rose from 13% to 27% (Bundesministerium für Wissenschaft, Forschung und Wirtschaft 2014c).

There are indications that institutions which receive more international students tend to do so concerning staff also—for example universities for music and fine arts. But, because data on staff are less sophisticated and

the method of collecting data has changed, one cannot prove with certainty the interrelationship between student and staff mobility.

A further data problem for dealing with academic mobility is that there are practically no data on Austrian academics who leave the country in order to teach and do research abroad.

Data on foreign staff in universities of applied sciences and private universities are also lacking. However, due to their, in most cases, regional orientation one may assume that their share of foreign academics is, apart from a few exceptions, lower than that of public universities.

### *Mobility of Programmes and Institutions*

This type of mobility corresponds to Mode 3 of GATS: commercial presence, as in, for example, a local branch of an education institution, or franchising. With regard to the import of institutions and programmes the most prominent foreign institution that acts in Austria is Webster University, accredited in the US (Higher Learning Commission) and accredited in Austria since 2001. It was presumably one of the most important drivers to legally allow for private universities in Austria and to regulate their accreditation in 1999. In the aftermath, however, it was mostly institutions supported by some provinces (*Länder*) that have been accredited in Austria as private universities. This does not mean that foreign institutions have ceased to be active in Austria. In 2011, the Act on Quality Assurance in Higher Education and an Austrian Accreditation Agency (Bundesgesetz über die externe Qualitätssicherung und die Agentur für Qualitätssicherung und Akkreditierung Austria; BGBl.I Nr. 74/2011) came into force. It provided *inter alia* for the registration of study programmes from foreign institutions but without a formal recognition of their study programmes and degrees. Since then some 20 foreign institutions have registered, some of them in cooperation with Austrian businesses (Bundesministerium für Wissenschaft, Forschung und Wirtschaft 2014d). Half of them are German institutions, four from the United Kingdom, with a few from other European countries and Latin America. In 2014 an Austrian agency that runs preschools and after-school centres (*Kindergarten, Hort*) and offers further education for their staff has started to run a BA study programme of the Hochschule Koblenz in Germany for preschool teachers who are not traditionally educated at university level in Austria but in secondary schools. Recently, the Ministry has prepared a draft in order to amend the Act of 2011 and to change

the relevant paragraph as potential students may misleadingly confuse 'registration' and 'accreditation'.

The oldest case of 'import' in higher education goes back to the end of 1970s and concerns distance education, which corresponds to Mode 1 of GATS: cross-border supply. Originally based on a cooperation agreement between the pertinent Ministers of North-Rhine-Westphalia and Austria, the FernUniversität Hagen (University for distance teaching, Germany) offers courses in Austria in cooperation with University of Linz that runs six study centres in Austria. The Open University, UK, too, is active in Austria, although less institutionalised than the first one mentioned.

For Austrian higher education institutions, CBHE means predominantly joint study programmes in cooperation with foreign institutions. The actual export of institutions or programmes is very limited and seems confined to universities of applied sciences and to private universities. The private Sigmund Freud University in Vienna has branches in Paris, Ljubljana, Milano and Berlin. Another example is a study programme in medicine that is offered by the private Paracelsus University Salzburg in Nürnberg in cooperation with the local hospital since 2014. Several years back the University of Applied Sciences in Krems 'exported' its programmes in Tourism and Hotel Management to Azerbaijan, Vietnam and Serbia, as well as programmes in Management and Business to Ukraine and Vietnam.

## Relevant Policies and Legislation

Academic mobility has been an academic, cultural and societal benefit before it became 'consumption abroad'. After Austria's non-existence and isolation during the Nazi regime, the governments regarded student mobility as a means to rejoin academic developments abroad and to promote Austria's regained independence and identity. Beginning with an agreement between the US and Austria in 1950 (the Fulbright Program), bilateral cultural agreements with many European and several other countries and agreements on the mutual recognition of degrees as well as some agreements on scientific-technical cooperation have provided for the exchange of students and academic mobility in general. Within the frame of development, aid grants for students of developing countries were set up. Government programmes of the 1950s and 1970s underlined the contribution of receiving students to what was later called 'soft power' (Nye 1990) or 'cultural diplomacy'. In order to distribute the grants locally

the *Österreichische Auslandsstudentendienst* (OeAD—Austrian agency for international mobility and cooperation) was set up in 1961.

The high number of appointees to professorships from abroad, overwhelmingly from Germany, resulted from the country's far bigger academic labour market and the assumed need of Austria's higher education policy makers to prevent 'inbreeding'. The latter also entailed that normally the law did not allow appointments of persons in their home institutions. This policy has been sustained by rectors when the universities were outsourced, notably the University of Vienna that made of appointments from abroad an explicit policy target (Universität Wien 2013).

Whereas measures of Austrian governments in the years following World War II to attract the return of academics who were driven into exile during the Nazi period remained lax or non-existent, the government of the early 1970s made efforts to win back academics that had left Austria in the post-war period in order to teach in universities abroad and "to establish a positive intellectual mobility balance" (Kreisky 1971, p. 31). Therefore the relevant ministry has collected the aforementioned data on appointments of Austrian professors from abroad.

A new impetus for policy measures to increase academic mobility resulted from the ERASMUS scheme and the transformation in Central and Eastern Europe as well as from the discourse on the need to cooperate with 'emerging markets'. However, the traditional perception and policy of academic mobility continued to prevail in Austria. The low number of programmes in English—compared to other European countries (OECD 2013)—may be seen as a consequence of this attitude.

The ERASMUS scheme implied that universities were able to conclude cooperation contracts and therefore supported those actors that advocated for universities' contractual capacity and their reorganisation as separate legal entities. Normally, higher education institutions with legal capacity again are the prior condition for a 'commercial presence abroad' of higher education institutions or the mobility of programmes and institutions.

In Austria until the 1990s, higher education was synonymous with public universities and these were not contractually competent. The law provided neither for a non-university sector nor for private institutions. 'Public' meant that professors were civil servants appointed by the Minister, universities were run by the government and publicly financed on the basis of a line item budget, academic 'self-governance' was meant to make recommendations, and the individual freedom to teach and do

research was protected by constitutional law. The public character of the universities was underpinned by the fact that they educated predominantly for the public sector. In the mid-1980s, still only one-third of university graduates were employed in the private sector; ten years later, employment in the private and public sector were even, and today, less than one-third of all graduates—with the younger age groups properly less—are public employees (Statistik Austria 2010). This change was supported by governmental initiatives that intended to increase the share of graduates in the economy by personal transfer schemes and so on in order to strengthen firms' R&D capacity.

Growing student numbers and budgetary stringencies, notably the ambition to comply with the Maastricht criteria—when Austria prepared its accession to the European Union—resulted in financial pressures on the government. The idea that New Public Management (NPM) measures entailed higher efficiency gained ground. In addition, at the universities decreasing funds per student strengthened those members who, inspired by systems and trends abroad, called for 'institutional autonomy'. A pertinent change occurred first of all outside the universities. In order to cope with the demand of students and the economy and to bring the vocational education system closer to that of other EU member states, in 1993 the Act on *Fachhochschulen* (Fachhochschul-Studiengesetz-FHStG, BGBl. Nr.340/1993) provided for the establishment of universities of applied sciences. It allowed for privately managed institutions, although they were to be largely publicly financed. In 1999, the Act on the Accreditation of private universities (Universitäts-Akkreditierungsgesetz-UniAkkG, BGBl.I Nr. 168/1999), referred to above, passed Parliament. Reforms of the public universities proved to be more time-consuming. Only in 2002, after long and controversial debates and a first legal revision in 1993 of the Act on University Organisation, which had been in force since 1975, the Universities Act (Universitätsgesetz 2002—UG, BGBl.I Nr.120/2002) passed Parliament. It followed the logic of NPM in that universities became legal entities in their own right and it devolved decision making powers from the Ministry to the universities and empowered their management. Ball and Youdell have called such reforms "endogenous privatisation" (Ball and Youdell 2007, p.8). Performance contracts became the basis for funding. The Act of 2002 probably represented a more radical reform than similar steps in other countries as it was a direct transformation of universities from legally detailed regulated and government managed to business-like institutions. The European University Association's Autonomy

Scorecard of 2010 ranks Austria on average or above in its four dimensions of autonomy (European University Association 2010).

A further governmental measure relevant for CBHE was the aforementioned Act on Quality Assurance in Higher Education and an Austrian Accreditation Agency. It resulted from the quality assurance activities of the Bologna Process and applies to all sectors of higher education. Besides establishing the Agency for Quality Assurance and Accreditation Austria, the Act confers the right for auditing and certifying to foreign agencies registered by the European Quality Assurance Register for Higher Education also, as well as to other internationally recognised agencies.

The Universities Act of 2002 explicitly entitles public universities to form companies, foundations and associations provided that they further the performance of the university's tasks (§ 10). However, as the aforementioned data on institutional and programme mobility show, it is rather universities of applied sciences and private universities that are active in this mode of CBHE. Public universities confine themselves to joint-study/degree programmes and academic mobility. Also, financial pressure on universities does not entail an entrepreneurial attitude in this area and the recruitment of foreign students for revenue generation. One may observe, however, that the initiative for CBHE has shifted from the governmental to the institutional level, and in many cases to individual actors.

In 1995, when the General Agreement on Trade in Services came into force, in Austria as in many other countries, academics and policy makers in higher education were hardly aware of its implication for education and the commitments made in education (Hackl 2002). It was only in 2002 after the collapse of the 'Millenium-Round' and the start of the 'Doha-Round' that student protests drew the attention of education policy makers at the global, European and national levels to the inclusion of education in the list of tradable services. When the 'Doha-Round' failed, protests ebbed away without any precise statement from the Austrian government on its position and future higher education policy.

Similarly, the preparation of the European Union's Service Directive (European Commision 2006), which took place around the same time, occurred unnoticed by the relevant ministry and the academic community (Hackl 2012). When, finally, higher education policy makers took notice, the Directive was already in force. It has so far had no immediate effects on Austrian higher education. Therefore, the government seems to feel no need for any action as no further consideration or discussions can be traced.

## Conclusions

Beginning with the very foundation of universities, changes in higher education have drawn on inspirations from perceived or imagined foreign examples. This increases when international organisations, notably the OECD or the supranational European Community/Union, started to disseminate and to sustain these. As a small country, Austria has been more outwardly oriented than bigger states. In addition, a certain Austrian fear of being or becoming 'provincial', basically meaning 'not complying with mainstream scholarship and research', enhanced the importance governments attached to internationalisation, notably to academic mobility. This did not change with the transferring of competence from the governmental to the institutional level and with universities' outsourcing. However, due to the fact that Germany is the big neighbouring country with a shared language, internationalisation has meant predominantly academic mobility from and to Germany.

CBHE in the neoliberal sense of trade in higher education has so far had little influence on Austrian higher education institutions, although reforms at the turn of this century created prerequisites for higher education institutions to become 'entrepreneurial'. Only a few university managers engage in the export of programmes and institutions. This does not mean that they are not aware of relevant developments in other countries. Some regard foreign universities that attract paying international students or export programmes as cases of good practice. But so far Austrian universities have not made a virtue out of necessity and use cross-border activities in order to handle public budgetary stringencies. The lack of data on the export of programmes and institutions—centrally collected by the government—seems to reflect a decrease of governmental interest in higher education and it may be interpreted as a sign of universities' disembodying from national jurisdiction (Marginson and van der Wende 2009, p. 49).

Concerning the modest imports of higher education into Austria, some are due to the non-responsiveness of the Austrian government or higher education institutions to justifiable demands in society, for example the upgrading of kindergarten teachers. Others seem rather to result from general commercialisation. Education like everything becomes venal. It therefore seems not something to engage in but something that can be purchased. Foreign suppliers of higher education appear to be more responsive to students as customers than domestic institutions.

However, the rather modest impact of neoliberal cross-border higher education may change, as the Austrian government cannot act in isolation. OECD labels its table on international student flows with "Students in tertiary education by country of origin and destination and market share in international education" (OECD 2013, Table C 4.7, Web only). When 'receiving international students' has become 'holding a market share', the days of an academic mobility policy not based predominantly on economic considerations are limited. In addition, the principle of 'free movement of persons', a pillar of the European Union and trade agreements that include higher education as a tradable service, will have an impact on how Austria can govern and constitute its higher education. Eventually European and international measures will be incompatible with the country's free access and tuition fee policy.

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