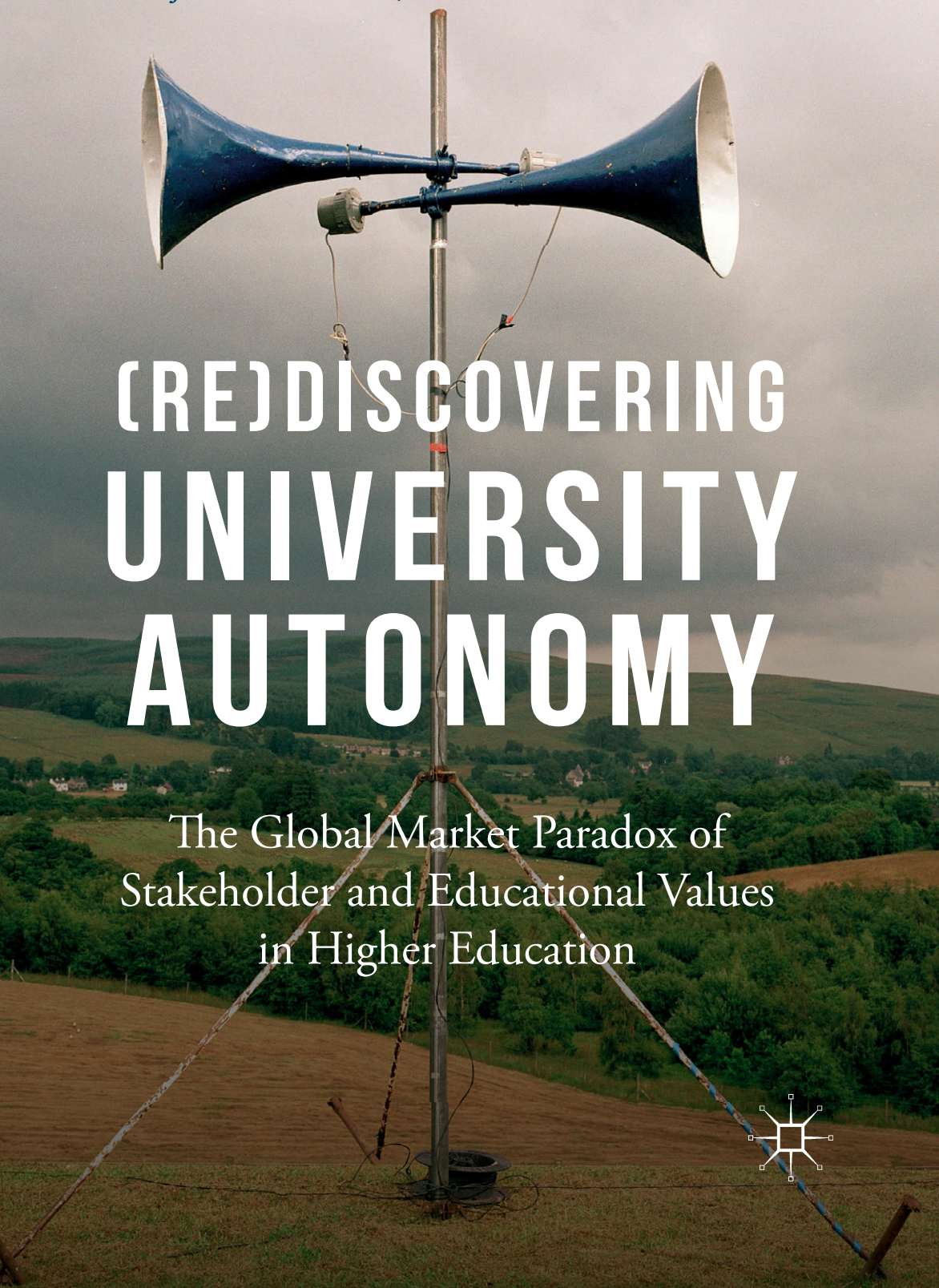
EDITED BY ROMEO V. TURCAN,
JOHN E. REILLY, AND LARISA BUGAIAN



(RE)DISCOVERING UNIVERSITY AUTONOMY

The Global Market Paradox of Stakeholder and Educational Values in Higher Education

Advance Praise for *(Re)Discovering University Autonomy*

"The demands on universities—and the threats to university autonomy—have never been greater than they are today. Drawing on contributions from European and North American writers, this thought-provoking book demonstrates the scale of the challenge faced by universities and develops a model of institutional university autonomy that befits the modern sector."

—Sara Carter, Order of the British Empire, Professor and Associate Deputy Principal, University of Strathclyde, UK

"This book touches on one of the most important and global issues in higher education from a holistic perspective. Its implications for policy, research, institutions, and practice are of relevance and interest not only to mature systems but also to non-Western emerging countries."

—Futao Huang, Professor, Research Institute for Higher Education, Hiroshima University, Japan

"Effective, accountable university autonomy is a key element in the reform and modernization of higher education. By bringing together case studies from countries with contrasting traditions of higher education, this book demonstrates the international character of the autonomy debate. It provides insights that contribute to our understanding of autonomy and it identifies topics for further research on the implementation of autonomy that will be valuable for institutions and policy makers."

—Klaus Haupt, Head of Tempus Unit, Education, Audiovisual and Culture Executive Agency, European Commission[1]

"University autonomy has been a seminal principle in human history, enshrining the institutional and academic freedoms that have given birth to much of human knowledge. But it's a principle that is becoming ever harder to understand and maintain in today's marketized, internationalized world. Turcan, Reilly, and Bugaian's excellent collection sheds much-needed light on the challenges and offers a concise theoretical framework to help frame future debate."

—Norman M. Fraser, Visiting Fellow, Henley Business School, University of Reading, UK

"This book, which has grown out of a project on university autonomy funded by the European Union, illustrates the complexities, ambiguities, and tensions arising from different perspectives of university autonomy and the extent to which interactions between stakeholders modify understanding of the concept and its realization in practice. The case studies reveal that the topic is a global one and that international collaboration in this field, as in others, can contribute to the development of policy and practice. The European Union continues to promote and support international higher education cooperation and development through its Erasmus+ programme."

—Claire Morel, Head of the Unit for International Cooperation, Directorate General for Education and Culture, European Commission[2]

"This book introduces and clearly articulates the pivotal role institutional university autonomy has for universities. It emphasizes the importance of a deep understanding of the different stakeholder tensions in this process."

—Andy Lowe, Fellow of the Grounded Theory Institute, USA

Notes

1. The endorsement expressed herein and on the back cover by Mr. Klaus Haupt reflects his own view and does not engage or commit the European Commission or the Education, Audiovisual and Culture Executive Agency in any way.
2. The endorsement expressed herein by Mrs. Claire Morel reflects her own view and does not engage or commit the European Commission or the Directorate General for Education and Culture in any way.

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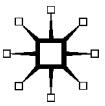

(RE)DISCOVERING UNIVERSITY AUTONOMY

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To Our Families

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Preface

In this book, we challenge the approach to university autonomy that focuses on and tends to isolate the four autonomy pillars: organizational autonomy, financial autonomy, human resource autonomy, and academic autonomy. Recent studies, research models, and political statements on university autonomy have focused on understanding and measuring autonomy under each of these pillars. However, this approach conceals not only the complexity of university autonomy but also a myriad of other forces that have an impact on our understanding of the realization of university autonomy. As policymakers in government and higher education institutions have tended not to take a holistic approach to university autonomy, the potential for the influence of the "law of unforeseen consequences" has increased.

Our main thesis is that a fuller understanding of university autonomy can only be obtained through a holistic view of the complex interrelationships between stakeholders and policies, which can reinforce and pull equally in opposite directions. We conceptualize the holistic view in a model of institutional university autonomy. The model brings together the traditional four pillars of autonomy, and five interfaces: government-university, university-university staff, academic staff-students, university-business, and university-internationalization. Each of these interfaces, which characterize external and internal points of interaction between modern universities and their key stakeholders, not only map on to the four pillars but also relate to and influence one another and enhance our understanding of the ways in which autonomy is interpreted, mediated, and often unwittingly compromised.

The idea for this book arose from a major in-depth review of university autonomy in the Republic of Moldova—'Enhancing University Autonomy in Moldova (EUniAM)'[1] that was funded by the European Commission under the former Tempus Program. The EUniAM project, while appreciating the central role of the four traditional dimensions of university autonomy, recognized that exploring each of them independently tends to obscure the complexity of university autonomy and their interdependence. Moreover, it disguises the fact that not only do these four dimensions interact in a complex way but also that a range of other forces shape, determine, and influence our understanding and exercise of autonomy. Therefore, a holistic view—institutional university autonomy—has been put forward to gain a fuller understanding of university autonomy by bringing together the four pillars and five interfaces of autonomy. Although we realize this is not an exhaustive list

of interface issues and challenges, each of the areas identified in the model of institutional university autonomy requires an effective response from higher education institutions and their stakeholders, and affects the way in which they structure, govern, and manage, as well as develop respective policies.

While the EUniAM project provided a test bed for the emerging model of institutional university autonomy, an international conference was organized by the project coordinators to widen the empirical and theoretical scope of the model. Very interesting and thought-provoking case studies were presented and discussed at the conference.[2] We realized that the model of institutional university autonomy potentially offers insights beyond the European higher education context, and decided to explore the model on a global level. In addition to the case studies from the EUniAM conference, we contacted a large number of academics throughout the world and invited them to contribute case studies that explored aspects of institutional university autonomy. Following a review process, case studies from Australia, Denmark, the Czech Republic, India, Japan, Lithuania, Moldova, Russia, the United Kingdom (England), and the United States were selected.

In choosing the case studies, a number of unexpected findings emerged, such as restrictions on academic freedom to contribute critical case studies, the view of university autonomy that is taken for granted, the paradoxical nature of institutional university autonomy, university autonomy as a Trojan Horse of the free market, the concept of "networked" autonomy, the paradigm shift in student-academic staff relationships, and ethical dilemmas related to aspects of internationalization. The international character of the case studies not only gives new insights but also reinforces our understanding that the issues relating to institutional university autonomy are genuinely global.

We hope that the range of case studies and the different insights that they provide on aspects of autonomy will help illustrate that autonomy cannot be reduced to a series of simple equations or examined solely under the four key dimensions: organization, finance, human resources, and academic. The realization of autonomy is always compromised by competing and conflicting interests and power relationships.

With this book, we have made the first attempt to explore the complexity of institutional university autonomy, hopefully "planting a seed" that is aimed at encouraging a dynamic scholarly and policy dialogue about the range and complexity of contemporary higher education and how internal and external "interfaces" may support, modify, change, undermine, and/or limit institutional university autonomy.

Notes

1. Website for EUniAM project at Aalborg University http//www.euniam.aau.dk/
2. Website for international conference organized by EUniAM project http//www.euniam.aau.dk/international-conference/program-and-proceedings/

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We take this opportunity to express our gratitude for the invaluable support that we received throughout this motivating journey. This book would have not been possible, in the first place, without the financial support from the European Commission through the TEMPUS Program that in 2012 funded a structural measures project designed to "Enhance University Autonomy in Moldova/EUniAM."

We are grateful to all the contributors who submitted interesting, thought-provoking case studies on aspects of institutional university autonomy, which we hope will help reveal some of the complexities of the topic.

We wish to express our appreciation and thanks to Valeria Gulieva, a research assistant at the EUniAM project, for her tireless, always cheerful and enthusiastic assistance and support in multiple aspects of this project coordination and management of the communication between the contributors and the editors, coordination of the review process, and formatting of the chapters, including hyperlinking the references.

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We are indebted to our families for their extraordinary support throughout this project. Romeo would like to express his gratitude to his wife, Natalia, daughter, Andreea, and son, Andy, for their encouragement, and to express his delight in seeing Andy starting to write his own books; John thanks his wife, Penelope, for her continuing patience and interest; and Larisa thanks her daughter, Carolina, and son, Adrian, for their extraordinary support and encouragement.

PART I

Introduction

CHAPTER 1

The Challenge of University Autonomy

John E. Reilly, Romeo V. Turcan, and Larisa Bugaian

Setting the Scene

There is a consensus among European historians that the oldest European university was founded in Bologna in 1088. However, there are disputes about the location of the oldest university in the world. There were important centers of scholarship in the ancient world and major institutions of theological, legal, and scientific study in the Islamic world before Bologna. The medieval European universities enjoyed varying degrees of autonomy depending on their legal status and the source of their funding. The cities in which they were located tended to draw their reputation and prestige from the existence of the university, which played an important economic, social, and political role in the life of the city and the surrounding region. Until the nineteenth century, participation in university education tended to be limited to the social and political elite. In the nineteenth century, higher education (HE) expanded considerably with the establishment of new institutions of HE, increasingly with a more scientific and technological perspective.

Scholars such as Alexander von Humboldt in Germany and John Henry Newman in Britain explored understandings of the role and nature of a university. The Humboldtian idea of the university has been interpreted as one that is encapsulated in the phrase "a community of scholars," in which academics and students are free to study, research, and develop scientific knowledge and understanding. For Newman, in his *Idea of a University*, the object of the university is the pursuit of knowledge for its own sake—an idea that is challenged in the contemporary world. Although both Humboldt's and Newman's ideas of the university have been subject to critical review, they shaped thinking about the object of a university, not only in Europe but also internationally, and they share an emphasis on freedom and independence to pursue and transmit knowledge and scientific understanding.

The European model of a university has spread in various guises throughout the world. In the second half of the twentieth century, there has been a dramatic growth in HE characterized in many countries by a diversity of types of institutions—classic universities, polytechnics (*Hochschule*), monotechnic institutions, and specialist institutes. Although in most countries public or primarily state-funded institutions predominate, there has been a significant growth in private institutions (HEIs). In the European Union, participation in HE has grown from a low percentage to over 40 percent and in some countries to over 70 percent of the age cohort 18–24. Individual and social aspirations; recognition of the importance of high-level skills for economic, social, and political development; and the pace of scientific and technological change, all place a greater premium on HE.

Mass participation, and the consequent escalating cost of HE, placed HEIs in the public spotlight, a spotlight that did not provide universal approbation for the Humboldt and Newman idea of the university. New questions were raised about the role and function of HEIs and their effectiveness and efficiency in meeting the developing and wide-ranging demands of society. HEIs are expected to play a central role in the knowledge society and the knowledge triangle: to produce graduates with high-level skills for employability; to promote fundamental research and at the same time applied and impact research; to play a role in the export market through attracting international students and scholars; to engender a competitive and entrepreneurial institutional environment among staff and students; to contribute to national prestige through international league tables; to contribute to local, regional, and national development; to interact with commerce and industry in effective partnerships; to support government through research and consultancy; to "provide value for money," and to fulfill a myriad of other objectives.

The focus on outputs has fostered a significant change in the student-teacher relationship with an emphasis on student-centered learning. When universities do not appear to be responding rapidly enough to the needs of society and individuals, governments and international organizations (see the European Commission) call for "modernization and reform." Governments (national and regional) in all parts of the world are engaged in the radical reform and reshaping of HE to achieve economic, social, and political objectives.

Current Understanding of University Autonomy

The scale and diversity of contemporary HE, however, means that it is difficult for governments and ministries of HE to effect the change that they desire through close central management. Although totalitarian regimes typically insisted (and continue to insist) on detailed control of universities because they recognized that academic freedom poses a threat to autocracy, contemporary democratic regimes understand that tight control and regulation are inimical to creativity and innovation and the entrepreneurial spirit that they hope to engender. Consequently, with a common accord and in varying degrees, governments have advocated and legislated for more autonomy for HEIs. They recognize that to achieve their objectives, they need institutions that have greater freedom to help realize their goals and that are, consequently, more autonomous. The challenge is to define what is meant by

"autonomy"; what forms will best meet the needs of governments, institutions, and other stakeholders; and what are the implications for policy and practice.

In parallel with governments, HEIs have echoed the refrain "more autonomy." While both parties use the same term, "autonomy," their perspectives and objectives often fail to coincide. Since governments continue to remain the major funders of HEIs, they expect them to deliver what they desire and to implement government strategy and policy on the basis of an effective contractual relationship that does not involve detailed regulation. For their part, HEIs want freedom and independence to develop a distinctive mission; to compete; to establish alliances, mergers, and partnerships nationally, regionally, and internationally; and to find ways of securing greater financial independence.

There is, thus, a fundamental tension in the understanding and implementation of HE autonomy, which is manifested in changes of government, shifts in policy priorities and funding, and the degree of independence that some 'public' institutions are able to secure through entrepreneurial activity. At the same time, the growth of a competitive independent, private HE sector; the development of distance learning; and in-house educational programs run by multinationals pose challenges to governments and HEIs.

In any consideration of university autonomy, the question arises as to how both the government and HEIs manage their relationship. On the part of the government, this is expressed by the extent to which they interpret freedom and accountability, and on the part of the institutions, the manner in which they utilize and stretch the formal autonomy that has been granted. The extent to which a university is able to exploit and develop its autonomy depends profoundly on the governance, leadership, and management of the institution. Because of the differences in the quality and effectiveness of governing bodies and the leadership and management of an institution, there will be considerable variation between institutions in the way they respond to opportunities and exercise their autonomy effectively and innovatively.

Moral philosophers have speculated on the nature of "autonomy" and recognize that it is never absolute. In the context of HEIs, the two words associated with autonomy are "freedom" and "independence." These too are limited and relative terms. Understanding the implications and operation of autonomy in HE is of critical social, political, and economic importance. If a growing percentage of the population requires and enters HE; if HEIs provide the skills and competences required for graduates in all cycles (e.g., according to recent estimates by the European Commission, an additional one million researchers may be needed in Europe by 2020 to meet a research and development intensity target of 3 percent of gross domestic product (GDP) [Deloitte 2012]), and if HEIs are to play an effective role in the knowledge triangle and the international market for HE, then understanding what "autonomy" means in practice and what works best is essential.

Typically, discussion and analysis of university autonomy has focused on four central areas of university management: organization, finance, staffing, and academic. The European Universities Association (EUA) has made a major contribution to the exploration of university autonomy in developing a set of measures or indicators of autonomy under these four headings (EUA 2014). The EUA "scorecard" refers

to these as "dimensions of autonomy." The scorecard provides a wealth of data and valuable insights into differences between the 29 countries that were surveyed, but at this stage, and in the nature of the study, it has not explored in detail how institutions exercise their autonomy powers, nor examined the complex interrelationships that can both enhance and at the same time circumscribe autonomy.

More important from the perspective of our study is that the interrelationships between the areas identified as central to autonomy, and other interfaces, interact with and affect one another. As our study will explore, the interactions (interfaces) not only determine how autonomy operates in practice but also how each of the interfaces can simultaneously contribute to enhancing or restricting autonomy. Through international case studies, we explore the complexity of autonomy, which we broadly understand as embodied in the words "freedom and independence." We see the realization of "autonomy" as arising not simply from the legal framework within which institutions operate but also the complex interrelationships between stakeholders and policies that can reinforce and equally pull in opposite directions.

Toward a Holistic View of University Autonomy

Because policymakers in government and HEIs have tended not to take a holistic approach, the potential for the influence of the "law of unforeseen consequences" is greater. A recent example of this might be cited in the United Kingdom. The immigration and visa requirements of the UK Government Home Office have made it more difficult and expensive for international students to secure a visa and deterred applicants, while another part of the government, the Department for Business, Innovation and Skills (BIS), is actively encouraging HEIs to recruit international students. The decline in the number of international students as a result of visa and immigration policy has financial implications for universities and may cause a number of them to review their international recruitment policy, particularly since, in England, the home student tuition fee, in many subject areas, is not dissimilar from that paid by international students. It remains to be seen what the outcomes will be, but it provides an example of the "law of unforeseen consequences."

Our study is based on the premise that a fuller understanding of university autonomy can only be obtained through a holistic approach. It is the first attempt to explore the complex relationships between government, university, business, management, researchers, teachers, students, and international policy and strategy, as indicated in the diagram below (figure 1.1). Understanding these relationships and the way in which they interact and affect classic areas of autonomy: organization, finance, human resources, and academia, will, it is hoped, help provide practical insights for all HE stakeholders. The following sections discuss each interface in more detail. Although this is not an exhaustive list of interface issues and challenges, each of the areas identified requires an effective response from HEIs and their stakeholders and affects the way in which they structure, govern, and manage, as well as develop respective policies.

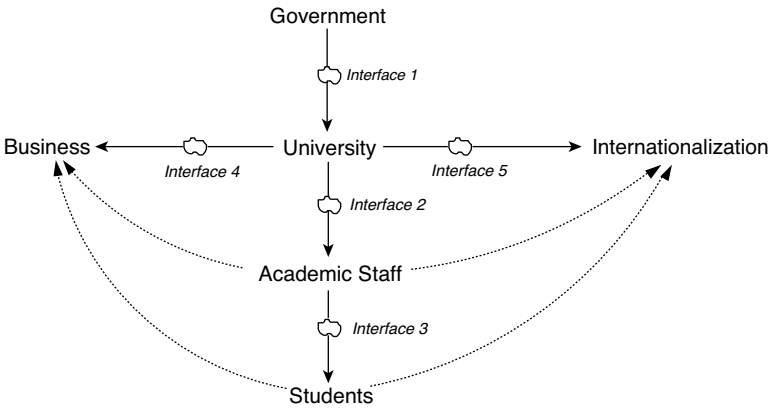

Figure 1.1 The framework of institutional university autonomy

The Government-University Interface

The nature and degree of university autonomy is manifest most clearly in the relations between university and government. In the past, in many countries, this has been characterized by a highly regulatory system. Academic staff and, frequently, administrative staff were, and in many cases remain, civil servants formally employed by the state that fixes basic salaries. This immediately presents an ambiguous management situation that governments have needed to address. A number of countries have allowed almost total freedom to institutions to regulate salaries and conditions of employment, but the majority still operate with a regulatory approach, controlling basic terms of employment and salary scales, with elements of institutional flexibility for promotions and additional salary increments.

Frequently, national legislation determines the governance and internal management structure of HEIs. It is not unusual for governments to be formally responsible for the appointment or ratification of the appointment of the heads of institutions. While this study does not focus on questions of governance, it will be evident that the effectiveness of an autonomous institution is strongly influenced by the quality of its governance. Here too there tends to be an emphasis on structures rather than the operation of governance. Traditionally, HEIs, particularly in Western Europe, have shied away from corporate governance models on the grounds that universities need to be thought of more as "workers' cooperatives" that take a collegial and democratic approach. It seems doubtful whether an effective, autonomous institution can sustain this form of governance if it is to compete effectively in all areas of its activity in a national, regional, and international market, but equally it cannot ignore the need for collegiality to secure its objectives. The present study on the nature of autonomy will, it is hoped, strengthen the view that it is imperative to ensure not only that governance structures are fit for the purpose but also that the membership and operation of governing bodies become genuinely responsible for the overall strategy and success of the institution.

Governments face a quandary: they recognize that HE is a "public good" and an economic imperative, but the expansion of HE participation has resulted in a growth (not always in parallel) of public funding. Ministries of Education thus have to argue with government colleagues and other ministries over the allocation of appropriate resources, and this can result in split external governance arrangements between the Ministry of Finance, which is directly funding the HEIs, and the Ministry of Education, which has overall responsibility for strategy and policy.

The allocation of public funds produces an immediate requirement for accountability, and the dilemma is how to reconcile this with effective institutional financial autonomy. Governments have to choose the basis and criteria for allocating funding to institutions. Formula- allocated funding is often historically based and may not take into account real and changing costs, while competitive funding may drive down costs but do so at the expense of quality. The question then arises as to whether, within a block grant, HEIs have freedom or are limited in how they may allocate the funds internally.

Governments may choose an indirect form of funding through tuition fees. Tuition fees may be publicly funded, but follow the student, giving the student more freedom in the choice of university and encouraging competition for students. The imposition of tuition fees may be used as a means of levering additional funding into the system with the rationale that the student should contribute to some of the costs of HE, while acknowledging that students from low-income, disadvantaged backgrounds may need to be encouraged by scholarships and loan arrangements.

Governments are major funders of HE research. Consequently, the research output and impact of HEIs are matters of serious concern. Should government provide the infrastructure for research and basic facilities for all staff to undertake research or should research be funded selectively and on a competitive basis?

Universities might be expected to cover general recurrent costs through the basic funding (grants and tuition fees), but capital funding is of critical importance to the institution and how it operates and develops, and is a further area for government intervention and influence. Different funding mechanisms and regulations thus have significant implications for institutions and the degree of their autonomy and accountability.

Governments want to manage the total number of students in HE to realize their strategy for student participation and also because of the costs involved. The management of admissions may be directive. Most governments limit the number of students studying medicine, and there are limits in other subjects as well. There is a global appreciation of the need for more graduates in Science, Technology, Engineering, and Mathematics, and governments may use various mechanisms (direct or indirect) to admit more students in these fields. Governments may wish to ensure the quality of enrollment by setting threshold admission standards.

A major challenge for institutions arises from the tendency for governments to fail to develop and sustain a consistent medium-to-long term strategy and to change targets, objectives, funding, reporting, and accountability requirements. In the situation in which the HEI is more autonomous, this may result in risk-averse policies and an even more regulated internal approach to financial management than might have been the case in the less autonomous past. However, with entrepreneurial

leadership and effective risk management, HEIs may be encouraged to be more proactive in seeking to secure independent funding.

In addition to the direct relations with government, HEIs have to negotiate with other national organizations such as quality assurance agencies and regulatory bodies, which, while they may not be directly sponsored by government, are nevertheless perceived in the broadest terms as part of the government-university interface. Governments may play a role in curriculum approval either by establishing state standards or by having an arm's-length accreditation agency that is responsible for approving and effectively licensing degrees.

It should be understood that the other interfaces also contribute to the university—government interface. Hence governments, as well as institutions, have to take into account the student voice, which, with mass participation, is increasingly significant, by engaging students, their families, and communities. Government responds to and interrelates with the business world, and is often the initiator and partner in university-enterprise relations. It plays a major role in internationalization, working with multinational companies, establishing the parameters for the recruitment of international students, visa and fee policies, indicating preferred country partners, creating international agreements, providing funding for outward mobility, and recognizing foreign qualifications. Work visas, and establishing immigration policy can have an impact on the recruitment and retention of international high-qualified staff, all of which influence the way in which institutions are able to develop their internationalization strategy.

It could be argued that the interaction of all these factors for HEIs is not materially different from those that operate for enterprises (even multinational enterprises), which have to take into account the political, economic, and social environment in which they operate, but in the evaluation of university autonomy they are of critical importance.

The University Management—Academic Staff Interface

Analysis of university autonomy has tended to concentrate on government—university relations—but autonomy is also shaped by internal factors. The autonomous university is, in effect, a major, complex enterprise with significant income and expenditure, and large numbers of staff (e.g., academic, administrative, technical, and other staff). Autonomous institutions require high-quality, effective governance, leadership, and management. Good governance structures alone are meaningless if the members of the governing body do not bring a high level of understanding and competence, and the commitment to play an active and responsive governance role. Coupled with high-quality leadership and management, it is essential that autonomous institutions have effective, well-qualified professional services to manage finance, human resources, estates, infrastructure, and to support the academic (research and teaching) enterprise.

Just as institutions compete for external resources from government and the private sector, within an autonomous university there is a competitive environment, between faculties, departments, and services for the allocation of facilities, funding, and staffing. This can extend to the executive board, in which, notwithstanding

appointment as a senior manager, an individual may retain faculty or subject loyalties and an institutional brief, which may engender a competitive element. Hence, it is not always clear that the person responsible for teaching and learning, and the person responsible for research or internationalization will agree on the appropriate allocation of resources between these areas. Competition for resources is not restricted to the senior management team. Heads of department have to reconcile competing interests within their department, while acting as representatives of university policies and strategy.

Academic staff (defined here as staff involved in research and teaching) respect contractual obligations, but need to ensure their personal career development, which might entail competition with colleagues. The individual academic staff may embrace the concept of personal autonomy, but they may be more reluctant to accept all the implications of institutional autonomy and how this is interpreted by the governing body and the leadership and management of the institution, if this is perceived to restrict their personal autonomy. While none of these potentially conflictual relations is peculiar to a HEI, they have a particular resonance in understanding how autonomy is interpreted and implemented. The leadership and management of the institution may wish to enhance the quality and professional development of all staff, but encounter resistance, from individual academic staff members, unions, and individual departments, in the way in which they seek to accomplish this. Traditionally, HEIs have sought to be collegial and democratic. The autonomous institution needs to accommodate these desirable objectives, in order to secure the goodwill and collaboration of staff, as well as a more corporate and managerial style, which is essential if an institution is to be dynamic, innovative, and entrepreneurial.

Academic staff play a pivotal role in attracting students, securing research funding, publishing their research, engaging in projects (national and international), and enhancing the reputation of the institution. The success of academic staff in all aspects of their work, and their national and international recognition and reputation will help determine the ranking of the institution nationally and internationally and contribute to the capacity of the university to exploit and augment its autonomy. This has implications for the types of contracts entered into with academic staff, that is, whether academic staff have tenure, are on fixed-term or renewable appointments, systems of evaluation (staff appraisal), promotion, salaries, or other nonfinancial incentives for recruitment and retention. High-quality staff with extensive reputations can present challenges and demands related to their personal conditions of appointment such as salary, facilities, infrastructure, and staff support, which institutions need to accommodate within their general policy on appointments. The extent to which institutions manage to appoint appropriate, high-quality academic staff, and retain, develop, and motivate them to engage with institutional goals is an important aspect of the exercise and degree of autonomy.

The Academic Staff—Student Interface

Although students and academic staff are alienated by the concept that students are "customers" or "consumers," there is a sense in which, in the contemporary world, governments and the public perceive students as "customers" for the products of a

HE. Within a university, the preferred model is one of "partnership" embodied in the emphasis on student-centered learning, which requires the student to accept a greater sense of ownership and responsibility for his or her learning. Greater transparency in the articulation of intended learning outcomes, and the associated workload, assessment, and assessment criteria, means that students have to be proactive in their learning and adapt to new ways of learning and teaching, which require both staff and students to develop new skills. Older teachers need to adjust to the reality that their students will be more adept with information and communication technology than they are. As a result, the institution and the individual need to invest in continuing professional development. New modes of learning and teaching have significant implications for the university infrastructure and the nature of the teaching environment. Libraries are no longer solely the repositories for books and periodicals, but regarded as learning resource centers with considerable space allocated to terminals for access to the Internet. High-speed access to the Internet and the constant updating and renewal of equipment become imperative.

Through direct and indirect means, students exercise considerable power. Funding normally follows the student, which means that the genuinely autonomous institution must invest in promotion, in providing appropriate up-to-date course information, good facilities, resources, and ongoing support for students, including career guidance. In a national and international market for students, employment and employability are critical performance indicators. Students' choice of a degree in response to the employment market can influence curricula and programs of study. Those subjects or departments that are quick to respond to new or changing scientific, social, political, technological, and economic environments, and which are able to offer a curriculum that will provide students with the appropriate competences for successful employment, are likely to flourish; whereas, the reverse is the case for those who do not respond to the new environment.

Autonomous institutions wish to recruit high-quality students and to ensure that all their programs of study achieve their target admissions in order to fulfill contractual requirements. This engenders competition between HEIs and also within an institution: between departments seeking to recruit the number and the quality of students needed. The growth and expansion of one department may come at the expense of others. Departments that fail to recruit a sufficient number of students of an appropriate quality will be unsustainable. Within a department that offers optional modules, students, who vote with their feet, can render a particular unit or module unviable. This can undermine the status of an individual member of the staff and ultimately threaten the continuation of the employment. In a research-oriented institution, failure to recruit sufficient doctoral candidates can seriously undermine the research standing of a subject.

Students are members of governing bodies. If they are effective, their constituency interests can influence and shape policy. They participate in functional activities such as the appointment of the rector or the president of the institution. They contribute to curriculum development and provide feedback and evaluation of staff, units, modules, and programs of study. If they have had a worthwhile experience, they are the best ambassadors for their subject and their institution. However, students tend to have immediate and short-term priorities that may not correspond

with the strategic objectives of the institution, and ways need to be found to reconcile these differences.

Responding to the expectations of employers, students are increasingly interested in the potential for work placements as an integral part of their degree and will respond to and apply for programs that offer this opportunity. This motivates the institution, the academic staff, and the administrative staff to engage actively with employers, regionally, nationally, and internationally, in order to find suitable work placements with appropriate learning outcomes and methods of assessment that can be fully integrated into the program. Engagement in student work placements involves attention to technical nonacademic issues such as "health and safety," insurance, remuneration, contracts of "employment," and ethical questions, all of which need a professional and specialist approach. Work-based learning, in all its modes, demands innovation, adaptability, and effective liaison with employers as placement providers and collaborative mentors. The placement provider will have expectations to which the institution or academic staff will need to respond and that may entail an element of compromise or consensus seeking, which might in turn be seen as eroding autonomy in response to the expectations and needs of students and employers.

There is a wide recognition that student mobility for study and work can significantly enhance the competences of students and prepare them for work in a multicultural environment and to be more adaptable and flexible. Embedding mobility in the curriculum requires a flexible curriculum, mobility windows, and integrated study and work placements, which necessitate effective preparation, information, evaluation, debriefing, and recognition. The incorporation and recognition of units and modules from other institutions into degree programs might be seen either as a manifestation or a diminution of autonomy. In either case, as the number of students seeking a mobility experience grows, evaluation of the way in which autonomy operates cannot ignore the implications of large-scale student mobility.

Governments are concerned with problems of social cohesion and expect universities to play a role in this domain. In practice, this means active efforts to recruit students from socially disadvantaged and low-income groups. Such students may lack the normal academic background and, in the early months, require special teaching and support. This may be provided by academic staff who undertake special training for this purpose and by specialized units that can advise and help students enhance their study and learning skills.

In addition to the daily interaction between students and staff, individual and collective, students tend to have formal representative bodies that seek to promote student interests. Student unions and representative bodies can be powerful allies in the overall mission of the institution, but they may also be a force for conservatism and reaction that impairs the autonomy of the institution. National student unions play an active political role to which governments are often forced to respond in ways that limit autonomy.

Governments, universities, and international bodies gather and publish data on student performance and success in employment Alumni organizations are established to reinforce the university's role in the community and support it in a range of ways, including securing additional funds. The autonomous institution must take a

long-term view of its future and recognize that alumni represent an important element in the support of the wider community. Alumni are unlikely to provide this support unless they have enjoyed their HE experience, secured good employment, and are followed up in positive and imaginative ways that persuade them that their institution values them. Institutional autonomy therefore leads to a new awareness, not only of the immediate value of the current students for funding and reputation but also their long-term value as members of the community, employers, entrepreneurs, and potential members of the governing body.

The University-Business Interface

Enterprises are major stakeholders in HE. They contribute substantially to the public revenue and the wider economy, and are consequently listened to attentively by governments. All too frequently, representatives of the business community voice their concern about the quality of graduates and their lack of key generic and subject specific competences. This refrain is echoed by governments, which urge universities to work more closely with employers. Ideally, this should involve the consultation of employers on the content of curriculum and feedback on graduate competences on a longitudinal basis. Similarly, given appropriate resources, it could be expected that universities will survey their alumni periodically in order to ensure the ongoing relevance and effectiveness of the learning, teaching, and assessment that they offer.

As indicated above, positive university collaboration with employers is essential in work-based learning (learning that takes place primarily within the working environment and builds on and utilizes that environment), and in work placements, which are shorter periods of work (three to twelve months) integrated within the degree program, with specified intended learning outcomes, assessment, and assessment criteria contributing to the overall degree. Such placements might be national or international. If they are to be high quality, they require effective dialogue and cooperation, including mentoring and evaluation. Analytical feedback from work placements can contribute to ongoing curriculum development.

Universities are at the heart of the knowledge triangle and can express their autonomy in the way in which they develop their potential and work with business and industry. However, this "commercial" collaboration might compromise or modify institutional autonomy. In a competitive world with restricted resources, universities may feel that they need industry and commerce more than the reverse. Enterprises that provide research funding will wish to have a say in the direction of the research and the ownership of the intellectual property arising from the research. The sponsorship of research can pose strategic, political, and ethical questions that need to be decided at an institutional level and that can be the source of tension between the individual academic keen to undertake the research and the sensitivities of the institution, which recognizes potential ethical and/or political conflicts of interest. Tensions can be manifested in other ways: the funding of research by companies involved in the production of armaments or research involving animals can provoke hostile opposition from students, staff, and the public. The institution has to balance the desire for potentially rewarding contracts with the ethical and public relations considerations. Increasingly, business schools offer modules on

entrepreneurship to students at all levels (bachelor's, master's, PhD) in departments/faculties outside the Business School. The autonomous entrepreneurial university might, in collaboration with government and industry, sponsor science parks, innovation centers, and incubation units; encourage spin-off companies; and generally reinforce the links with industry. All of these may be "good," but they materially alter relations within and outside the university.

Relations with business and industry can be reinforced by staff exchanges—university staff to industry and industry to university. This has implications for the terms and conditions of employment, including remuneration. If staff from industry contribute to teaching, there are issues of quality to be addressed. It also requires that institutions are receptive to the insights, new ideas, and changes instigated by the incoming staff from business and industry, and staff who return with an industrial or commercial experience.

In a knowledge society, the premium on continuing learning escalates. Universities have the potential to play a key role in continuing professional development, which, in innovative institutions, will lead to the development of more professional (work-based) master's and doctoral programs involving creative cooperation with business and industry.

As well as providing direct support for research, business and industry may contribute to other aspects of university funding: scholarships, prizes, sponsorship of buildings, particular programs relevant to their industry, and posts that might be joint posts. In all cases, there will be conditions attached to the funding that have an impact on autonomy, provide precedents, and might restrict aspects of the university's activities. As governing bodies seek to have effective external members, key enterprises, engaged with and having an understanding of the university, might provide members of governing bodies.

As relations between university and business and industry become more pervasive, they affect funding, curriculum, recruitment, reputation, performance indicators, and feedback. Much of this has been informal, but more HEIs are seeking to formalize and enhance their links with business and industry, manifesting their autonomy but potentially compromising it.

The University–Internationalization Interface

In the HE sector, internationalization has moved high up the policy agenda and become a priority for governments and institutions. This stems from the sense of a global market for HE, competition with global commercial providers, in-house programs in multinational companies, the development of massive open online courses (MOOCs), intercountry competition and intercountry cooperation, the imperatives of the international economy, and the pace of scientific, technological, social, economic, and political change. In Europe, internationalization has been given impetus by the Bologna Process, with its emphasis on "attractiveness" and the "global dimension" and by the policy and funding provided by member states. The European Commission (EC) and European funding have transformed the two flagship programs, Erasmus+ and Horizon 2020, into two international programs, each with a large seven-year budget (http://ec.europa.eu). The Bologna Process and

the policy papers by the EC reflect similar objectives: the need for the recognition of qualifications, the importance of the attractiveness of the European Higher Education Area (EHEA), employability of graduates, competitiveness, and the need for collaboration. For example, according to the EC strategy for "European Higher Education in the World," "[a] comprehensive internationalization strategy should cover key areas grouped into the following three categories: international student and staff mobility; the internationalization and improvement of curricula and digital learning; and strategic cooperation, partnerships and capacity building" (COM 2013: 499, 4).

Governments tend to have preferred partners and preferred regions, and wish to focus international activity on specific areas of the economy. They also tend to have favored HEIs for the purposes of developing international policy. The diversity, distinctive nature, size, and mission of HEIs mean that their objectives differ. In Europe, influenced by the funding provide by the EC and national policy and funding, they recognize the need for strategic international partnerships. Partnerships take a variety of forms. They require a risk analysis, an effective legal or quasi-legal basis, new governance, management and leadership structures, effective business plans, quality assurance, good monitoring, and evaluation. Quality assurance is particularly important in establishing subsidiary campuses and will probably involve the national quality assurance agency. The legal and financial basis and the sustainability of partnerships are of fundamental importance in safeguarding the interests of the institution, and the staff and students who engage in the partnerships. The nature, depth, and number of partnerships can materially alter the university.

The objectives of academic staff do not necessarily coincide with the internationalization strategy of an institution. Personal career and promotion prospects are perhaps the primary motivators, but the potential for research links and opportunities with partner institutions, and the possibility of collaborating in the supervision of doctoral candidates are strong factors influencing academics.

Students may be even more conservative about internationalization. Their primary concern is the quality of their qualification and its recognition for employment locally, regionally, nationally, and possibly internationally. Internationalization in all its facets may challenge preconceptions, prejudices, local, regional, and national perspectives. If a university is genuinely seeking to implement an internationalization strategy, the international dimension needs to be pervasive in the student experience: student residences, lectures, seminars, supervisions, laboratories, the social environment, the curriculum in all cycles, assessment, and mobility.

The institutional components of internationalization involve a developed and public institutional mission and strategy with key performance indicators, a multinational student body with a high percentage of foreign students, a multinational staff (teaching, research, and administrative), effective senior leadership and management that moves from theory to practice and "makes it happen," a clear understanding of priority countries or regions, an international curriculum for all students at all levels (bachelor's, master's, PhD), and student mobility (both outward and inward) with full academic recognition for mobility. The ideal is mobility for all students as an integral part of their academic experience. Internationalization implies a strong foreign language policy for staff as well as students. The ability

to recruit international students is influenced by the promotion policy of the university, its reputation, the relevance and quality of its programs of study, and the staff. In countries with lesser-spoken, less widely taught languages, it may mean that popular programs are taught in a foreign language, which will have implications for the recruitment of staff and for monitoring their language competence. Recruiting international students and international staff requires significant institutional adjustment to ensure that the international students and staff are fully integrated and can realize their potential in an environment that embraces a multicultural community and internationalization.

Internationalization may involve virtual mobility and collaboration between students and academic staff in partner institutions in other countries. At a high level there will be strategic partnerships with HEIs in other countries and with international employers. Institutions will have joint programs and joint modules, and fully integrated joint degrees involving mobility and mutual recognition. They will have collaborative research across wide areas of the university.

HEIs appoint vice rectors with specific responsibility for the internationalization strategy and identifying different levels of partnership. A number of universities have opened branches overseas, either as a freestanding branch of the university or with a partner institution, offering full degree programs that are validated and recognized in the home country. Universities offer their qualifications internationally through distance education and, here too, issues of quality, funding, management, brand, and reputation are crucial. Governments sponsor international strategies for HE. For example, the new coalition in Germany has committed itself to supporting the internationalization of German HEIs (DAAD 2014). The government of the United Kingdom published "An International Education: Global Growth and Prosperity" strategy in July 2013 (www.gov.uk/bis 2013), establishing a new strategic, international educational council and an international champion for UK education and identifying key target markets. The Danish Ministry of Science, Technology and Innovation and Danish universities decided to develop a Sino-Danish Center for Education and Research in partnership with the University of China Academy of Sciences (Sino-Danish Center 2014).

It is evident that the realization of an internationalization strategy varies considerably between institutions and is multifaceted. Governing bodies need to be alert to risk management, effective business plans and good and continuing oversight. They need to ensure that potential conflicts with the local, regional, and national role of the institution are managed so that students and staff do not feel that internationalization has become the exclusive priority but is fully integrated into the wider mission of the institution. To be successful, stakeholders must be engaged, and not all stakeholders are necessarily immediately persuaded of the benefits. These may include students, staff, local politicians with a regional agenda, and employers. Small enterprises may be particularly unenthusiastic, but their support in providing work placements for incoming students may be vital in securing reciprocal arrangements for outgoing students with partners in other countries.

Internationalization requires adequate funding. Institutions either have to generate this from their own resources or seek supplementary external funding. Ultimately it depends on the engagement of academic staff and students and good

governance, leadership, and management. Internationalization is a key interface engaging governments, institutions, academic staff, students, and enterprise. It has an impact on the curriculum, funding, international reputation, and the quality of teaching, learning, and research. Consequently, if it is a serious internationalization strategy, it moves institutions outside of their comfort zone and involves greater risk than what might be termed as the basic "bread and butter" work. As with the other facets of autonomy, internationalization is an area in which the university has to manage strong external and internal forces that can manifest its autonomy, yet may require the university to modify and share it because of the nature of the cooperative arrangements that internationalization necessarily involves.

A Small Beginning

As we mentioned earlier, this study is the first attempt—a small beginning—to explore the complex relationships between government, university, business, management, researchers, teachers, students, and international policy and strategy. In this endeavor, our main premise is that a fuller understanding of university autonomy can only be obtained through a holistic approach by bringing together traditional dimensions of university autonomy (organizational, financial, human resource, and academic) and five interfaces that characterize external and internal points of interaction between modern universities and their key stakeholders (government-university; university management-university staff; academic staff-students; university-business; and university-internationalization). This holistic view we call institutional university autonomy.

With this study we aim to encourage a dynamic scholarly and policy dialogue about the range and complexity of contemporary HE and how internal and external "interfaces" may support, modify, change, undermine, and/or limit institutional university autonomy. Through international case studies presented in this book, we explore the complexity of institutional university autonomy, hopefully "planting the seed" for that future dynamic scholarly and policy dialogue. The international character of the case studies not only gives new insights but also reinforces our understanding that the issues relating to institutional university autonomy are genuinely global. Table 1.1 provides a brief overview of HE sectors represented in the book.

We have split the book into chapters, representing an interface and a concluding chapter. In Part II, we explore the government-university interface. In their chapter titled "HE, Governance, and Academic Freedom," William M. Bowen and Michael Schwartz affirm that universities are in the knowledge business, which is to create, preserve, transmit, validate, and find new applications for knowledge. Bowen and Schwartz argue that the knowledge business works optimally when it is guided and informed by the idea variation hypothesis that stipulates that the rate of knowledge development within a university at any given time is proportional to the variation of ideas in that university at that time. Bowen and Schwartz further explain why academic freedom is important for conserving the widest possible range of ideas, and then describe and illustrate five impediments, idea vetting systems, or "enemies" to the conservation of the broadest possible range of ideas. These include

Table 1.1 Overview of HE sectors

	Australia[1]	*Denmark*[2]	*Czech Republic*[3]	*Finland*[4]	*India*[5]	*Lithuania*[6]	*Russian Federation*[7]	*United Kingdom*[8]	*United States*[9]	*Japan*[10]
GDP, billion USD	1,561	331	198	257	1,877	46	2,097	2,522	16,768	4,616
Funding as % of GDP	1.4%	2.4%	0.51%	1.6%	1.73%	1.5%	1.8%	0.88%	3%	1.5%
State funding	0.83%	1.11%	0.5%	1.6%	0.53%	0.92%	1.5%	0.27%	1%	1.1%
Private funding	0.57%	1.98%	0.01%	0%	1.2%	0.58%	0.3%	0.61%	2%	0.4%
Number of universities	41	8	78	20	687	22	1352	162	4599	781
Public universities	38	8	26	20	286	14	950	161	1656	178[11]
Private universities	3	0	52	0	401[12]	8	402	1	2943	603
Number of students (000)	1,314	162	347	167	25,760	105	6,218	2,299	70,821	2,803
Local (000)	985	141	306	150	25,727	100	6,012	1,864	69,935	2,664
International (000)	329	21	41	17	33	5	206	435	886	139
Male, %	44	46	44	46	55	41	43	44	48	40
Female, %	56	54	56	54	45	59	57	56	52	60
Bachelor's students (000)	881	92	209	93	17,450	71	N/A[13]	1,334	45,141	2,552
Master's students (000)	285	70	119	49	2,500	21		223	17,943	160
Doctoral students (000)	63	9	24	25	160	3	154	82	6,851	74
Number of academic staff (000)	28	19	22	9	1,880	13	319	194	1,524	181

Notes:
[1] Australian Government, Department of Education and Training (2014).
[2] Statistics Denmark (2014); Ministry of Higher Education and Science (2014).
[3] UNESCO Institute for Statistics (2013); Eurostat Statistics Explained (2015).
[4] Statistics Finland (2015).
[5] Choudaha (2013).
[6] Statistics Lithuania (2014).
[7] Russian Federation Federal State Statistic Service (2015); OECD (2014); Sheregi and Arefieva (2010).
[8] HE Statistics Agency (https://www.hesa.ac.uk/).
[9] National Centre for Education Statistics (2015); Institute of International Education (2015) (http://goo.gl/UOGtYR).
[10] Ministry of Education, Culture, Sports, Science and Technology (2015).
[11] Of which, national—86; public—92.
[12] Of which, private—105; mixed ownership—296.
[13] The Bologna Process is not fully implemented.

authoritarianism, supernaturalism, corporatism, illiberalism, and political correctness. Finally, the authors describe and explain using vignettes to show how governments can act to undercut academic freedom, thereby undermining the optimal conduct of the university's business.

In "Cultural and Constitutional Embeddedness of University Autonomy in Lithuania," Žilvinas Martinaitis, Simonas Gaušas, and Agnė Paliokaitė explore how HE governance is embedded within broader social and legal institutions. They argue that shifting the balance of autonomy and the accountability of universities is not entirely at the discretion of policymakers or university management. Reforms are constrained by existing institutions that emerged from a unique mix of previous policy decisions. Hence, the outcomes of reforms depend on the extent to which they were supported or impeded by the preexisting institutional framework. To conceptualize the interactions between autonomy as exercised in strategic and day-to-day decisions of universities, the HE policies and broader national contexts, these authors adopt and further develop the analytical framework proposed by Oliver Williamson, analyzing the outcomes of HE reforms carried out in Lithuania in 2009.

In their chapter titled "HE in India at Crossroads: The Imperative for Transcending Stagnation and Embracing Innovation," Sharad Sarin and Nikhilesh Dholakia lay out the details of specific HE challenges in India, and the newly emergent approaches for addressing these challenges at various levels: government, university, academic staff, students, parents, citizens, and corporations. Since India's HE system is uniquely shaped by its vast and diverse demography; its long democratic history that is unique among developing nations; and its histories under British colonial rule and after the end of colonial rule, the authors first set up the contextual backdrop for the rest of the chapter and then outline the multiple and often very complex challenges facing the nation's HE system—challenges that have stymied progress in many cases. Sarin and Dholakia use interfaces of institutional university autonomy introduced in this book to categorize and assess these proposed changes. Sarin and Dholakia present three scenarios for India's HE system: a worst case, a best case, and the most probable realistic case for reforms.

In "University Autonomy in the Age of Marketization," Colin Simpson and Marin Marinov link the notion of university autonomy to the marketization of HE in England with a focus on three separate, but overlapping thematic areas that are principally shaped by the three corresponding interfaces introduced in this book: funding and finances (government-university interface); academic freedom (university management-academic staff interface); and the international context (university-internationalization interface). A close analysis of these three areas of the English HE landscape reveals that certain "quasi-market" mechanisms have been adopted by successive governments to help them achieve broader social and economic aims. However, the authors suggest that, without a clear focus on the social purpose of universities, there is a danger that university autonomy will be the Trojan Horse of the free market, that is, a gift (freedom from government interference) that will expose them to market forces beyond their control and constrain their ability to take optimal long-term decisions. The focus of this chapter is the HE sector in England, although for historical reasons, reference is sometimes made to the United Kingdom, in which HE policy has treated the United Kingdom as a single entity.

In Part III, we explore the university management-university staff interface. The chapter titled "University-Staff Tensions in Implementing Human Resource Autonomy in Practice: The Example of Moldova," by Larisa Bugaian, Ala Cotelnic, Angela Niculita, Daniela Pojar, Petru Todos, and Romeo V. Turcan, explores the nature of relationships and possible tensions between university management and academic staff in universities from emerging or developing economies. It focuses on human resources and the difficulty inherent in moving from a HE system in which research in universities is not directly funded and is seen by many of the stakeholders as of secondary importance to teaching, to one in which academic staff are expected to engage in research and knowledge transfer as well as research-based teaching. Bugaian et al. draw on their recent policy research involving a situational analysis of university autonomy in Moldova and a benchmark analysis of institutional university autonomy in Denmark, Lithuania, Romania, Scotland, and Sweden to illustrate the immense challenges that government and institutions face in seeking to engage in fundamental reform and change in HE.

In "Staff Evaluation—Shaping Autonomy through Stakeholders," Mikael Collan, Jan Stoklasa, and Jana Talasova address the relationship between university stakeholders, university autonomy, and academic staff evaluation systems, and how academic staff evaluation systems may affect the autonomy of universities. These issues are analyzed by discussing how stakeholder interests are connected to academic staff evaluation systems, and how evaluation systems act as catalysts for meeting universities' goals. There are no European guidelines or international best practices for academic staff evaluation systems, and universities most often have autonomy over their academic staff evaluation, which has led to a wide range of different academic staff evaluation systems. These authors discuss general approaches for academic staff evaluation systems and reflect on real-world cases from the perspective of maintaining and highlighting the importance of university autonomy.

The chapter by Witold Szwebs, "Institutional Financial Autonomy in Practice: A Departmental Perspective," offers a micro-institutional perspective on the issue of financial and organizational autonomy gained during the last decade in Denmark by the local universities. The government-university interface is analyzed in terms of the capacity of the organizational structures to act within the scope defined by the state, exploring the impact of the changes on the external funding of research activities at one of the largest departments at Aalborg University. The empirical case study indicates existing tensions in the system between a move to expand institutional autonomy and an opposite one, to strengthen the regulatory regime in order to bring externally funded research more in line with the requirements of the public interest observable in centrally imposed, performance-based accountability measures. Szwebs argues that the legal and accounting regimes incorporated in the university governance models can interfere with the new processes of financial and organizational governance and put constraints on the department's motivation to engage in the externally financed research areas, thus limiting flexibility in positioning on the market.

In Part IV, we explore the relationship between academic staff and students as it impacts on university autonomy. In this chapter by Erik de Graaff, Jette Egelund Holgaard, Pia Bøgelund, and Claus Monrad Spliid, titled "When Students Take the Lead," the interface between academic staff and students is challenged by a

self-directed learning perspective, in which the students take the lead and the responsibility for their own learning. Thereby the role of academic staff radically changes from that of being a teacher to that of a facilitator of the students along this organizational learning process. This is conceptualized using the Aalborg case of problem-based learning as an example and discussed in relation to internationalization, business collaboration, and the institutional framework provided by university and government. This chapter points at a balance between allowing students to take the lead in their own learning process, and at the same time making sure they make the right choices and helping them do so. Such a radical institutional approach to the learner, as the center of the university, not only changes the relations of the academic staff with the university but also demands changes in the university governance, management, and leadership structures in response to the new relations, including the change in the role of the student in the governance structure, which ultimately contributes to the enhancement of institutional university autonomy.

In "Autonomy Produces Unintended Consequences: Funding HE through Vouchers in Lithuania," Simona Švaikauskienė and Birutė Mikulskienė discuss the introduction of a voucher system in Lithuania and its impact on university autonomy. The introduction of the voucher system in Lithuania aimed inter alia at responding to a number of issues, such as insufficient funding in the HE sector, the large number of HEIs, low competitive abilities of universities, and an unsatisfactory level of quality. These and other issues motivated Lithuanian politicians to look for new solutions, such as the introduction of a voucher system. The voucher-funding scheme seemed attractive as a modern way to promote competition in the HE sector in Lithuania. These authors not only report on the positive impact that the voucher system had on the sector and university autonomy but also discuss unintended challenges that emerged and that resulted in changes to the policy, such as introducing purposive financing, providing grants, increasing the number of voucher groups, and moving away from the original purpose and scope of the voucher system. Drawing on the lessons learned, implications for public policy are put forward.

In Part V, university-business relations are explored. In his chapter titled "Autonomy Mediated through University-Business Collaboration," Olav J. Sørensen explores why the old formula of theory production and subsequent application in practice has been replaced by a new formula of interaction between theory and practice, conceptualizes this development, and provides recommendations on how to build university-business collaboration, analyzing such collaboration from a university autonomy perspective. Sørensen argues that the rationale for this development is twofold. First, innovation has become a key "productive" and "competitive" factor of a (global) market economy, and, as knowledge and managers/experts with a high level of competence are key drivers of innovation, universities are the obvious partner for the business community. Second, while the concept of formal knowledge has been around for many years, experiential knowledge and its importance for knowledge development are of recent origin. Experiential knowledge is by definition embedded in practice, and this fact makes the business community an obvious partner for universities. But the university-business collaboration is not a smooth one as the collaborative partners are based on two different logics. This chapter

discusses challenges and opportunities of university-business collaboration and provides guidelines on how to organize such collaboration. It also argues that the new relationship requires a new concept of autonomy—"networked" autonomy.

In their chapter titled "Industry-Academia-Government Cooperation in Japan: The Pivotal Role of the University," Yukiko Yamaguchi and Nikhilesh Dholakia examine the pivotal role of the university as a key player in industrial-academic-government cooperation in Japan, with a specific focus on the university role as a catalyst for "regional revitalization." This chapter provides a background to the university system in Japan and explores one case in detail, the University of Nagasaki, and the role that the university is expected to play in the revitalization of the prefecture in which this university is located. Using the "interfaces" framework, Yamaguchi and Dholakia analyze significant aspects of industrial-academic-government cooperation in terms of effects on the education of students, impacts on research programs, and, most importantly, past and potential influences on the societies and economies at the prefectural, regional, national, and global levels. The cultural specificities of Japan foster cooperation, but have also, in the past, kept the three spheres, government, industry, and academia, somewhat insulated from each other. This chapter identifies the new efforts underway in Japan to break through these historic layers of insulation and separation.

In Part VI, the university-internationalization interface is explored—an area of growing interest and importance with significant implications for autonomy. In their chapter titled "Combining Internationalization and Autonomy: The Case of Russia," Andrei Panibratov and Lyubov Ermolaeva analyze the impact of autonomy and internationalization on the development of Russia's HE system. They consider the historical and cultural development of the Russian education system through the lenses of autonomy and internationalization by pursuing the following purposes: to indicate the main challenges for Russian universities; to bring forth specific features of the HE system; to follow up recent trends in HE in Russia; and to provide a case study of a Russian business school. They analyze the key components of university autonomy, such as independence from government, academic freedom, and educational and financial autonomy with regard to HEIs in Russia. The authors argue that, as Russia passed through crucial historical changes during the last century, the education system exhibited different, sometimes ambiguous, characteristics. On the one hand, in possessing a large degree of freedom, Russian universities have always been financially dependent on the state. On the other hand, aiming to integrate themselves into the global education system, universities often face strong opposition from the proponents of national education. The authors' study illustrates how one school has been able to negotiate its way through these challenges to establish a high-status reputation internationally and the key elements that have contributed to this in the exercise of its autonomy and the support of its university.

In "Autonomy and the Realities of Internationalization in Australian Universities: An Institutional Logics Perspective," Mark Tayar and Robert Jack discuss the implications of greater organizational and financial autonomy for internationalization at Australian public universities. The Australian government has renewed calls for university autonomy and has moved toward deregulation, corporatization, and marketization. The impact of these changes on university internationalization is discussed employing

the institutional logics perspective, which is useful for identifying new rationales for action after deregulation. Drawing from interviews with 30 managers, this chapter examines the shifts away from government-defined goals and programs. This institutional change creates a gap for new meta-logics to dominate the sector and redirect international activities. As Australian universities become more autonomous, new motives for internationalization emerge. New motives are driven by two distinct underlying "meta-logics": the logic of corporations and the logic of nonprofit organizations.

The chapter by Romeo V. Turcan and Valeria Gulieva, titled "University Internationalization and University Autonomy: Toward a Theoretical Understanding," aims to deepen our theoretical understanding of the process of university internationalization by exploring the relationship between university internationalization and university autonomy. Turcan and Gulieva conjecture that the process of university internationalization and its sustainability are determined by the structure and exercise of university autonomy settings at home and in the host (target) countries, and that the process itself cannot be successfully achieved and maintained without changes in the autonomy settings. The key question they ask is to what degree universities, in embracing the new, dissimilar, and sometimes conflicting dimensions of the financial, legal, organizational, staffing, and academic autonomy of the host country, are compromising key aspects of their own autonomy and core mission. These issues raise concerns about the erosion of individual and university-wide autonomy and the sustainability of university internationalization efforts, and recent failures and withdrawals of universities from international markets support the above concerns. These authors put forward a process model of university internationalization, recognizing that the most successful countries and universities will in the future be those with a truly global perspective and output.

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PART II

Government-University Interface

CHAPTER 2

Higher Education, Governance, and Academic Freedom

William M. Bowen and Michael Schwartz

Introduction

American universities are struggling with the definition of their purpose (see, for example, Zocalo Public Square 2015). In the following pages, we take the rather fundamentalist or originalist position that universities are in the knowledge business. Accordingly, we assert that the core purpose of universities is knowledge formation, and we expand on this idea at some length. But knowledge formation and the ideas that give birth to it are under frequent assault, and we will define and assess the sources of those assaults. To do this, we describe how the knowledge business works, and we introduce the "idea-variation hypothesis": a conjecture about how complex social and environmental problems are better addressed as the storehouse of ideas is expanded and protected. Then we explain why academic freedom is important for conserving the widest possible range of ideas.

What Universities Do: The Knowledge Business

Most university and college presidents in the United States and elsewhere have, at one time or another, been admonished by members of their governing boards that they have to run their universities "like a business." Given the sources of funding, whether from government coffers, student tuitions, or philanthropic contributions, fiduciary responsibilities of university leaders are substantial and not unknown to them. For the most part, they do manage those institutions "like a business." But those leaders would, to a person, agree that in doing that, it does help to know what "business" they are in.

Under current definitions of "the business of universities," the metrics imposed to ensure performance, especially in the public sector, are, of course, directed at those

things that can be counted: degrees awarded by level of study, time taken to complete degrees, courses completed, students retained from year-to-year. Those things that can be measured are, inevitably, those things to which administrative attention is paid, and in the process higher education (HE) becomes a commodity. The roots of the model are quite corporate and often derive from the imposition of the corporate values brought to the table by members of the governing boards of colleges and universities. Some of it is driven by governors and the politicians in the several general assemblies of the states who believe that a well-educated population will be an attraction for businesses and industries and that well-educated people elsewhere will be drawn to such places. In short, the business of universities is (or should be) business.

However, a reasonably good argument can be made that the business of universities is not business, at least not directly; instead, it is knowledge formation broadly understood. Those of us in universities are in the knowledge business, and more of that notion is discussed below. Suffice it to say here, that universities at their best are places that encourage, in the most unfettered ways possible, the creation of new knowledge, the verification of that knowledge, the conservation of that knowledge, the transmission of that knowledge, and the finding of new uses for that knowledge. This is the business of the university. Those are the things that universities do, and no other institution has been developed solely and totally devoted to those aspects of knowledge formation.

It is this matter of disparate values in the understanding of what business universities are in that retards the growth and development of knowledge, often to the substantial detriment of progress in solving human social and environmental problems.

Nevertheless, if one were to survey new undergraduate students, asking them to describe their reason for attending a university, the first reason to emerge will have something to do with careers and work. There is nothing wrong with that: we wanted our own children off of the family payroll and on to someone else's (and so far so good). If one shifts the level of understanding of universities from the broad notion of institutional development to the perspective of the student, which is to say, focuses upon the transmission of knowledge function, there is more to be said than career preparation. There are other goals of knowledge transmission as well.

We might point to the matter of having students become competent learners. They do need to learn how to learn if education is to become a way of life and not a "thing." Being curious is one thing; knowing how to inquire from various points of view is quite another. Universities are in the business of transmitting those skills as well. But such skills do not rise to the level of meriting a metric from the point of view of the "education-as-a-commodity" perspective.

Similarly, with regard to the "transmission" function, it is important to transmit the knowledge that gives our students the wherewithal to live a meaningful life after the workday. That is to say, the transmission of knowledge can and should include an understanding and appreciation of the arts, humanities, and sport in leading a satisfying life. And then there is, in addition, the modest matter of transmitting the knowledge that will allow students to understand their own liberty, threats to it, and ways of defending it. In short, there is the matter of citizenship in a complex and often threatened democracy.

It is reasonable to say that universities are in the business of forming and defending the vast storehouse of knowledge accumulated over the centuries, and, among other purposes, transmitting it to future generations in the interest of human progress.

How the Knowledge Business Works (the Idea Variation Hypothesis)

Knowledge is at the core of the business of universities. The primary responsibilities of university faculty members and students are about knowledge formation. This knowledge is the product toward which individuals and groups of students and faculty labor, and around which the supporting technologies, activities, and institutional structures within universities are organized. Knowledge is produced throughout society by companies, community groups, and government agencies, among many others. But universities are the only institutions created for the specific purpose of creating, transmitting, preserving, validating, and applying it. We refer to this purpose as knowledge formation.

Universities are of such tremendous value specifically because of the value of the knowledge formed within them. In pre-Neolithic times when our distant ancestors were hunters and gatherers, their knowledge of the ways and means of hunting and gathering kept them alive. From the time of the Neolithic revolution through the ancient, medieval, and Renaissance periods, our predecessors' knowledge of seeds, plants, soil, weather patterns, and the implements of growing and harvesting food crops kept them alive. Knowledge precipitated the Industrial Revolution, too, specifically knowledge about the applications of fossil fuels, mechanization, and machine-based production. Universities are in the knowledge business, and knowledge is of inestimable value.

In the late 1800s, about the time of the development of Frederick Winslow Taylor's scientific management theory, a sort of inversion occurred in the use of knowledge in society. Specifically, scientific knowledge became focused upon and applied to the idea of knowledge itself. To use the term popularized by Peter Drucker, the "knowledge economy" was germinated. The use of knowledge to innovate and produce goods and services based upon knowledge-intensive activities gradually became the basis for the entire economy.

Knowledge today most directly affects how we live physically and socially in an indirect way, through technological innovation. When most people today think of knowledge, they naturally think in terms of technology, and it is easy to understand this. Science-linked technological innovation, which might be called "technoscience," is now the primary agent of material progress and social change. It affects the experiences of our lives profoundly every day, whether through medicine, the Internet, transportation, nanotechnology, biotechnology, distributed communications, or you name it. Essentially all of the technologies that comprise the fabric of our postindustrial societies are based upon technoscience, which is based on the process of finding new uses for scientific knowledge. In current usage: innovation.

While technoscience has become identified with science, and indeed while know-how, or innovation, is undoubtedly indispensable for progress and social change, ideas, new scientific discoveries, and the applications of new discoveries

through invention have been the prime drivers of progress and social change, not technoscience. Scientific ideas, not technoscience, contain the greatest, and most influential and lasting value. Scientific ideas influence us more than do discoveries or applications and inventions, largely because discoveries, applications, and inventions invariably turn out to depend upon ideas. Applied know-how allowed our progenitors to survive, and it catalyzed the Industrial Revolution. But technoscience is empowered and multiplied by ideas, even though many of them are not directly applicable and do not lead immediately to know-how.

Ideas are the nuclei of knowledge. They are more or less autonomous mental or psychological elements through which cultural variation is generated (Bateson 1972). They function to guide individuals' selection of facts by coupling sense data with the evolved psychological complexes through which we track our environments, process and store information in our brains, and integrate it at the neurophysiological level that empowers us with the capacity to create and communicate knowledge. Ideas are "more or less" autonomous in that they tend to last longer than individuals, though they depend upon individuals for their expression. The ideas of keeping track of time, for instance, or creating a better world, or using common sense, or granting people inalienable rights have withstood the test of centuries.

Ideas are exceedingly powerful, though they cannot be expressed or replicated without individuals to articulate and communicate them. All future improvements in the quality of human thought, knowledge, and knowledge utilization that may lead to changes for the better in the state of society and the environment will depend upon ideas. Ideas rationalize and justify the exercise of political and military power, and in doing so potentially become a source of control over people. They affect people's perception, provide legitimacy for action, serve as a basis for normative standards that are used to define social problems, and help provide legitimacy for the structure of society. They are, as we understand them, the starting point that confers character, context, and meaning to all purposeful and conscious thought and action. They justify all human actions. They serve to help individuals understand aspects of the world that otherwise could not be brought meaningfully within the purview of the human mind.

A major premise in our earlier writing about the purpose of universities has been that the rate of progress and advancement in knowledge throughout society at any time is equal to the variation of ideas at that time (Bowen and Schwartz 2005, Bowen, Schwartz, and Camp 2014).[1] We have referred to this as the idea variation hypothesis. Accordingly, a larger variation simply refers to an expanded set of ideas that people are willing to consider as being legitimate and relevant in decision-making situations, compared to the subset of ideas that, if expressed, are likely to lead individuals to be socially ostracized and labeled "off the deep end," "out of touch," or in extreme cases even "insane."

The university is the only social institution within which individuals tend to have the background, time, and mandate to recognize and reflect upon significant ideas, to critique them, and to concentrate conscious efforts upon conserving their entire range. Accordingly, universities have the potential to provide society with an institutional mechanism with which to regulate the rate of progress, advancement, and development of knowledge in society. Indeed, the effect of consciously

conserving the entire variation of ideas, the complete range of thinkable thoughts in society at any given time, is arguably to maximize indirectly but powerfully the rate of progress of knowledge throughout society. By direct, conscious efforts to ensure that inquiry is bounded only by logical, systematic reasoning from experience and is decided on the basis of reasoned deliberation stemming from free and open debate, universities contribute to and fortify the knowledge base from which to improve the human capacity for ameliorating enormously complex social and environmental problems and for preserving the values of civil society.

Conscious conservation of the variation of ideas maximizes the rate of advancement of knowledge for several reasons. First, it protects the rights of individuals to seek self-fulfillment. It also protects the rights of individuals to seek attainment of truth. By keeping the widest feasible range of perceptions, beliefs, values, and opinions open for legitimate discussion and debate within society, it provides for open discussion in legitimate democratic decision-making. This tends to ensure that a wider range of inputs will be available for individual thought processes and, in doing so, increases the likelihood of contributions to the growth and advancement of knowledge. It tends to countervail against efforts to exclude individuals from decision-making processes. This likewise enables a broader range of ideas, beliefs, viewpoints, and opinions to enter into deliberations, tends to improve the effectiveness and quality of decision outcomes, enables flexibility and adaptation to change, and tends to foster the kind of social milieu through which knowledge is most likely to advance. Finally, conscious efforts to conserve the variation of ideas promote a spirit of intellectual freedom and openness to honest and broad-ranging inquiry and dialogue. The net effect is to fortify societies directly and powerfully and to keep them from social decline and degeneration in which social interactions are oriented not so much around learning as around ideological conformity and the maintenance of perceived group identity.

Why Academic Freedom Is Important for an Optimum Variety of Ideas

If the process of maximizing the variation of ideas is to go forward successfully, it will have to be part of a carefully protected environment, free from threats of reprisals against those who are thinking "differently." A fundamental and foundational principle of the modern university is that it must provide substantial protection for dissent from the conventional wisdom. To say that a professor is "someone who thinks otherwise" is not far off the mark. The generation of ideas requires that the range of thinkable thoughts not be restricted by convention no matter how morally compelling a convention may currently be in any given society at any given time. The ability to challenge current ideas in order to contribute to the formation of new ideas or different ones for that matter is one of substantial importance. And that is why the idea of academic freedom must be set in place as a precondition of the development of the widest possible variation of ideas.

At the same time, the principle of academic freedom is inextricably tied to a companion notion: academic responsibility. Responsibility, in this sense, requires that the processes, methods, and conclusions of inquiry by professors be subject to rigorous

peer review, the results of which should be made public. The peers, of course, should also be experts in the subject matter being reviewed. The notions of academic freedom and responsibility found formalization in the efforts of the American Association of University Professors and the American Association of Colleges and Universities in the early part of the twentieth century. These principles were subsequently reaffirmed and joined by other organizations later in the century.

The principles did not spring out of thin air; they were in no small measure brought about in reaction to the outright firing of professors for their holding of views contrary to those of university presidents and major financial supporters of some institutions. Later, in post–World War II America, the issue of professors' political views came under severe scrutiny by members of the Congress. As the McCarthy era unfolded with the House Un-American Activities Committee hearings, any number of institutions and the states that supported them insisted upon their professors signing loyalty oaths as the great "Red Scare" spread across the nation. The chilling effect upon broad and open inquiry was palpable. For some professors, a sense that there were topics to be avoided in scholarly inquiry and in the classroom was widespread, and academic freedom was in real jeopardy. This effect did not only pervade the halls of academe but it also spread widely in the arts and humanities communities. Screenwriters and actors were blacklisted for their political views, and they were literally driven out of business, their careers ruined. Wherever contrarian ideas were to be found, the thinkers of those now publicly proscribed thoughts were persecuted. It took some time before the nation recovered.

Academic freedom is different from the more generic idea of freedom of speech in that it is protected institutionally as well by the notion of tenure. Once granted, tenure serves as employment protection for those who defy the conventional wisdom and do so in the spirit of inquiry that allows ideas to be developed, followed logically, clarified, and tested in a "let the chips fall where they may" environment. There are forces in communities that will contest the right of dissent, forces that will seek to restrict the range of thinkable thoughts. These forces are discussed in some detail in the vignette below.

Vignette 2.1: Academic freedom and forces that restrict it

In many universities, it is virtually impossible for the senior officers, including the presidents, to know about each and every research project being carried out by members of the faculty. That fact can make for some grand surprises, and now and then even a test of values commitment by those senior officers. Consider this. The mayor of a city in which a large university is located makes an appointment to see the university president. The mayor arrives along with the city's attorney. It is "explained" to the president that a young professor in the geology department, while doing some fieldwork with his students, has discovered that the mayor's water department has been draining water out of a lake in an adjoining community. The mayor wishes to have the president order that research ended and see to it that the results of the work are not published. The president "demurs," and he recommends that the mayor take up the matter with the mayor of the adjoining community, suggesting that the two of them reach

some accommodation. He also delivers a brief but pointed lecture about academic freedom and the culture of the academy. Even the mayor of what is, for all intents and purposes, a college town, comes to the campus with some bizarre view of presidential power in the first place, and in the second place, with absolutely no understanding of academic values or the culture of HE.

The mayor brought an image of "command and control" to the meeting that did not fit the reality of university culture, organization, and administration. The purpose and value of academic freedom and institutional autonomy has been poorly communicated and therefore not well understood by the public in general. Yet it is an important and, in some quarters, unknown aspect of academic life, even for those who live "nearby."

Having said that, it is one thing to rise to the defense of individual academic freedom. It is generally not a difficult call for university presidents, provosts, and deans, although there are certain situations that can be problematic. Relations with corporate sponsors of research who demand the right to examine the outcomes of the sponsored work in advance of publication of the results can be one such situation. Relations with major donors who wish to retain the right to name or reject the occupants of chairs that they endow are another. It is to these and other situations that we now turn our attention.

The Enemies

Millions of college students in the United States go to campus every year assuming that they are going to learn. But when they get there they find anything but learning. What they find is that rather than being taught how to think, and rather than being given the liberty to explore ideas and to freely discuss, investigate, and speak their minds, they are taught what to think, what to believe, and what to say. They do not find a healthy diversity of views and arguments in a marketplace of ideas, but widespread conformity to norms of thought and behavior oriented around mind-numbing resignation to an illiberal, corporate mind-set geared more toward reinforcing the status quo than toward embracing the creative use of imagination, experimentation, and critical thinking.

That this should happen on campuses in the United States unfortunately reflects the intellectual state of some of the country. Pressing problems such as all-too-frequent campus shootings, terrorist attacks, police brutality, gut-wrenching inequality, and the erosion of campus civility are all over the daily news. People feel threatened, vulnerable, and afraid. Consciously, emotionally, intellectually, or otherwise, there is a widespread sense that the world is in a terrible state and that it cannot continue on its current path much longer. People clamor desperately for answers. Yet the most rational, reasonable solutions are often eschewed in favor of simplicities worthy of little more than bumper stickers, sound bites, and blind faith.

When people are uncertain and afraid, they tend to seek rationalizations that help explain their experience to themselves. Rather than exploring and debating new ideas, they revert to the ones that are already widely accepted and that seem safe. In a world in which some people feel rootless and/or powerless, it is

understandable that people will wish to be told what "the rules" are. They quickly accept ideas that many people already agree upon, simply because so many other people already agree upon them. They become susceptible to the belief that ideas other than their own are shared by everyone else and that they are alone in holding their own particular ideas. For fear of being ridiculed or ostracized, they do not want to be the sole person to tell the emperor that he is wearing no clothes. Social and ideological conformity, group membership, and experience of perceived group identity thus triumph over thoughtful recognition and reflection upon lived experience. Universities do not always succeed in producing autonomous persons.

The enemies of universities are the great destroyers of ideational diversity. They are idea-vetting systems that characteristically help people conform and fit in to perceived groups. They protect individual and group delusions from being questioned. They also effectively preclude some part of the storehouse of ideas from being considered, expressed, debated, evaluated, and if found to be repugnant or dysfunctional, shown to be such and rejected.

We consider five such enemies that today frequently rear their ugly heads at times on campus, including authoritarianism, supernaturalism, political correctness, corporatism, and illiberalism. When they gain influence, they effectively limit the range of ideas that can be considered or comfortably and safely expressed; decrease ideational variety and intellectual diversity; and indirectly but powerfully undermine the success of universities, weaken societies, and foster social interactions oriented more around ideological conformity and the maintenance of perceived group identity than around learning.

Authoritarianism

Authoritarianism strikes when institutional and academic decisions are made primarily not on the basis of reason, rationality, or force of argument, but rather on the authority that resides in an individual person or small group. It occurs when students and faculty members are required to accept the pronouncements of trustees and administrators and to comply with their decisions, not because of force of evidence and logical argumentation, and not after careful, systematic consideration of various competing ideas and perspectives, but rather because of the superior legal-rational power or right to enforce obedience held by trustees or administrators. After all, not all professors are tenured. No students are tenured. And in the United States today, more and more of the undergraduate instruction is done by untenured and therefore unprotected adjunct faculty. The following vignette exemplifies the argument.

Vignette 2.2: Authoritarianism

A social work student was threatened with expulsion and charged with violating standards set by the faculty in her academic program for refusing to engage in an activity that she found to be morally repugnant (Koehler 2006, Lukianoff 2009). She had started having difficulty fulfilling her assignments in 2001 when, in a diversity class, she had refused to go along with the professor's assignment for the students to write a paper about a sexual experience. Unbeknown to the

professor, the student fabricated the experience and wrote about it creatively. She also resolved not to compromise her beliefs in any future assignments. Things went well for her until, in her senior year, she was in another social work class in which the primary assignment was to participate in an advocacy campaign. The professor determined that the campaign would involve the adoption of children by gay couples. As a part of the project, students were required to sign a letter to the state legislature advocating gay adoption. This advocacy contradicted the student's personal and religious beliefs, and she refused to sign the letter. She tried speaking to the professor, who would neither relent in the demand to sign nor listen to her views and ideas about it. As a result of her refusal, her grade was adversely affected and she was subjected to a 2.5 hour interrogation by a seven-member faculty panel. The panel ended up requiring her to sign a contract in which she pledged to close the gap between her religious beliefs and the departmental code. Upon graduating, she filed a lawsuit against the university that was settled out of court, favorably for her. An outside investigation of her degree program found ideological coercion on the part of the faculty against dissenting students and noted the chilling effect of its actions and policies on the school's intellectual atmosphere.

This is one distressing albeit rare example of instances on American university campuses in which authoritarian members of a university community collectively and/or individually demand unquestioning acceptance, compliance, and obedience to their demands and expectations. When authoritarian regimes reign on campuses, there is little or no room for dissent. There can be only one view, one idea, one truth, and it is that of the authorities. In making such demands, authoritarians effectively suppress individual freedom to openly question, critically evaluate, argue, create, and express dissenting ideas. Because knowledge formation feeds upon open, mutually respectful, and trusting human exchanges and interactions, acknowledgment of error when it is identified, toleration of inconsistency, and at times even contradiction, authoritarianism puts ideational variety on ice. Extreme degrees of authoritarianism are not common, and the notion of "shared governance" has helped hold it in check. But it is not unfair to speculate that the rise of faculty unionization in the United States was due at least in part to the felt need of professors to ensure meaningful continuation of the principle of shared governance through collective bargaining contracts, and that the felt need was in no small part attributable to the perception of authoritarianism.

Supernaturalism

Supernaturalism is an assumption about the context of the natural universe. It presupposes that there exists a supernatural system beyond the natural universe, one that contains the natural universe within a subset of its variables in such a way that the natural universe is related to the supernatural system as a part is to a whole. But the supernatural system is not conceived simply as a system that operates on a logical level that is higher than the natural universe. Rather, it is characteristically assumed

to be beyond logic and to transcend the powers and laws of nature. Moreover, the supernatural system is held to be superior in power and reality to the natural universe, to be in some manner and to some degree in control of the natural universe, to be able to produce miracles, or to have created the natural universe out of nothing. Supernaturalism is rooted in ideas initially revealed to and later interpreted by shamans, prophets, seers, or priests (Pandian 2002).

Supernatural ideas limit ideational and intellectual diversity, notably when they justify and lead to taboo topics. Especially when the perception is widely shared within a group that dissenters who do not accept a supernatural idea will be ostracized or punished, a situation is likely to arise in which nobody really believes in the idea, but everyone believes that everyone else believes it, and therefore it never is brought up, examined critically, or seriously questioned. Even if the expected punishment for dissent is relatively mild, when by examining or questioning an idea a person betrays his or her solidarity with a group formed around that idea, or a group defined by a shared belief system predicated upon it, questioning that idea is likely out of bounds for discussion. This readily limits the storehouse of ideas and can quickly pose obstacles in a search for truth or a quest for a better way to conduct affairs.

Some supernatural ideas on the campuses of public universities in the United States today are protected by the doctrine and legal framework that separates church and state. Thus, as a rule, it is probably more likely for public universities in particular to suppress the rightful and legitimate expression of supernatural ideas than for them to require professions of belief in such ideas (FIRE 2012). Student religious groups, for instance, are apt to not receive funds when they otherwise rightfully should. At private universities, however, especially faith-based colleges and universities that insist upon having the freedom to establish an educational environment that is consistent with the tenets of their faith, the influence of supernatural ideas is considerably more powerful. To seriously contemplate and discuss the application of neo-Darwinian selection to human societies in a religious institution predicated upon faith in creationism, for instance, could create tensions that would make prolonged and systematic thought and consideration practically impossible. We hasten to add that it is also arguably well within the rights of academic freedom for members of purely private universities to perpetuate the distinctive character of their own intellectual communities through whatever otherwise legal hiring, promotion, and tenure procedures they deem appropriate, even if the effect is to limit the storehouse of ideas within their community.

This is not to say that supernaturalism is completely benign on public US campuses today. For instance, criticism or the questioning of specific religious beliefs and/or practices is generally considered taboo. It would be anathema for a professor to question the acceptability of the practice of a woman wearing a religious head covering that conceals all but her eyes under a black shroud in class, despite arguments or concerns about safety or assimilation. In the presence of such taboos, some thoughts become virtually unthinkable, and certainly not expressible, even when nobody is really harmed.

Political Correctness

The vignette below exemplifies the issues related to political correctness:

Vignette 2.3: Political correctness

In 2007, a student employee at a state university was found guilty of racial harassment for merely reading the book *Notre Dame vs. the Klan: How the Fighting Irish Defeated the Ku Klux Klan* during his work breaks (FIRE 2007). His supervisor, who objected to his reading of the book, directed him to stop. When he refused to stop, he was ordered to the university's affirmative action office, where he was officially charged with racial harassment and threatened with severe disciplinary action.

In 2007, a state university's residence life program is alleged to have used interrogation, humiliation, and intimidation in an effort to indoctrinate students in its residence halls to publicly espouse belief in a set of university-approved views on politics, race, sexuality, sociology, moral philosophy, and environmentalism (FIRE 2007). The program is reported to have made mandatory, among other things, one-on-one meetings between students and their Resident Assistants (RAs) in which students were asked intrusive questions, such as "When did you discover your sexual identity?" When one female student responded to the RA with, "It is none of your business," she was reportedly written up.

While these are extreme instances, the larger point is that situations occur from time to time in which political correctness inhibits the otherwise rightful freedoms of members of a university community.

Politically correct ideas underlie a range of political orthodoxies and prohibitions, all of which are based upon an assumption that there exists a "correct" moral or ethical creed of one form or another that, in the view of the purveyor of such creed, should be universally adopted and accepted throughout society. Individuals who accept the creed tend to advocate its enforcement through censorship, control of language, and the labeling of dissenters. Politically correct ideas come from both ends of the political spectrum. Those from the Right tend to orient around culturally specific religious economic doctrines and dogmas, and those from the Left around ideological multiculturalism and contempt for Western culture and civilization.

Regardless of which side of the political spectrum politically correct ideas come from, they tend to deem certain terms "offensive," "insensitive," and "biased," regardless of the context in which they are used. Accordingly, because these terms are offensive, they are to be avoided in favor of prescribed alternative and officially "preferred" terms. Such preferences are spelled out, for instance, in official "bias guidelines" widely used by editors, authors, and illustrators from state testing agencies, major publishing houses, and scholarly organizations (Ravitch 2003). Individuals or groups who use the forbidden words or who express ideas or thoughts that do not conform with group norms face a range of responses from mild social disapproval to mandatory re-education to outright ostracism.

Corporatism

The distinction between universities and big business in the United States has become hazy and ill-defined to the point they might at times productively be considered to be more similar than different, if not identical. Boards of trustees have become boards of directors. University presidents have become chief executive officers. Provosts have become chief operating officers. Faculty members have become employees who work on the diploma production line. Students have become raw materials, commodities to be molded and shaped into products, which is to say graduates, and specifically ones who are vocationally prepared through prolonged exposure to examinable knowledge.

The goals of those who would create a corporate university are to transform the largest possible number of first-time-full-time freshman into graduates with the greatest possible efficiency and effectiveness. The corporate model of the university does not concern itself with conserving or increasing the diversity of ideas, or ensuring that universities and societies in general are places in which individuals can without fear think freely, experiment, learn, and communicate their thoughts, even (perhaps especially) those that are different and dissenting. The model does not include consideration of the importance of preparing for life after work through exposure to great music, and literature, and poetry. It places little if any weight upon learning about liberty, democracy, freedom, and other such values. The model lets go of the aspirations of broad learning, inquiry into truth for truth's sake, or penetration into the reason of things. It does not bother to ask: if not within universities, where? It holds that what really matters is that the more you learn, the you more you earn, and the more you earn, the more competitive cities and regions will be. In the end, it prescribes that universities should emulate big business.

Much to its credit, the American professoriate, often with the cooperation of university administrators and some governing board members, has so far been able to hold this corporate model of the university at arm's length.

Corporate ideas stipulate that society is a sort of unified body characterized by social solidarity and fairly well-defined and stable functional differentiation between the roles of various organizations and individuals. The primary, if not only, role of real value for a university is job training and vocational preparation. Preparation for corporate life is the primary value that the corporate university has to offer, whether as a worker, a middle manager, or an executive. The emphasis is placed not on the storehouse of ideas or on the indirect contribution made by universities to individuals and society through research, inquiry, and the creation, transmission, and preservation of knowledge, but rather on directly quantifiable factors such as "productivity" (student credit hours and degrees), "efficiency," "job placement rates," "increased revenues," "quantifiable outcomes," or "the bottom line." Moreover, to the extent that dissent or nonconformity in thought or behavior threatens the attainment of higher levels of any of these factors, it is ignored or even punished.

Dissent in the corporate model of the university is, as a rule, simply not tolerated. Dissent too readily disrupts the existing social norms and status quo. Aversion to loss is far more important than attraction to gain, so change and newness should be resisted rather than encouraged and embraced. As a consequence, corporatism

limits the storehouse of other ideas. Variety in the pool of ideas is considered to be bad, or at least as a misallocation of collective resources, except possibly insofar as it demonstrably leads to economic or financial gain. Investments in indirect, untried, or experimental ideas that may or may not enhance knowledge for its own sake are not considered worthwhile, if for no other reason than that they bring opportunity costs expressed in terms of forgone investment in other ideas known to have led to vocational and economic success in the past. Investments in answering questions, developing knowledge for its own sake, and creating new perspectives are considered to have minimal if any value. The corporate university's purpose thus leads logically to the mass production of degrees, not to the development of complete and autonomous individual graduates who are prepared to live full lives, engage in lifelong learning, or participate meaningfully and effectively in democratic governance processes.

Illiberalism

This year in the United States about eighteen million undergraduate students will attend universities in pursuit of a liberal education. Those who know what they are doing will go with the expectation of experiencing the freedom to be able to develop themselves through whatever ideas and way of living they decide to pursue, intellectually, morally, vocationally, physically, and spiritually. Unfortunately, what they will find instead, by watching examples and listening to lectures and to discussions on campus, is far too often quite different (Kors and Silverglate 1998). They will instead learn that standards are arbitrary, that individual rights signify social privilege and should be subordinated to group norms, that all claims to knowledge can be reduced to politics and the identity of their professors, that knowledge should always be pursued not for its own sake but for the sake of money or power, that might makes for right, and that debates are won on the basis of accusation, intimidation and vituperation, and the use of power, but not through civil discourse in which ideas are judged carefully and systematically on the basis of rationality, evidence, and reasoned argument. They will get the impression that universities stand for nothing in particular other than their own market share, job, and vocational preparation serving the needs of industry, maximizing the economic return and investments made in them, and gaining competitive advantage in a globalized, knowledge economy.

The term "liberal" has thus been paradoxically transformed into a derogatory one. The twentieth-century American idea of a university culture in which the ideal is a storehouse of ideas in which students and faculty develop themselves in multiple dimensions is under attack. Such attack occurs on the basis of, and is organized around performance indicators, competitive benchmarking, management-by-aspiration, audits, program evaluation, efficiency, effectiveness, punitive research assessment exercises, and ceaseless teaching-quality reviews. In the illiberal university, people become converted into calculable crude resource units, such as head counts. The emphasis that management teams (read trustees and administrators) place on employees (read faculty) is to generate income through commercial research, and provide customers (read students) with training and marketable skills rather than knowledge and critical thinking abilities. In the illiberal university, faculty are no longer constitutive members, but rather are subordinates whose job is to submit to the decisions of the ever-growing regime of administrators: executives,

vice presidents, bureaucrats of all descriptions often called "assistant" or "associate" something or other, directors, managers, and consultants. Thorstein Veblen referred to university presidents as "captains of erudition," in 1918, and he might not be surprised to find the same satirical criticism descriptive today.

Government and the Enemies

Since the founding of the universities of the Middle Ages in Europe, there has been an intricate and delicate political ballet that has been danced between contending forces seeking control of universities. In those early times, the contention was a contest between the Church and the state. And the theme of the dance was about finding a way to maximize institutional autonomy from the contending parties. Today, the concern for maintaining autonomy, most especially from the state, continues. The concern now, as it was then, has to do with what shall be taught, who shall be taught, and by whom.

In the United States, the "what" part of the issue was largely won in modern times by ceding to the faculties the right to control the curriculum. In fact, the Yale Report of 1828 may have been the best known mile marker of this phenomenon (O'Hara 2015). And the faculty's preeminence in curriculum determination has largely persisted. But recently, there have been some assaults on faculty prerogative in this regard. The assaults have been fundamentally political, and they have been more or less indirect. But they have been indirect only insofar as curriculum has not been directly dictated by politicians; however, nevertheless the funding of certain curricular matters has been threatened.

When a member of a state legislature rises to speak and suggests that he cannot see why the people of his state should have to support the education of one more history major, there is reason for concern. When the governor of a Southern state suggests that support for anthropology majors is wasteful in that it does not lead to any job opportunities or opportunities for economic development, there is reason for concern. When the governor of California, who later became president of the United States, suggests that the liberal arts and social sciences may be academic niceties that are unaffordable, and when the governor of the State of Wisconsin unilaterally makes an effort to redefine the mission of the University of Wisconsin away from seeking the truth of things as well as service to all the people of the state to the benefit of the state's economy alone, and when the president of the United States suggests that a degree in art history is not likely to lead directly to a job, then the effort to determine what shall be taught is clear. And the threat is only a thinly veiled one since it is attached to the power of the purse. It coerces the faculties and their administrators to yield up power to define the "what" to government entities. For the most part, these efforts have been fought off successfully, but not entirely.

The matter of "what shall be taught" has continued to be contentious for some time. The American Land Grant Act of 1862 pressed very hard the issue of emphases on agriculture and engineering with great success and in a very salutary way. It also insisted upon that emphasis being wrapped around the fundamentals of the arts and sciences in the curriculum (along with military training). The government's

intrusion into the curriculum can be seen as having had both salutary and, potentially at least, some deleterious consequences.

With regard to government's intrusion into the question of who shall be taught, it must be said that the American response through the Land Grant Acts was a beginning of the broader democratization of HE. The Serviceman's Readjustment Act (the G.I. Bill), at the end of World War II, probably did more to democratize HE and contribute to the massive growth of the middle class in the United States than any other single government program. As that was followed by the development of student aid programs of many kinds, the federal and state governments continued to support the development of a broader definition of the "who shall be taught" question. All of this comes with a price, of course, from an institutional point of view. It is a matter of the "Golden Rule:" if you have the gold, you make the rules, and HE, which has historically been a matter of the development of private institutions of many kinds as well as public ones, has found itself heavily regulated by the federal government. With the exception of the military academies, America has never had a national university. But the federalization of HE over the years, especially the post–World War II years, is an unmistakable phenomenon. It is this national centralization that worries many with regard to both the "what-shall-be-taught" and the "who-shall-be-taught" questions.

With regard to the question of who shall teach, the evidence seems to continue to support the idea that it is the faculties themselves who carry on to select their colleagues, and through the peer review system, seek to retain some of them through the tenure and promotion system. There has been government intrusion into the process from time to time, to be sure. But since the days of McCarthy and loyalty oaths, there is not much doubt about who selects the teacher-scholars.

Still, there can be little doubt about the government's willingness to intrude itself into the idea generation and expression process. In 1970, the governor of Ohio sent National Guard troops to the campus of Kent State University to put down anti–Vietnam War protests. In the process of limiting speech and expression, four students were killed and nine others wounded. In about the same time period, Senator Jesse Helms of North Carolina helped initiate a speaker ban on the University of North Carolina at Chapel Hill campus, saying essentially that certain ideas were not to be heard on the campus. University presidents were caught between the imperative to protect academic freedom for their faculties and students on the one hand, and the demands for conformity by both students and professors to certain norms of thought and conduct as defined politically on the other hand. University presidents were either fired or resigned in substantial numbers. Clark Kerr, then president of the University of California, quipped, after he was fired by Governor Ronald Reagan for failure to control the student protest movements, "I am leaving just as I arrived—fired with enthusiasm."

It continues to be the case that the protection of ideas, the fundamental source of knowledge, is a continuing challenge for institutions of higher learning. The enemies persist and require constant vigilance. The same ballet that was danced beginning in the eleventh century continues today. It is a ballet on the theme of maximizing reason as the engine of a better, more humane future juxtaposed to a limited future view. The limits are the idea-vetting systems that array against reason.

Conclusion

In light of the American university's current struggle for definition of purpose, Sir Francis Bacon's words in *Novum Organum* are instructive:

> And for things that are mean or even filthy—things which (as Pliny says) must be introduced with an apology—such things, no less than the most splendid and costly, must be admitted into natural history. Nor is natural history polluted thereby: for the sun enters the sewer no less than the palace, yet takes no pollution. And for myself, I am not raising a capitol or pyramid to the pride of man, but laying a foundation for a holy temple after the model of the world. That model, therefore, I follow. For whatever deserves to exist deserves also to be known, for knowledge is the image of existence and things mean and splendid exist alike. Moreover as from certain putrid substances—musk, for instance, and civet—the sweetest odours are sometimes generated, so, too, from mean and sordid instances there sometimes emanates excellent light and information. But enough and more than enough of this, such fastidiousness being merely childish and effeminate. (Bacon 1620: 49)

The enemies undermining the American university today are idea-vetting systems used to limit ideas that are perceived as being disruptive in the face of socioeconomic, technological, and environmental changes. The present chapter is descriptive and evaluative, intended to bring to the surface the very real threats these enemies pose for the university as it is understood from our fundamentalist, or originalist, perspective. What policy implications may follow with regard to minimizing the effect of the enemies remain an open issue requiring much further thought and discussion among peers in each university and in the national and international professional organizations as well. The defense of the practice of keeping the entire range of ideas and thinkable thoughts open as legitimate for discussion on university campuses is necessary for the continued expansion of the storehouse of ideas and knowledge.

Within reason, all things that can be thought and discussed on campus should be thought and discussed. Universities were conceived and created to be places where individuals could get away from the demands of commerce and the edicts of government and religion, and could attend to discuss and learn about the entire range of ideas. Recognition and respect for academic freedom is a key feature for rejuvenating them and keeping them true to this purpose.

Note

1. This statement of the idea-variation hypothesis is analogous to a statement of the fundamental theorem of natural selection: "The rate of increase in fitness of any organism at any time is equal to its genetic variance in fitness at that time" (Fisher 1958: 37).

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CHAPTER 3

Cultural and Constitutional Embeddedness of University Autonomy in Lithuania

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Introduction

Governments around the globe increasingly recognize that "creating successful universities requires a supportive governance structure in which universities or colleges have autonomy to achieve objectives, whether research or teaching, with the appropriate level of accountability" (Raza 2009: 2). Although there is ample evidence of a shifting government-university nexus, it seems too early to conclude that universities in the developed countries have become more autonomous and more accountable. This chapter seeks to explore reasons behind multidirectional changes. It argues that shifting the balance of autonomy and accountability is not entirely a discretional decision of policymakers or of the management of universities. Reforms are constrained by existing institutions that emerged from a unique mix of previous decisions. Hence, similar policy initiatives lead to diverging time- and place-specific outcomes.

The chapter presents a case study of a major higher education (HE) reform initiated in 2009 in Lithuania. In the terms of Verhoest, Verschuere, and Bouckaert (2007), the reform sought to "make managers manage" by strengthening competition among universities (introduction of competitive funding schemes for research and studies; appointment of external members to university councils) and "allow managers to manage" by increasing the (predominantly financial and human resource management) autonomy of universities. However, preexisting dense institutional structures severely limited the actual scope and impact of reform. Changes in the governance structures were subsequently tuned down, while attempts to increase financial autonomy were overwhelmed by the predominant postcommunist *Rechtstaat* legal-administrative model that treated a university as if it were just another public sector organization.

To conceptualize the interactions between reforms and preexisting institutions that either prevent or support changes, the chapter adopts and further develops the analytical framework proposed by Williamson (2000). It distinguishes between four levels of institutions: (a) "sticky" informal institutions, values, and norms; (b) a national institutional environment, characterized by division of powers, structure of polity, judiciary, and bureaucracy; (c) governance arrangements regulating specific policy fields; and (d) day-to-day interactions of agents. The main theoretical argument is that institutions at different levels dynamically interact: properties of higher-level institutions impose constraints on the design of lower-level institutions, whereas the feedback loop from lower levels of institutions creates pressure for change in higher-level institutions. This implies that policy changes in the governance of HE are substantially constrained by the broader national institutional environment.

The chapter is divided into three parts. The first adapts the broad analytical framework developed by Williamson (2000) for an analysis of the embedded autonomy of HE. The second part seeks to illustrate the application of the proposed analytical framework by focusing on the case of reforms of HE in Lithuania. The analysis of change in the composition and powers of university councils is used to explore the two-way interactive effects between the national institutional environment and HE policies. Furthermore, the analysis of financial autonomy seeks to shed light on the constraints imposed by the institutional environment on HE governance. The last part provides conclusions and discusses implications for policy and further research.

Analytical Framework

University autonomy here is broadly understood as the scope within which higher education institutions (HEIs) can take decisions without ex ante approval by an external agent (government or other organization). Autonomy manifests itself in the day-to-day operations of HEIs, which are constrained by existing HE policy and its practical implementation. Policy is formulated within the broader constitutional and legal-administrative framework, which is embedded within social practices, norms, and values. This section discusses how the overarching analytical framework proposed by Williamson (2000) can be adapted for an analysis of the autonomy of HE. Williamson's framework that outlines different analytical levels of institutions is further developed by specifying the interconnections between different institutional levels and suggesting key institutional variables at each level that can be useful for the analysis of HE autonomy (see table 3.1).

Informal institutions and respective informal institutional values, traditions, and norms comprise the first institutional level. Since basic social beliefs change very slowly, Williamson (2000) termed this level "embeddedness." Social beliefs and norms have an effect on other institutions by limiting the number of alternative institutional designs that are deemed appropriate. Furthermore, shared meanings of appropriateness can also provide a normative framework that affects how formal rules are implemented. This can be important for the comparative analysis of diverse outcomes under largely similar formal institutional structures.

A wide range of informal institutions is relevant for the setting and implementation of the legal framework regulating HE autonomy. Trust in government and

Table 3.1 Four levels of institutions embedding university autonomy

Level of analysis	*Effects on other levels of institutions*	*Key variables for analysis of autonomy of HEIs*
1. Embeddedness: informal institutions, values, traditions, and norms	What formal institutions are deemed appropriate and how they will function?	Interpersonal trust; Trust in government
2. Institutional environment: division of powers and structure of polity, judiciary, and bureaucracy	Limits the number of feasible policies at governance level	Constitutional principles; legal-administrative model
3. Governance: rules regulating interactions in specific policy areas	Structures day-to-day interactions among agents	Level of autonomy granted in laws and bylaws governing HE
4. Day-to-day decisions and interactions	Creates pressures for change at governance level, if day-to-day interactions lead to suboptimal outcomes	Actions and choices of HEIs within existing institutional framework

Source: Prepared by the authors.

interpersonal trust seem particularly important. Low levels of trust in government can create strong pressures to limit government interference and establish legal safeguards for ensuring autonomy. However, low levels of interpersonal trust may create pressures for the detailed regulation of all possible contingencies and foster a legalistic-hierarchical administrative culture that is not conducive to high levels of autonomy of HEIs.

The second level, the basic institutional environment, is composed of "the formal rules of the game" that lay out the division of powers and the structure of the polity, judiciary, and bureaucracy. These include the constitutional norms, legal system, and the administrative model. Dramatic changes in a short period of time at this institutional level typically occur as a result of revolutions or changes in regime such as the transition from a planned to a market economy, and from authoritarianism to democracy in Central and Eastern Europe in late twentieth century. However, once established, the basic institutional environment remains stable over considerable periods of time. In the absence of a strong external shock, changes at this level require 10 to 100 years (Williamson 2000: 596). The basic institutional environment limits the number of feasible policies at a lower governance level, but the success or failure of specific policies (at the governance level) may also lead to changes in the institutional environment.

Two features of the "formal rules of the game" are particularly important for the autonomy of HE: constitutional provisions and the type of legal-administrative model. The former may have a direct effect by setting legal safeguards that protect the autonomy of HEIs. It can also have an indirect effect by establishing multiple "veto players" (Tsebelis 2002) in the decision-making system, which can make policy change (and hence attempts to increase or reduce the autonomy of HE) more difficult.

The legal-administrative model is likely to have an effect on the scope of HE policy. The *Rechtstaat* legal tradition and Weberian public administration tend to emphasize a uniform legal framework for public sector organizations and the legality of decisions as the main criteria for assessing performance (Verhoest, Rubecksen, and Humphreys 2006). This can limit the autonomy of HE in several respects. Attempts to develop a uniform legal framework may subject public universities to the same set of rules governing ownership and use of resources as other public sector organizations. Focus on the legality of actions can drive the "demand for" and "supply of" in-depth procedural regulations that prescribe the actions to be taken under all possible contingencies. At the other end of the spectrum, common law systems can be expected to impose fewer constraints on the contents and scope of HE policies (governance level).

The third level of institutions refers to governance: the rules regulating interactions within a specific area. As Williamson (2000) argues, institutional change at this level can take place within one to ten years. Analysis of the legal framework governing the HE system and setting the limits of autonomy falls within this level.

Last, the fourth level refers to continuous day-to-day decisions and interactions. At this level, agency is brought into the analysis. Agency helps explain differences in strategies and (political, economic) outcomes faced by organizations that operate under the same governance structures and institutional environments. Hence, analysis at this level focuses on how HEIs actually operate within the formal and informal institutional framework governing HE.

Changing the University-Government Nexus in Lithuania

This section sets out to explore the case of a recent HE reform in Lithuania that started in 2009 with the passage of the *Law on Higher Education and Research*. In terms of Clark's (1983) "triangle of HE governance," the reform represents an attempt to move from a mixture of "bureaucratic"-"academic oligarchy" models toward (quasi) "market" ones. With the view of fostering competition among HEIs, reform focused on a few key areas. First, the changes sought to introduce a quasi market for HE by launching a student voucher-based system as a primary means of funding HEIs. Second, as a result of reform, the increasing proportion of research funding is allocated through competitive schemes. Third, internal governance structures of public universities have changed: the right to elect rectors and make strategic decisions has shifted from senates, comprised of members of the academic community, to councils, composed of external stakeholders and the academic community. Last, the reform aimed at reducing the scope and depth of regulation governing personnel policy, financial management, admissions, and fees, the introduction of new study programs, and other areas.

Whereas changes in the funding system were implemented as planned, attempts to modify the composition of governing bodies of the university and provide more autonomy for financial management clashed against preexisting institutions. The outcome of the clash not only produced (rather unexpected) short-term results but also identified limitations for further reforms. The sections below provide analysis of (the lack of) changes in the composition of the governing bodies of universities and financial autonomy.

Composition and Mandate of University Councils

This section explores how legislation concerning the internal governing bodies of universities was restricted by constitutional provisions and how policy changes (through a feedback loop) induced the further development of constitutional doctrine.

Reform

HE reform, initiated in 2009 (among other issues), sought to change government-university relationships by altering the rules for the composition of the governing bodies of university. Prior to the reform, a senate (composed of members of the academic community) was the main governing body of universities. It was responsible for the election of the rector and strategic management decisions. The *Law on Higher Education and Research*, adopted in 2009, shifted the power toward the council as the main body responsible for the election of the rector and the adoption of key decisions. The Law further stipulated that members of the council would be elected from equal proportions of members of the academic community and appointed by the Minister of Education and Science, and that one member will be jointly appointed by the Minister and the senate. The proponents of reform expected that the appointment of external members of the council would strengthen the accountability of universities. The opponents, however, argued that such reform imposes limits on the autonomy of universities. In 2011, the Constitutional Court ruled that the above-discussed provisions were unconstitutional. As a result, the 2009 Law was amended in 2012: the academic community at universities regained the power to elect all members of the council (including external members).

Institutions

The drafting of the Lithuanian Constitution (adopted in 1992) was strongly embedded within the values and norms that regarded the Soviet past as a benchmark that should be departed from. Indeed, the Soviet HE system was highly politicized at all levels. Academic, managerial, personnel, and financial autonomy were virtually absent. Negative experience with the huge shortcomings of such a system, coupled with the inherited distrust in government, provided strong pressures for safeguarding the autonomy of universities from government interventions. Such values and norms had a profound effect on the institutional environment. The following principles were laid out in the 1992 Constitution: "Schools of higher education shall be granted autonomy" and "[. . .]science and research, and teaching shall be free."

The meaning of these basic provisions and the limits of autonomy were interpreted by the Constitutional Court on a number of occasions (in 1994, twice in 2002, and twice in 2008) by arguing that (a) autonomy, inter alia, encompasses the right to define internal organizational structure, and (b) the principle of autonomy should be balanced with accountability.

Adoption of the 2009 *Law on Higher Education and Research* led to fierce political and public debates. Nevertheless, the governing coalition managed to use its majority in Seimas (the Parliament), and the Law was adopted. The opposition reacted by challenging the Law in the Constitutional Court. In 2011, the Court ruled that the

Government, while respecting the autonomy of HEIs, can lay down the principles of the internal management structure, but that the units in charge of the managerial steering of HEIs can only be formed by the HEIs themselves. The Court went into further detail to define principles of accountability and autonomy, as well as specific institutional arrangements that would respect or violate these principles.

Implications
In the long run, it seems that the political battles on HE policy were self-defeating. The opposition parties challenged the government decision in the Constitutional Court, which led to extensive interpretation of the Constitution: as the constitutional doctrine grew thicker, the scope for policymaking shrank. Hence, the major implication is that present and future governments do not have broad discretion in changing the existing government-university nexus: they are constrained by a thick constitutional doctrine. It seems that the most straightforward way to return the policymaking power to the Parliament would involve changes in the Constitution. This, however, is likely to be highly unlikely to occur, because the concept of HE autonomy is strongly embedded within the dominant system of values and norms.

Financial Autonomy: Ability to Keep Surplus

This section analyzes the interactions between HE reform and the dominant legal administrative model: attempts to increase the financial autonomy of universities were offset by a legal framework designed for other public sector organizations.

Reform
Financial management autonomy broadly refers to the extent to which universities can use their financial assets and property without prior approval by the government. The 2009 reform aimed to increase financial autonomy with a view to fostering efficiency. The ability to keep a surplus (the right to transfer financial resources from one fiscal year to the next) was particularly important in this respect. In principle, it should create incentives for more efficient allocation of budgetary resources: universities can keep and reinvest the savings rather than return them to the state budget. To foster such incentives, the 2009 reform mandated that all public universities should change their status from that of budgetary institutions to that of public establishments (in Lithuanian, *viešosios įstaigos*). Although it was expected that such changes would lead to greater financial autonomy of HEIs, the actual results were mixed.

Institutions
A predominant postcommunist *Rechtstaat* legal-administrative model implies that a set of legal acts regulates the financial management of all public sector institutions. The depth and extent of regulation differs according to the legal status. Budgetary institutions have considerably less financial autonomy than public establishments (Nakrošis and Martinaitis 2011). Importantly, public establishments (in contrast to budgetary institutions) can transfer financial resources from one fiscal year to the next. Hence, changes in the legal status were seen as important instruments for strengthening the strategic financial management of universities. However, the effect of these changes was limited by a corpus of other legal acts.

In 2002, the Constitutional Court ruled that, with the goal of safeguarding the principle of financial autonomy, funding for each university should be allocated by a separate line in the state budget. This had important implications. The *Law on Budget Structure* establishes that all appropriation managers must return to the state budget all budgetary appropriations that were not used during a fiscal year. Appropriation managers are defined as institutions indicated in the state budget (irrespective of their legal status). As a result, although the status of public establishment allows universities to keep surplus, their status as appropriation managers forbids this (this does not affect the use of funds obtained from private entities). Ironically, although the 2002 Constitutional Court decision and the 2009 reform sought to protect and foster the financial autonomy of universities, the result was quite the opposite.

Implications

The University Autonomy in Europe Scorecard (Estermann, Nokkala and Steinel 2011) ranked the level of autonomy of Lithuanian universities as "medium low" in the financial sphere. Inability to keep a surplus was one of the factors. As the above analysis suggests, the situation is not likely to change anytime soon. Formal institutions (Constitutional Court decisions, the *Law on Budget Structure*) designed for completely different purposes "unintentionally" blocked the attempts to increase the financial autonomy of Lithuanian universities. Such outcomes are particularly likely to occur in countries with a postcommunist *Rechtstaat* legal-administrative model. The principle of universality (all public organizations should operate according to more or less uniform rules) places severe limitations on the effective design and implementation of HE policies.

Conclusions and Discussion

University autonomy and accountability are deeply embedded within national formal and informal institutions. The Lithuanian case study of HE reform exemplifies how "sticky" national institutions define such concepts of "autonomy" and prove resilient in the face of policy reforms. Highly negative experiences with a thoroughly politicized Soviet HE have led to the institutionalization of values and norms that tend to equate university autonomy with self-governance. Attempts to increase accountability through externally appointed members of universities' councils sparked discussions on politicization and were eventually slashed by the Constitutional Court. The Court ruled that any governance arrangements wherein the academic community does not have a final say, violates university autonomy. At a conceptual level, this illustrates an embeddedness of meanings of concepts. At a political level, this implies that any further HE reforms are severely constrained: given a "constitutional" definition of autonomy, deliberations on alternative arrangements for university governance seem rather hypothetical.

Analysis of attempts to increase financial autonomy of universities illustrates how prevalent the postcommunist *Rechtstaat* legal-administrative model (and ambitions to establish a unified legal system for all public establishments in particular) can constrain HE policy. More specifically, if the regulatory framework that governs financial management of public administration institutions is also applied to

HEIs, then the scope for HE policy and financial autonomy of universities is indeed limited.

The proposed analytical framework seems highly useful for further analysis of the embedded autonomy of universities. The distinction between different institutional levels is valuable in several respects. It facilitates analysis of how prevalent values and norms, as well as the national institutional environment limits the set of alternatives available for the design of HE policy and how the former affect policy implementation. Furthermore, interactions between institutional levels can facilitate a comparative analysis of divergent outcomes in terms of the autonomy of HEIs in relatively similar institutional contexts.

What are the lessons (if any) for other similar countries? There is a need to find a delicate balance between political leadership in pressing forward with reforms and consensus-based policymaking. The current gridlock in Lithuania can be viewed as the result of heavy-handed policymaking. In 2009, in addition to implementing the previously discussed reforms, the Government employed its majority in the Parliament to push through other changes, whereas the opposition sought to block such attempts by challenging the reforms in the Constitutional Court. Hence, if there were stronger emphasis on consensus-building around key reform initiatives, policymaking would be more incremental. Nevertheless, such collectively taken decisions would last longer. However, such a strategy may be risky. Interest groups that benefit from the suboptimal status quo may become entrenched and block any decision that might improve the long-term competitiveness of a country.

While this case study draws on the specific historical cultural and political context in contemporary Lithuania, it has wider implications for policymakers and institutions. The unintended, unforeseen consequences of detailed legislation designed to give more autonomy but that produce conflict and legal wrangles is not unique to Lithuania. It may be that too much reliance is placed on detailed legislation as a means of implementing change, and that other instruments for change initiation and change management need to be considered. Further research on this issue is urgent so that the changes can be effective. At the same time, the importance of cultural reaction and conservatism, or the reverse, has largely been ignored in discussions of university autonomy. Although possibly less overt and dramatic than the Lithuanian case study, it is prevalent and other case studies in this book indirectly reveal deep-seated cultural and value perspectives that may in subtle ways inhibit and limit change, and at times undermine its implementation. More research on the cultural and value system aspects of the autonomy debate would be valuable in exploring not only how they are manifested but also how they might be addressed to ensure that institutional change can keep pace with the inexorable and embrace changes to which universities need to respond.

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CHAPTER 4

Higher Education in India at a Crossroads: The Imperative for Transcending Stagnation and Embracing Innovation

Sharad Sarin and Nikhilesh Dholakia

Introduction

India's higher education sector is the third-largest in the world, next only to the United States and China. Since independence in 1947, improving quality, wider access, and greater equity in higher education (HE) have been the aspirations of India. There has been a substantial increase in enrollment in HE since independence. In spite of this impressive growth, however, India is at a major fork in the road. One path leads to rapid upgrades in the quality and professionalism of the HE sector, while the other leads to stagnation or even decline not just in relation to the advanced nations of the West but also in comparison to some of the emerging nations (in particular China) that are proactive in reforming and upgrading their universities. In this chapter, we examine the challenges and prospects for India's HE system.

We structure the chapter in three parts. Since India's HE system is shaped uniquely by its vast and diverse demography; its long democratic history, unique among developing nations; and its history under British colonial rule and after the end of colonial rule (Basu 1989), the first part focuses on summarizing this history. This sets the context for the rest of the chapter. The second part outlines the multiple and complex challenges facing the HE system in India—challenges that have inhibited progress. In the third part, we use the autonomy "interfaces" framework developed by the editors of this book to categorize and assess these proposed changes. In the concluding section, we consider three scenarios for India's HE system: a worst case, a best case, and the most probable realistic case for reforms.

History of Higher Education in India

Ancient India

For over 5,000 years, India has been the spiritual and intellectual center of the world. Education in ancient India was highly advanced, as is evident from the centers of learning that existed in the Buddhist monasteries of the seventh century BC and up to the third century AD, with Nalanda and Takshashila being major centers of higher learning (Agarwal 2006). In these centers, gatherings of scholars—*gurukula*—engaged in intellectual debates, called *parishads*, in residential campuses. Some of these centers were large and had several faculties. Historians speculate that these centers had a remarkable resemblance to the later European medieval universities. The ancient education system in India was slowly extinguished following invasions and disorder in the country (Agarwal 2006).

The British Era

Great universities flourished in India when most of the Western world was still in a developing stage. At a lecture in England in the late nineteenth century, the German indologist Max Müller (1882) made the following comments:

> If I were asked under what sky the human mind has most fully developed some of its choicest gifts, has most deeply pondered over the greatest problems of life, and has found solutions of some of them which well deserve the attention even of those who have studied Plato and Kant, I should point to India. And if I were to ask myself from what literature we who have been nurtured almost exclusively on the thoughts of Greeks and Romans, and of the Semitic race, the Jewish, may draw the corrective which is most wanted in order to make our inner life more perfect, more comprehensive, more universal, in fact more truly human a life . . . again I should point to India.

Although glimpses of the richness of ancient Indian education can still be viewed—in some monasteries and libraries in India, Tibet, and elsewhere—what is found in the HE sector in contemporary India is a mixture of different eras, with the strongest influence from the British educational reforms of the mid-nineteenth century. Rao and Singh (2009) make the following observation:

> The foundation for modern education was laid by the British. They set up a network of schools to impart western education in English medium. The first college to impart western education was founded in 1818 at Serampore near Calcutta [now Kolkata]. Over the next forty years, many such colleges were established in different parts of the country at Agra, Bombay [now Mumbai], Madras, Nagpur, Patna, Calcutta and Nagapattinam.

The single most influential nineteenth-century figure, who is often strongly criticized but, at the same time, admired grudgingly, is Thomas Babington Macaulay, a British parliamentarian and historian whose 1835 note laid the foundation for the English-language-based HE system of India. Macaulay (1935) wrote,

> We [the British] have a fund…for the intellectual improvement of the people of this country [India]. The simple question is, what is the most useful way of employing it?…It seems to be admitted on all sides that the intellectual improvement of those classes of the people who have the means of pursuing higher studies can at present be effected only by means of some language not vernacular [i.e., not popular daily language] amongst them. What, then, shall that language be? One half of the Committee maintains that it should be English. The other half strongly recommends the Arabic and Sanscrit [Sanskrit…like Latin, a classical but "dead" language]. The whole question seems to me to be, which language is the best worth knowing?…It is, I believe, no exaggeration to say, that all the historical information which has been collected from all the books written in the Sanscrit language is less valuable than what may be found in the most paltry abridgements used at preparatory schools in England. In India, English is the language spoken by the ruling class. It is spoken by the higher class of natives at the seats of Government. It is likely to become the language of commerce throughout the seas of the East. It is the language of two great European communities which are rising, the one in the south of Africa, the other in Australasia; communities which are every year becoming more important, and more closely connected with our Indian empire. Whether we look at the intrinsic value of our literature or at the particular situation of this country, we shall see the strongest reason to think that, of all foreign tongues, the English tongue is that which would be the most useful to our native subjects.…it is impossible for us, with our limited means, to attempt to educate the [entire] body of the people. We must at present do our best to form a class who may be interpreters between us and the millions whom we govern; a class of persons, Indian in blood and colour, but English in taste, in opinions, in morals, and in intellect. To that class we may leave it to refine the vernacular dialects of the country, to enrich those dialects with terms of science borrowed from the Western nomenclature, and to render them by degrees fit vehicles for conveying knowledge to the great mass of the population.

We present this lengthy extract to indicate that, unlike Müller, Macaulay did not grasp the great traditions of learning and education of ancient India, and planted a system of education with its roots not in India but in Britain: with a mixed outcome, which can be characterized as a curse as well as a blessing. One consequence was the creation of a thin elite of English-speaking Indians educated in the British style, and vast masses with little or no higher education. The Father of the Indian nation, Mahatma Gandhi, observed in London on October 20, 1931 (quoted in Kanagasabapathi 2013, 61),

> [T]oday India is more illiterate than it was fifty or a hundred years ago, and so is Burma, because the British administrators, when they came to India instead of taking hold of things as they were, began to root them out. They scratched the soil and began to look at the root, and left the root like that, and the beautiful tree perished.

In spite of the criticisms and the shortcomings, the role that the British played in the HE of India is significant and has left a huge footprint that continues to

influence the system. For example, in the field of engineering and technology, the British created engineering colleges in Roorki in (1847); in Guindy (Chennai) in 1858; Bengal Engineering College, Sibpore, near Calcutta [now Kolkata] in 1856; Indian School of Mines in Dhanbad in 1927; and many more. Besides setting up institutions for technical education, they established colleges for Arts and Science in Delhi, Calcutta [now Kolkata], Bombay [now Mumbai], and many more cities. Even though their reach may be restricted to a limited urban population, these institutes and colleges are very much part of the foundation of HE in India.

Higher Education in India: Independence and Beyond

In August 1947, when India achieved its independence, it had only 25 universities and 700 colleges. By end of 2014, it had 700 universities and more than 35,000 affiliated colleges. The total enrollment was a meager 0.1 million in 1947. It climbed to more than 23 million students by 2014 (ASHE 2014). Agarwal (2006) has classified the growth of HE in postindependence India in three phases—Phase 1 (1947 to 1980), Phase 2 (1980 to 2000), and Phase 3 (2000 and beyond)—which provide a useful structure for the ensuing discussion.

Phase 1: Higher Education in India until 1980

Agarwal (2006) observes that until about 1980, the growth of HE was largely confined to the arts, science, and commerce. Government was the key player: both for financing and running the institutions. This phase saw the creation of private institutes with government support. These institutes set their own standards. Over the years, these private institutes lost their autonomy and their high performance standards. Overregulation by the government ruined them.

Phase 2: From 1980 to 2000

This phase saw a great increase in demand for trained manpower for business and industry. The Indian economy, even though slowly, was growing and providing job opportunities to thousands of engineers and nonengineers. The opening of the Indian economy and the rapid development of the information technology (IT) sector created opportunities for employing more than 100,000 engineers in the IT software sector alone. This period saw enormous growth in private engineering colleges. By the end of 2000, India had around 12,000 such institutions, with nearly 7 million students enrolled in these private institutions, most of which were outside the formal HE system and run like private training companies.

Phase 3: 2000 and Beyond

The total HE enrollment (formal universities and colleges, plus private corporate-style HE institutes) jumped to over 28 million (HRD 2014). Nevertheless the gross enrollment ratio (GER)—the ratio of those enrolled in HE institutions to the total number of college-age people—of 20.4 percent for India is lower than that for most other large-sized nations (United States 34% Germany, United Kingdom

59%, Japan 55%, and China 28%). Naushad Forbes (2014), in his chapter titled "Higher Education in India: Growth and Challenges," in the Cornell-, WIPO- and INSEAD-sponsored report *The Global Innovation Index 2014*, summarized this growth in the following way:

- Most of the growth occurred in professional fields, especially engineering and management. The private engineering colleges accounted for more than 88 percent of the total number of engineering colleges. Nearly 9 seats/places in business management schools were in private institutes.
- Growth has occurred in teaching rather than in research.
- Most of the growth has been in private institutions, which account for nearly 80 percent of the total enrollment.
- Because the most dramatic growth has been in professional education such as engineering and management, the humanities and social sciences have been neglected.

Similar to Forbes (2014), Béteille (2005) observed that the expansion of the HE system in India has been chaotic and unplanned. The drive to make HE socially inclusive has led to a sudden and dramatic increase in the number of institutions, without a proportionate increase in material and intellectual resources. As a result, academic standards have been jeopardized. There are many basic problems facing HE in India today. These include inadequate infrastructure and facilities, large numbers of vacancies in academic staff positions, poor academic staff qualifications, outmoded teaching methods, declining research standards, unmotivated students, overcrowded classrooms, and widespread geographic, income, gender, and ethnic imbalances. Education in the basic sciences and subjects that are not "market friendly" (i.e., lack high-paying jobs) has suffered. Research in higher education institutions (HEIs) is at its lowest ebb. There is inadequate and diminishing financial support for HE from the government and from society. Many colleges established in rural areas are nonviable, are underenrolled, and have extremely poor infrastructure and facilities, with just a few instructors attempting to educate hundreds or even thousands of students (Béteille 2005).

Contemporary Challenges in the Higher Education System

The challenges for India's HE system stem from multiple sources and are frustratingly complex. They include political interference in leadership positions and academic staff appointments; the loose controls arising from the British legacy of "affiliating" colleges to universities; the bureaucratic inefficiencies of centralized examinations; unattractive compensation for teachers; lack of financial and administrative support for professional development, research, and consulting; lack of a "consumer-driven" push for quality; indiscriminate expansion; lack of industry-academic collaboration; lack of systematic human resource planning; kneejerk actions in the name of reforms; and curricular reforms often opposed by teacher organizations. To offer an overview of these myriad challenges, we organize the discussion into five subheads, based loosely on the five autonomy "interfaces" framework of this book.

Challenges of Government and Universities

The rapid and unplanned expansion of the HE system (though the GER in India is still low), often through private institutes, has created a messy situation, which is reflected in the observations of well-known leaders and academicians like India-born Nobel Laureate economist Amartya Sen and the former prime minister of India (also a well-known economist) Dr. Manmohan Singh. Sen's observations were made in 1970, and those of Singh in 2009. Seemingly, the mess and the poor performance of Indian HE have multiplied in the last 40 years. Sen (in 1970) observed that due to the government's tendency to formulate educational policies based on public pressure, wrong policies are often pursued (Agarwal 2006). Unfortunately, even in contemporary India, the education policies—particularly policies toward HE—seek to achieve arbitrary goals that are either elusive or pursued halfheartedly. In 2006, the former Indian prime minister noted that sector after sector was facing a supply constraint in skilled, qualified manpower. In his 150th anniversary address at the University of Mumbai, Prime Minister Singh summarized the prevailing state of affairs in the HE sector of India (reported in Kumar 2009):

> Our university system is, in many parts, in a state of disrepair. We need better facilities, more and better teachers, a flexible approach to curriculum development to make it more relevant, more effective pedagogical and learning methods and more meaningful evaluation systems. The quality of governance of many state educational institutions is a cause for concern. I am concerned that in many States, university appointments, including that of Vice-Chancellors, have been politicized and have become subject to caste and communal considerations. There are complaints of favouritism and corruption. This is not as it should be. We should free university appointments from unnecessary interventions on the part of governments and must promote autonomy and accountability. I urge States to pay greater attention to this aspect. After all, a dysfunctional education system can only produce dysfunctional future citizens.

With Indian universities repeatedly failing to rank among the top 200 educational institutes of the world, the prime minister acknowledged that the quality of HE leaves much to be desired. Unprecedented growth in HE was happening without commensurate improvement in quality. Just before he was voted out of office, in February 2013, Singh remarked (reported in Nanda 2013),

> We must recognize that too many higher educational institutions are not up to the mark. Too many of them have simply not kept abreast with the rapid changes that have taken place in the world around us in recent years, still producing graduates in subjects that the job market no longer requires.

Other challenges in HE have been identified as the following:

- There is a need to improve quality, access, and equity in HE; and improve the gross enrolllment ratio (GER), especially in the formal university and college system (and not just in poorly monitored private institutes).

- The system is characterized by rigidity, with absolute no flexibility. Degrees are offered in a rigid framework, providing little choice for students (who should matter the most), and regulations are archaic and unresponsive to the current context (Pethe 2007).
- The fragmentation of the system of HE is another major problem. Agarwal (2006) notes that India has nearly 18,000 HE institutions (mostly private, with little monitoring and oversight). This is four times the number of HE institutions in the United States as well as in Europe. The typical HE institution in contemporary India is small: a college affiliated to a university or a small private institute, often with loose links to a university. Such small HE units enroll 500–600 students, compared to an average enrollment of 3,000–4,000 in Europe and the United States, and 8,000–9,000 in China.

Overall, government-HE linkages have, paradoxically, two somewhat opposite and malign aspects: (i) an overly bureaucratic oversight and accreditation system, strong on rule imposition, but weak on quality, and (ii) government neglect of HE standards and internal governance, but continued onerous annual reporting requirements.

Challenges on Campus: University Administration and Staff

The biggest challenge in university administration is overregulation, through various (often conflicting) accreditation agencies. Besides the Universities Grants Commission (UGC), there are 12 agencies to oversee and regulate HE, both public and private institutions. The accreditation process consists of imposing bureaucratic rules rather than working proactively to improve quality. Another challenge is the acute shortage of funds to meet operational and capital expenses for creating and maintaining physical infrastructure. As a result of these external constraints, HE administrations waste their time and resources meeting onerous, often conflicting, regulatory requirements rather than developing their capacities and investing in improving the quality of education.

Challenges on Campus: Academic Staff and Students

Academic Staff

Academic Staff availability—quantity and quality—is one of the major weaknesses, and threats, facing HE in India. For example, the number of engineering colleges and their enrollments has grown at rates of 20 percent a year for 30 years. Forbes (2014) notes,

> At the height of the boom from 1995–2010, India opened the doors to approximately one new engineering college and one new management institute each day. In 2012–13, India had around 2,500 engineering colleges and 2,500 management institutes.

In 2013, for the nearly 1.5 million approved (available) engineering places, about 1.2 million new students were admitted. This is a thirtyfold increase over the 1983

annual enrollment of 40,000 engineering students. This growth has contributed to an abundance of engineers, but raising their quality to world-class levels is a pressing concern. To maintain the quality of an engineering education at the level it had 30 years ago, the number of qualified academic staff would increase thirtyfold. A severe academic staff shortage affects every Indian institute. Well over half the academic staff appointments at the graduate institutes are temporary. Even the top 15 Indian Institutes of Technology (IITs) have over 2,000 academic staff vacancies—equivalent to more than one-third of the total academic staff positions at these 15 IITs.

Students

Apart from concerns relating to deteriorating standards, there is the reported exploitation of students by many private providers. Ensuring equitable access to quality HE for students coming from poor families is a major challenge. Students from poor backgrounds are at a further disadvantage since they are not academically prepared to succeed in highly competitive entrance examinations that have a bias toward the wealthy urban elite who have access to private coaching. Entrepreneurs involved in coaching/training institutes for preparation for admission to prestigious IITs and other well-known engineering colleges report that, on average, a student has to invest 100,000 rupees (1,500 euros) for two years of rigorous training. One and a half million to two million students undergo such two-year training in private coaching classes throughout India. The admission-tests-oriented coaching industry in India is estimated to be a $1.5 billion industry. For the student who does get into an engineering college, the cost of an education is 500,000–800,000 rupees (7,200–11,500 euros).

The situation for admission to the top MBA programs in Indian Institutes of Management (IIMs) and Xavier Labour Relations Institute (XLRI) is similar. Thus, nearly 0.2 million students take the MBA admissions written exams, the XAT (Xavier Aptitude Test) and the CAT (Common Aptitude Test), of IIMs. The fee and other expenses at some of these prestigious business schools can range from $20,000 to $40,000 for two-year programs. In order to minimize pressure on these prestigious institutions, the government has decided to open more IITs and IIMs. As of 2014, there were 16 functioning IITs, and plans have been announced to have 6 more.

While the discussion here has focused on two of the most highly sought-after fields of study—engineering and management—the situation is similar in all other fields, and especially dire in fields such as medicine, architecture, and fashion design, which have high job availability.

The way the top elite institutions (IITs, IIMs, and similar) overcome problems of overregulation, coupled with benign neglect, is by hiring high-level ex-bureaucrats as their administrative officers, who take care of all the paperwork, thus insulating the deans and academic staff from these hassles. Such elite institutions then focus strongly on the quality of education, usually producing world-class graduates (although in most cases, not yet world-class research). In the short term, the way forward for other (nonelite) HE institutions, if they can afford it, is to follow a similar strategy, that is, hire bureaucratically skilled administrative officers to deal with the regulations, and create autonomous space in which academic staff and deans can operate.

External Challenges: University and Business

The ability to cope with rapid changes in industry is the biggest challenge for any nation, and especially for India's HE sector. An acute mismatch between what industry needs and what universities produce has been highlighted in several reports and news items (see, for example, Kapoor 2015). Leading entrepreneurs in India observe that 60 percent to 80 percent of engineers are not employable. After being hired, they have to be retrained.

External Challenges: University in the International Arena

Some institutions, such as the IITs, have been globally acclaimed for their standard of education. The IITs enroll about 8,000 students annually, and their alumni have contributed to the growth of both the private and the public sectors. India, however, has failed to produce world-class universities like Harvard and Cambridge. According to the *London Times* Higher Education World University rankings, no Indian university ranks among the top 100. This is not the case for other regions of Asia: universities in East Asia have been included in the first 100. Hong Kong has three, ranked at 24, 35, and 46; Singapore has two, ranked at 30 and 73; South Korea has two, ranked at 47 and 69; and Taiwan has one, in the 95th position. There is no Indian university in the rankings from 100 to 200. It is only when one moves on to the next 100 that we find the IIT Kanpur at 237; IIT Madras at 284; and the University of Delhi at 291 (Misra and Bal 2014).

Summarizing India's HE Challenges

Overall, Agarwal (2006) has summarized the challenges for the HE sector of India:

- Expansion in enrollment has taken place since 1990 mainly through (poorly monitored and audited) private initiatives.
- Skill shortages exist despite high graduate unemployment.
- The regulatory system fails to maintain standards despite formidable entry barriers.
- There are deceptive practices and misrepresentation by some elements in the private sector.
- Expansion is chaotic and unplanned.
- The value of an Indian HE degree is diminishing in job markets in India and its credibility is eroding the world over.
- HE is unaffordable for students from poor backgrounds.
- Public institutions are nonviable and substandard.
- The standards of academic research are poor, and there is only a small base of postgraduate education and research, particularly in science and engineering.
- The technology infrastructure is poor.
- The government is sending the wrong message that prestigious foreign research universities and big corporate sectors in India are not welcome to enter the HE sector in India.

- An antediluvian regulatory environment meant for traditional, bureaucratic public institutions does not take into account the dynamic contemporary realities.
- The accreditation system is merely rote-rule following and has no consequences.
- The affiliating, regulatory, and accreditation systems promote uniformity and cloning rather than allow for experimentation and innovation.

Reform Proposals in India: Viewed in the Interfaces Framework

In their paper "Indian Higher Education Reform: From Half-Baked Socialism to Half-Baked Capitalism," Kapur and Mehta (2004) observed,

> Higher Education in India is being de-facto privatized on a massive scale. But this privatization is not a result of changing ideological commitment of the key actors—the State, the judiciary or India's propertied classes. Rather this privatization has resulted from a breakdown of the system and exit of Indian elite from public institutions, to both private sector institutions within the country as well as abroad. Private philanthropy in higher education which was supportive of public institutions in the past, is also increasingly withdrawing the support.

The observations of Supreme Court Justice A. R. Lakshmanan captured the chaotic state of affairs of HE in India (reported in Kapur and Mehta 2004):

> Every year during admission season, several lakhs of students undergo immense suffering and harassment in seeking admission to professional courses. This is caused by uncertain policies, ambiguous procedures and inadequate information. The miseries of the students and parents are escalating year after year, due to boundless expansion in the number of professional institutions and their intake capacity; emergence of large variety of newer disciplines and mobility of students seeking beyond the boundaries of their states.

Kapur and Mehta (2004) observed further,

> The Court recognized the rampant reality of the many unfair practices in admissions and devious ways of collection, exploiting the anxiety of the students and uncertainty of procedures. The problems have been magnified by severe inconsistencies in policies, both across different states and central government over time.

The excerpts from Kapur and Mehta (2004) provide the context of HE in India, with all its complexities and challenges. Given the massiveness and complexity of the challenge, "quick-fix" or "Band-Aid" suggestions will not cure the malaise or improve the situation. There are no easy answers. Since multifaceted, multipronged approaches are needed, whatever is suggested may appear disjointed. In what follows, the reform suggestions, at multiple levels, drawn primarily from Agarwal (2006), have been regrouped to begin to create a framework for HE overhaul in India.

Government and University

The following suggestions outline the main steps that can, indeed should, be undertaken to improve the government-university interface in India:

- Government and other agencies need to provide additional funds for competitive research and academic program improvement grants, and enhance grant-seeking competition among HE institutions. The United States (with funding agencies such as the National Science Foundation, the National Institutes of Health, and the National Endowment for the Arts) and the European Union (with EU- and member-state-level funding agencies) provide good models.
- There is a need to review and harmonize the existing guidelines for competitive grants. The paperwork needs to be simplified, and the focus has to shift to the outcomes of grants. The "grants space" in India, in terms of research grants and program improvement grants, is relatively small and inefficient for a country as large as India, and this needs to be expanded as well as rationalized.
- A new national law, an umbrella "Higher Education Act," should be enacted for better coordination and improved governance at the system level. This would redefine, rationalize, and harmonize the roles of different governing bodies.
- Strong efforts are needed to develop highly trained postgraduate and doctoral-level people, especially in new and emerging areas through collaborative efforts (with foreign partners in some cases). The compelling need is to build a critical mass of high-level educators and researchers who can contribute to the long-term competitiveness of the Indian economy.
- There is a need to create a comprehensive information infrastructure for coordination across the sector, and between HE and other core sectors. Agarwal (2006) has termed this the Higher Education Information System Project (HISP). This would include a statistical system, a National Students' Data Repository to track enrollment and completion patterns, verification services, and more. This public information system could enable students and parents (and even popular media and third-party agencies) to create rankings of institutions and programs. This can begin with an "All-India Higher Education Survey" to create baseline data for better understanding and decision-making.

Challenges on Campus—University Administrations

Policy changes at the national and state-government levels would be effective only if the campus-level administration systems also reform and update their working methods. Based on Agarwal (2006), these are the main suggestions for campus-level and cross-campus reforms:

- Most HE campuses in India need to upgrade their technology infrastructure by ensuring high bandwidth connectivity, sufficient computers, and proper campus networks to harness new technology to improve teaching-learning, research, and governance in HE.

- There are problems of information asymmetry on India's HE campuses. HE campuses need to put in place open disclosure standards, including transparency in accounts, students' "Right to Know," and a system to curb deceptive practices and misrepresentation of facts. This will enable students/parents to make informed decisions.
- India's systems to "recognize," affiliate, and approve HE institutions are haphazard. There is a need to plug loopholes in these systems and to restore their credibility.
- There is need to decentralize decision-making, to remove duplication, and to rationalize and simplify procedures in HE administration. Agarwal (2006) recommends the setting up of a National Qualification Authority (NQA) to establish a unified qualification framework to harmonize and create bridges between the formal and nonformal systems of training educators. He recommends (similar to Europe's Erasmus network) "Teaching and Learning Support Networks" (TLSNs) to facilitate seamless vertical and horizontal mobility of students and to achieve curricular renewal on an ongoing basis. Learning resources repositories in various subject (disciplinary) areas could be put in place through TLSNs to enhance learning effectiveness through coordinated efforts.
- Accreditation bodies are at the core of the HE systems of advanced nations, and India needs to restructure the accreditation system, with simpler procedures and strong emphasis on quality concerns. There is a need to create clear consequences for accreditation (or lack of it) by having suitable and adequate incentives for high-level accreditation. Given India's size and diversity, general institutional accreditation should be regionally carried out (as in the United States) and based on peer review, keeping in view the institution's mission, so that accreditation is effective for the stated goals of the institution and promotes diversity.
- For professional fields, the accreditation system needs centralization. Accreditation for professional programs and professional institutions should be carried out nationally and based on national standards for professional practice consistent with global norms (such as Association to Advance Collegiate Schools of Business, Association of MBAs, and European Quality Improvement System for business programs).
- India needs to create a university and college admission system with national testing in various subjects at different levels to facilitate admissions on the basis of merit. India also should regulate fees in the private unaided institutions with a focus on transparency, allowing the private institutions that consistently raise their standards to gradually enlarge their discretion in determining their own fees.
- Finally, for scientific as well as humanities research, India needs to develop a nationally integrated research infrastructure by pooling existing infrastructure and facilities of HEIs and research laboratories (both in the public and private sectors), and to ensure its usage by providing mobility grants to researchers. This could include a National Consortium for Information Resources (NCIR) with preprint (working paper) archives and a national e-theses repository to improve the access of scholarly publications to researchers by the pooling of resources.

All the suggestions above are collectively going to move India toward campus cultures that are autonomous, quality conscious, and self-motivated in seeking and sustaining excellence in education. The road ahead is long, hard, and slow, but many models—public ones such as IITs and IIMs, and private ones such as XLRI—show that these steps are feasible in India.

Challenges on Campus—Academic Staff and Students

Because of India's vast diversity—linguistic, cultural, and economic—major steps are needed to achieve a modicum of equity in access to HE. Suggestions to improve equity are the following:

- A "Social Equity Fund" should be put in place for means-tested grants for students from poor backgrounds, guarantees should be provided for students' loans, programs of income-contingent loans for certain categories of students should be launched to promote equity in access to HE.
- There should be an "affirmative action" policy that provides equality of opportunity to students from the rural areas and from poor families so that they compete with their counterparts in the cities and from more affluent backgrounds on an equal footing, enabling the less privileged students to complete their academic programs without compromising the overall competitiveness of the Indian HE.
- Additional funding for public HE institutions is required to attain minimum standards of infrastructure and facilities, and to bridge the shortfall of teachers. Creative public funding strategies (such as matching funds) can be employed to leverage and motivate greater investment in public HE institutions by state and local governments, households, and even private firms.

While we do not want to go into the details of the debates in India on "affirmative action" HE programs for the underprivileged classes, suffice it to say that in this area there is a need to curtail the autonomy of HE institutions and impose national mandates (similar to the United States) to remove inequities in HE access.

University and Business

Except for some professional schools (engineering, management, computer science), the linkages between HE institutions and businesses in India are sporadic and not well managed. There are no explicit regulatory barriers to building strong HE-business relationships in India: it is just that, with few exceptions, a collaborative HE/Industry culture is lacking. There is a need to learn from the few models that do exist for good HE/Industry linkages, and from other good national models (such as in Scandinavia). These policies could strengthen university-business collaboration:

- Industry-led skill development agencies and sector-specific skill development networks (for example, in sectors such as automotive or health care) can be created to provide sustained engagement of industry with HE and provide sector-specific labor market intelligence.

- Governments—at the central and state levels—as well HE institutions can be encouraged to woo big corporate-sector players and prestigious foreign universities to set up research universities/campuses for postgraduate education and research in science and engineering to raise the standards of research for long-term competitiveness.

Universities in the International Arena

While HE institutions are attempting to develop relations with foreign universities, the efforts are to a large extent hit-and-miss, uncoordinated, and in conflict with other HE policies. The following proposals can help bring greater coordination and efficacy in foreign cooperation:

- The central government (Ministry of Human Resources Development [HRD], in particular) can identify prestigious foreign universities (e.g., the 500 universities in the Shanghai-based annual listing of top global research universities) and big corporate houses (e.g., IT firms with large training campuses) in the knowledge sector. A single contact point at the central government level and an expeditious approval process with minimum regulatory requirements could help many of India's HE institutions set up long-term and effective foreign collaboration.
- The proposal of the Government Knowledge Commission should be implemented to create several centers of excellence, including Indian universities, that can become well known in the global arena.

Summing Up the Reform Proposals

In recent years many proposals for reform of and innovation in the HE system of India have emerged. These include the creation of autonomous institutes (in fields like technology, management, and sciences) as islands of excellence (but detached from larger societal objectives); the providing of autonomy for some of the affiliated colleges (but such autonomy is often misused and is not innovation spawning); the formation of accreditation bodies (which, however, are typically not able to operate professionally); enhanced compensation for teachers in state-funded universities and colleges (but often leading to nepotistic hiring); the creation of national and state-level teacher eligibility tests; permission for the development of private universities (with mixed results so far); and the proposal (not yet implemented) to constitute a powerful Higher Education Reforms Commission. Conditions in India have reached a point at which HE reform policies and practices need to act in the public interest rather than in narrow private (and often corrupt) interests.

Looking Ahead: Three Scenarios

In spite of cynicism and the challenges in HE, education has expanded throughout the country. Educating India is a massive, complex task, especially through a democratic process, and also because education is a "concurrent subject." That is, central

and state governments have an equal say. In 2013, India had 230 million students enrolled in schools and colleges. Of these, 140 million were children in primary schools, and 89 million students were in the age group 14 to 18 years and enrolled in secondary level education. Nearly 28 million students were in HE. Based on the reviews above, we visualize three scenarios– pessimistic, highly optimistic, and balanced—the last being probably the most realistic.

The Pessimistic Scenario: The Elephant Would Crawl

This scenario assumes the maintenance of the status quo or further deterioration. It would mean that the HE GER remains at 10 percent to 15 percent. It assumes that the universities continue to work in the manner in which they do now, caught in the rigidities of past regulations, in the stranglehold of all the regulatory bodies from the University Grants Comission to All India Council for Technical Education (a major accrediting agency), in addition to the bureaucratic interference from many other agencies that are charged with approving and regulating the working of both public universities and private colleges and institutes. Looking at recent developments, the pessimistic scenario seems unlikely, because in spite of constraints and roadblocks, the HE sector in India has changed and moved ahead.

The Optimistic Scenario: The Elephant Can Fly

This assumes a HE GER by 2020 of 35 percent, that is, equivalent to China in the early part of the current decade. According to Misra and Bal (2014), in the nine nations that they studied, India ranks the lowest in terms of GER. The public expenditure on education as a percentage of GDP—3.3 percent for India—was the lowest among the countries studied. The optimistic scenario would mean doubling efforts on all aspects of managing HE in India, including allocating 6 percent of GDP to education. This would require a radical transformation of all the bureaucratic processes that are holding back the progress of the sector. Such a radical change in a five-year time frame may not be possible in the context of India's democratic governance. If the optimistic scenario were implemented, then India's HE education system in the next decade might correspond to the HE systems of the United States and Western European countries. The likelihood of this is low. The assumptions of this optimistic scenario—a rapid rise in HE autonomy, the upgrading of quality, and the disappearance of corrupt practices—are not likely to play out in the short run.

The Realistic Scenario: The Elephant Can Trot

India is likely to make changes in the HE sector at a rate faster than in the past, but not at the pace envisaged in the previous scenario. The dictum "slow and steady wins the race" is apt for India—with gradual and steady improvements in all aspects of HE. The realistic scenario is consistent with the "Subka Saath and Subka Vikas" (Development of All and Involving All) slogan enunciated by the new government in 2014. The realistic scenario would mean that India's GER would be around

25 percent by 2017. The assumptions—a gradual increase in HE autonomy, gradual upgrading of quality, and gradual curbing of corrupt practices—are within the realm of possibility.

Concluding Remarks

India is not America, and can never be like China. For over 60 years, it has been in search of its own model, which combines democracy with development for all. Even though it has become the largest vibrant democracy of the globe, the country has to develop a lot to improve the standard of living for 1,200 million people. The present National Democratic Alliance (NDA) government, with Narendra Modi as prime minister, is making all possible attempts to galvanize India by introducing and implementing radical reforms in governance. The impact is to be seen in the area of education. The change in sentiment is likely to be felt in increasing the flow of funds from foreign investors. The ASHE-2014 Report (ASHE 2014) sponsored by the Confederation of Indian Industries (CII) and Deloitte—and commissioned by India's Ministry of HRD—is a welcome development for India's HE sector. Chapters in this report—focusing on FDI (foreign direct investment) in HE, incentivizing institutional performances, and mandatory Accreditation in HE, the role of the private sector, and knowledge direction—are welcome pointers toward reform of the HE sector, which has locked itself in the past. Such reforms would unleash the potential of the vast HE sector and enable several Indian universities to rank among the top universities in the world, in academic excellence and outstanding contributions in research.

The supply side—providing quality education for the 300 million plus youth of India—is fraught with challenges. For admission to the top colleges of Delhi University, for example, the cut-off marks are 100 percent, that is, a perfect score in the secondary school-ending examination. For the 8,000 seats/places in the top-ranking IITs, 2 million students undergo two years of rigorous coaching classes, with their parents spending 100,000 rupees (1,500 euros), causing enormous strain and stress for Indian children and their parents. Such hit-and-miss selection for admissions the limited number of elite institutions cannot work for much longer in a demographically massive and democratically governed country like India. Mass democratization of quality education is the urgent need of India and its youth. As experts observe, India, in addition to its current 700 universities, needs another 1,500 universities to cope with the demand for HE. The small colleges/private institutes of HE—which number in the tens of thousands—need to be integrated tightly and strongly into the university system. The United Kingdom provides a model, in which such integration has occurred in the past several decades.

India needs pragmatic, proactive reformers to transform the HE sector, not via top-down fiat but through a democratic process. The task is daunting, but should be an exciting challenge for the leaders and bureaucrats to build an innovative HE sector. This can happen fast when the central government universities and state universities start performing and competing with private universities. The whole education system in India—primary, secondary, vocational, and HE—needs to be revamped. Partial reforms of only parts of the education sector, like primary or HE,

are no longer enough. Only a comprehensive multidecade reform effort will enable the transformation of the education system.

This chapter has highlighted the scale of challenges facing HE in India: the volume of students, the large number of loosely supervised institutions, tensions between central and state governments, the low level of resources, the gap between rich and poor, the shortage of well-qualified staff, overregulation, poor quality, unreformed curriculum, corruption, and poor governance. The enormity of the challenges may suggest that the niceties of university autonomy are not a priority and that the attention needs to be focused on the macro issues and external governance.

As other countries have realized, however, reform and modernization of HE cannot be achieved without the full effective collaboration of the HEIs, which have to implement the reforms and modernization. It could be argued that this is even more imperative in a country like India, with such large numbers of disparate institutions and students, and a democratic political system. To be effective, HEIs need not only reformed external governance structures and adequate resources but also genuine financial, human resource, organizational, and academic autonomy, with a good governance structure, good leadership, and management, complemented by effective quality assurance and accreditation and accountability. By outlining in a graphic way the degree and range of challenges at a national level, the chapter points toward a more in-depth consideration of the ways in which the institutions need to be harnessed to the reform and modernization agenda through a radical approach to the development of autonomous HEIs.

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CHAPTER 5

University Autonomy in the Age of Marketization

Colin Simpson and Marin Marinov

Introduction

University autonomy (UA) is a means of enabling the higher education (HE) sector to respond effectively to a rapidly changing set of demands from a broad range of stakeholders while ensuring that they fulfill their mission as key components of national innovation systems. Societal expectations include the delivery of highly skilled graduates who will be prepared to serve the demands of the "knowledge economy"; research and development outputs leading to technological innovation and commercial utility; and an attractive learning environment that meets the needs of increasing numbers of domestic and international students. UA can therefore be interpreted as freedom from government interference so that higher education institutions (HEIs) can pursue their own strategic priorities and allocate resources according to their geographical location and market segment. However, since government intervention usually takes the form of providing direct income and a strong regulatory framework, full autonomy of universities might entail both a lighter regulatory environment and more pressure for HEIs to diversify their income streams to make up for reduced direct government funding. This model is generally supported by private sector stakeholders, who see it as a means to open up this area of the public sector to the markets (McGettigan 2014, Lee 2014), and by prestigious HEIs such as many of those belonging to the "Russell Group" (Russell Group 2014), which already show the greatest diversity in revenue sources (McGettigan 2014: 117), and who therefore expect to benefit from these kinds of reforms to the sector (Brown and Carasso 2013). From this perspective, marketization can be seen as an end in itself enabling private providers to capitalize on the deregulation and unbundling of services traditionally provided by public sector universities. It is therefore worth reflecting on the purposes served by UA since this cannot be seen as an end in itself.

In this chapter, the authors link the notion of UA to the marketization of HE in England with a focus on three separate, but overlapping thematic areas that are principally shaped by the three corresponding interfaces introduced in this volume: funding and finances (government-university interface); academic freedom (university management-academic staff interface); and the international context (university-internationalization interface). A close analysis of these three areas of the English higher educational landscape reveals that certain "quasi-market" mechanisms have been adopted by successive UK governments to help them achieve broader social and economic aims. However, the authors suggest that, without a clear focus on the social purpose of universities, there is a danger that UA will be the Trojan Horse of the free market, that is, a gift (freedom from government interference) that will expose them to market forces beyond their control and constrain their ability to take optimal long-term decisions. The focus of this chapter will be the HE sector in England, although for historical reasons, reference will sometimes be made to the United Kingdom, where HE policy has treated the United Kingdom as a single entity.

The United Kingdom on the UA "Scorecard"

UA clearly consists of a complex set of interrelated components, and there have been a number of attempts to operationalize these for the purposes of empirical research. In 2009, the European University Association (EUA) published an exploratory study (Estermann and Nokkala 2009) of 33 national HE systems using four aspects outlined in the Lisbon Declaration, 2007: organizational, financial, staffing, and academic. The conceptual clarity of this framework enabled the authors (Estermann, Nokkala, and Steinel 2011) to create a UA "scorecard," now available as an electronic tool (EUA 2014), showing how each country compares with the others across each of the four elements. UK universities rank among the top 3 out of 29 countries in each of these four aspects, and are therefore considered to be "exceptionally autonomous." This is particularly the case in England, which is also viewed by Brown and Carrasso (2013) as "almost a textbook case of a transition from a 'non-market' towards a market-based system" (p. 98).

However, although the EUA scorecard can be seen as a useful analytical tool, it also has a number of limitations. First, the conceptual clarity of the framework's underlying theoretical foundation is overly simplistic and underplays the diversity of analytical approaches toward UA taken by various authors who have sought to build more complexity into their work. These range from studies that have put a strong emphasis on organizational structures and human resource management (Felt and Glanz 2002) to those that have emphasized academic freedom (Council of Europe Parliamentary Assembly 2006, International Association of Universities 1998, 2012, Schmidt and Langberg 2008).

Second, as an outcome of a largely quantitative approach, the EUA scorecard might be seen as portraying UA as a fixed state of affairs rather than an outcome of a dynamic political and transactional struggle between various stakeholders within a continually shifting environment. From the latter perspective, the state of UA in any given country at any given point in time will be the result of strategic negotiation in which local, regional, national, and international actors seek to achieve their respective rational objectives within specific social and historical contexts.

A third shortcoming of the scorecard is that it fails to indicate the direction of travel. For example, it is often assumed that the challenges to UA appear to emanate from the efforts of national governments to control universities' internal procedures and/or curricular content through funding and quality control mechanisms in order to ensure accountability for the services they deliver to society. In this conception, the struggle for UA is one in which universities gradually shake off the yoke of government interference in order to pursue their own objectives in the competitive market of HE. However, even from this dynamic perspective, there are differing opinions on the direction of travel (Tapper and Salter 1995), with some commentators (e.g., Eustace 1982) concluding that both institutional autonomy and the academic autonomy of academic staff have increased in the postwar period, and others (e.g., Russell 1993) judging that the autonomy of HEIs and academic staff have been curtailed by the policies implemented by successive governments. In relation to the recent policy changes in England, McGettigan questions whether UA in the form of exposure to market pressures is really in the interests of the public benefit since "public interest may be sacrificed for revenue streams, or 'demand-led' decision-making" (McGettigan 2013: 124). Brown and Carasso (2013) suggest that the new competitive environment is likely to reduce the ability of individual institutions to pursue specialist provisions and will therefore lead to "a system that is more vertically than horizontally diverse" (p. 135). Cribb and Gewirtz also express concern for institutional and academic identities and conclude that the recent emphasis on marketing and institutional competition makes universities "look, feel and act like countless other non-educational institutions" (Cribb and Gewirtz 2013: 344).

Finally, the scorecard approach seems to infer that the highest-scoring countries exhibit the most favorable characteristics, and that, in seeking to improve their own systems, other countries would be well advised to imitate the policies of the high scorers. However, this would be to ignore the messy nature of policymaking, and particularly the ways in which policies are continually being reviewed and modified as governments become aware of the impact of earlier policies. It has been suggested (Brown 2011, Foskett 2011) that marketization is usually promoted by governments in pursuit of the expansion of the sector, increased efficiency, and a reduction of the burden on public finances. However, the relative freedom from government interference exposes universities to a number of external pressures to which they may be ill-equipped to respond, or which might lead to perverse consequences as university managers seek to increase the revenue of their institutions by adapting to the demands of external agents (Moutsios 2012). UA certainly makes university managers ultimately responsible for their institutions' survival as well as their operational effectiveness, but the increased responsibility does not automatically entail enhanced managerial autonomy. In particular, some university managers may find it difficult to balance their institutions' long-term strategic objectives with the need to give immediate responses to fluctuations in market forces.

The recent comparative analysis of UA in five European Union (EU) member states (UK, Denmark, Sweden, Lithuania, and Romania), carried out in the EUniAM project (EUniAM 2014) with the aim of advising the Moldovan government on their implementation of UA policies, sought to overcome these limitations. Using a mixed-method approach, including focus groups and interviews, as well as a thorough structural and procedural analysis within the context of each country, this study offers a

number of policy alternatives that might suit the social and historical environment of Moldova, rather than holding up a single "model of good practice" as exhibited by high-scoring cases. In particular, it was expected that a detailed analysis of the contexts of the two more recent EU member states (Lithuania and Romania) might offer a useful counter to the other three. Furthermore, although the scorecard ranks the UK as exhibiting the highest levels of UA, it is clear that there is significant variation among the HE systems of the UK nations. For example, regarding the dependence of HEIs on government teaching grants, in 2012, English HEIs received support for the so-called Band A and B subjects (clinical and laboratory based), but nothing at all for other subjects. By contrast, tuition fees, currently £9000 per year in England, are nonexistent in Scotland and much lower in Wales and Northern Ireland, so HEIs in those countries still depend on subsidies from their devolved assemblies. Another difference with respect to the case of England is the presence of 140 alternative (private) providers who are able to recruit students eligible for government-backed student loans (NAO 2014). This has led to huge growth in the numbers of students claiming loans in England (from 7,000 in 2010/11 to 53,000 in 2013/14), with much smaller numbers in the other three UK nations.

Funding and Finances

Perhaps the single most important source of leverage exercised by governments over universities is the funding mechanism. According to the EUA's (2014) scorecard, the UK currently ranks third to Luxembourg and Estonia in terms of autonomy over its finances. This relatively high level of autonomy seems to have been arrived at after a century during which a number of differing funding models have been tried out by successive governments with differing ideological and economic convictions. From 1945, the state took on full responsibility for funding universities as part of its general economic recovery program, a position defended by the University Grants Commission (UGC) as "less injurious to academic independence than relying entirely on municipal contributions and private benefactions" (Tapper and Salter 1995: 62). Clearly, the tense relationship between the funding mechanism and UA was recognized very early in the modern history of UK universities.

In 1963, the *Robbins Report* (Committee on Higher Education 1963) very clearly linked HE with national economic priorities by calling for a rapid expansion of university places to enhance social mobility and to improve the skill levels of the British workforce. Although this linkage was not seen as problematic in a period that saw the creation of a number of new universities and polytechnics, the context changed dramatically as a result of the economic crises in the 1970s, and, particularly, from 1981 onward, when the UGC was forced to impose cuts in recurrent grants. At this time, the funding for teaching and research was split, with the latter being subjected to periodic competitive evaluation exercises. This change enabled governments to exercise considerable influence over academic affairs by allocating extra funding for teaching and research in fields that were considered as corresponding to national economic priorities, particularly engineering, technology, and information technology. These changes clearly reflected the contemporary government's view that HE had not performed an effective service to the needs of the UK economy, a

view that was famously presented in the Ruskin College speech by Prime Minister James Callaghan in 1976, in which the purpose and success of UK education were debated:

> I have been concerned to find out that many of our best trained students who have completed the higher levels of education at university or polytechnic have no desire to join industry. Their preferences are to stay in academic life or to find their way into the civil service. There seems to be a need for more technological bias in science teaching that will lead towards practical applications in industry rather than towards academic studies. (Callaghan 1976)

This speech is widely seen as preparing the ground for successive UK governments, particularly the Conservative governments between 1979 and 1997, to restructure the HE sector and introduce market mechanisms "to ensure the UK economy would be highly competitive in global markets" (Foskett 2011: 29).

Funding HE in England

The new Higher Education Funding Council for England, which was set up in 1993, enabled the government to develop a relationship with universities that could be described as contractual: universities were paid for the services they provided to the government, and the price reflected the quality of those services as assessed by universities' compliance with the government's stated economic priorities or the quality of their research outputs. An example of this is the way the provision of extra places in technical subjects was rewarded through extra public funding. However, in a period in which governments considered that the state had to be rolled back in order not to "crowd out" the private sector, universities were encouraged to become less dependent on public funding, for example, by charging tuition fees, while governments maintained overall control of the amount of money they received by capping student numbers and dictating the maximum level of those fees.

The rapid expansion of university places offered to school leavers, and the granting in 1992 of university status to all HEIs that had until then been known as "polytechnics," produced a clear divide between teaching-led HEIs and the more established and elite institutions, which have access to research funding in addition to remuneration in exchange for teaching (Foskett 2011). Universities were encouraged to behave more and more like for-profit business organizations and to find alternative income streams by attracting greater numbers of international students and postgraduate students, whose fees were not subject to capping. To increase their capacity, universities were expected to raise finance through private loans from banks or other sponsors, or through public private partnership (PPP) arrangements such as sale and lease arrangements. This period then saw a mixture of autonomous financial arrangements and strong government steer in terms of supply side.

The period from 1997 into the following decade (the Labour government period) saw a continuation of the policies of privatization and marketization, with the tripling of tuition fees for undergraduate students to £3000 and universities increasingly looking to international HE markets to make up the shortfall in teaching

grants. These policies culminated in a high degree of marketization of English universities, with public funding for the teaching of certain subjects being gradually withdrawn and replaced by fee income raised from government-backed student loans. The second tripling of undergraduate tuition fees to a maximum of £9000 was approved by a snap vote in the House of Commons on December 9, 2010 without any introduction of new primary legislation. Higher fees came into effect in 2012 and further reduced public spending on HE, with the Higher Education Funding Council for England (HEFCE) teaching grant contribution amounting to little more than 20 percent of the total by 2014, down from about 65 percent in 2010 (UUK 2012).

This review of the funding and financial arrangements of English universities has revealed a complex evolutionary process in which government intervention has often been represented as a threat to UA, while at the same time being fundamental to the growth of mass HE. The gradual introduction of market mechanisms has been pursued as a means of reducing public expenditure and enhancing the responsiveness of universities to global market forces, particularly the global demand for English-language HE. However, a number of challenges have become evident since the implementation of what Foskett (2011) calls the "quasi-market" model. First, the cost of covering defaults on student loans is increasing at a rate that is unsustainable. The Student Loans Company, set up as a government-owned agency to provide cheap loans enabling students to pay for their tuition fees and maintenance, has been criticized for failing to reduce public spending since the high default rate means that the current system of funding is actually costing the public purse almost as much as under the £3000 tuition fee regime: "It has become an indefensible system" (Byrne 2014). Attempts by the government to sell the student loan book have been abandoned (Morgan 2014) as prospective buyers demanded that their profits should be guaranteed by government undertakings.

A second challenge comes from the deregulation of the sector with the aim of inviting for-profit organizations to handle certain "unbundled" services such as recruitment or overseas- and distance teaching services, or to be alternative providers of HE courses in competition with universities. The problem here arises from the essential conflict of interest between profit and quality, and the inability of certain universities to control the unethical practices of private partners that have a keener interest in maximizing their profits than in protecting the longer-term reputation of their partners. Examples of this kind of "market failure" are given in the recent investigation by the Department of Business, Innovation and Skills into financial support for 11,000 students at alternative HE providers (NAO 2014), which discovered dropout rates over five times higher than the sector average, promises of financial support for which students were not eligible (up to 50% of those investigated), students who were not registered with their qualifications' awarding bodies (20%), and many cases of enrollment in unapproved courses. A detailed case study by McGettigan (2014) supports these findings with further evidence of unscrupulous marketing tactics conducted by agents chasing ambitious recruitment targets. Since some of these alternative providers and two of England's private universities are owned by large US parent companies, it is also worth noting the findings of an investigation by the US Senate (2012) into the financial dealings and operations

of five private US educational institutions with franchising partnerships around the world. This investigation also found evidence of aggressive sales tactics used by professional recruiters, unacceptably highs levels of academic failure, and excessive rates of default on loan repayments. These institutions were found typically to spend twice as much on marketing as on teaching and learning, and to be overwhelmingly dependent on state-provided student loans for their profits. At the very least these cases suggest that the marketization of HE in England carries substantial quality risks.

This brief review of the postwar period indicates that the financial autonomy of English universities is not an entirely recent feature of the sector, and that, over the years, it has enabled them to supplement what has always been considered a relatively sparse amount of public funding with alternative income streams. University managers have generally attempted to ensure the creditworthiness of their institutions in order to call on funds in the form of private loans to increase building capacity and expand staffing numbers. However, the withdrawal of public funding has led to a rise in the proportion of private sector investment in universities, reflecting a view of universities as for-profit business organizations at the service of a wide range of public and private stakeholders.

Academic Freedom

For some commentators, academic freedom is a necessary condition for a liberal society and is essential in order for universities to fulfill their purpose. In defining academic freedom, the Global Colloquium of University Presidents (GCUP 2005), stated,

> Academic freedom may be defined as the freedom to conduct research, teach, speak, and publish, subject to the norms and standards of scholarly inquiry, without interference or penalty, wherever the search for truth and understanding may lead.

As Hägg (2009) points out, although universities are dependent on government bodies, business organizations, and other sources for financial support, it is important that this support is not given with ties that negatively affect university autonomy. Indeed, as the GCUP statement makes clear, "The autonomy of universities is the guarantor of academic freedom in the performance of scholars' professional duties" (Hägg 2009).

Within the English context, it has been noted that there has been a gradual withdrawal of state interference in the shape of direct public funding of teaching, and this could be expected to lead to an increase in the level of academic freedom of universities. However, mass HE has been promoted in order to boost the UK's global competitiveness: "The state saw in higher education the vehicle for assisting its wider plans for reshaping the UK economy and its human capital" (Löscher 2004: 29). The link between the missions of universities and the state's wider economic ambitions is clearly very strong, and accountability requirements are one overt mechanism through which the state exerts control and indirectly constrains academic freedom. One way in which this has been achieved is through the creation

of "subject benchmark statements" by the UK Quality Assurance Agency (QAA), against which courses are periodically reviewed. University mission statements are also required to refer to economic priorities, and to specify the relevance of their academic provision to students' career opportunities, thus creating a further set of standards to which individual academic departments must conform.

The result has been a greater emphasis on vocational subjects and the increasing use of a vocational discourse within traditionally nonvocational classes. The latter is particularly evident in the ways in which students are referred to as customers, with the consequences that students become gradually distanced from the education process, and the purpose of education becomes trivialized (Maringe 2011). HEFCE's Key Information Sets seem to confirm this by putting great emphasis on the use of satisfaction indicators such as the National Student Survey (NSS) and the Destinations of Leavers from HE survey (HEFCE 2014). One danger in this tendency is that teaching will be geared toward recorded student satisfaction and other scores that contribute to university ranking tables, rather than delivering a curriculum based on broader academic principles.

A further move in this direction can be seen as a result of the way in which research funding is allocated on a competitive basis through the Research Assessment Exercise (RAE), introduced in 1986, which after 2008 is known as the Research Excellence Framework (REF). This is a periodic exercise in which universities compete for funding by submitting research outputs that are grouped into subject areas and then evaluated using a standard set of criteria relating to outputs (originality, significance, and rigor), impact (reach and significance), and environment (vitality and sustainability) (REF 2014). These competitive events shape each department's and each university's approach to research by constraining their willingness to deploy resources on research that is unlikely to be submitted for evaluation. These exercises have been criticized for their "competitive, adversarial and punitive spirit" (Elton 2000), but, more importantly, for being "restrictive, flawed, and unscientific" (Williams 1998). In particular, they are seen as requiring an unjustifiable allocation of resources (Elton 2000) and for being "a primary means of concentrating resources for research in a relatively small number of universities" (Barker 2007).

It can be seen that the introduction of a highly marketized system has radically altered the dynamics in all three of the interfaces discussed here. The combination of reduced state support and increased economic accountability appears to result in a concentration on vocational subjects for teaching and an instrumental approach to research in which the pursuit of funding is the overriding aim. In this environment it might be considered that academic freedom is the most fragile of the four aspects of UA.

The International Context

English universities have been engaged in the relatively unrestricted recruitment of international students for a long time, and the comparatively high tuition fees for these students have provided important sources of income. In recent years, the university-internationalization interface has become even more significant as cheaper transportation and communication technologies have given universities

the potential to reach large overseas markets and provide a variety of modes of delivery depending on local demand conditions. A number of different models of transnational education (TNE) have been used to participate in the global market for HE, including campuses abroad (e.g., the University of Nottingham's campus in Ningbo, PRC), franchised courses delivered abroad by local partners, twinning arrangements whereby students study part of their program in each country, and articulation agreements through which students join programs at English universities with advanced standing.

However, overseas activities pose a number of significant challenges. First, universities face the financial risks that typically accompany investment in overseas activities. Unless universities have the resources to plow into overseas investments of a large scale and scope, the intricacies of administering some of the TNE models may strain their infrastructure without resulting in particularly impressive revenues. Second, franchised and validated provision can pose severe quality and reputational risks to universities as failures are often given a very high profile in the national press. Third, differences related to national academic systems, pedagogic approaches, and academic qualification frameworks often require specific types of expertise and flexibility, which may test administrative systems that have been designed for domestic students.

Commenting on the global demand for English-speaking HE, Universities UK (2012) expects HE export earnings for the whole of the United Kingdom to increase from around £8 billion in 2010 to around £17 billion by 2025. This growth is dependent on a favorable policy climate (a restrictive visa regime might threaten this), and on the United Kingdom's ability to maintain the attractiveness of its universities despite the development of mass HE systems in emerging economies, such as China, India, and Nigeria, that currently send large numbers of students to the United Kingdom. While representing important new income streams for UK universities, these models also have a significant longer-term impact by providing a loyal base of university-educated managers around the world with important cultural ties to United Kingdom.

Conclusion

This analysis of three areas of UA in the English HE sector indicates that the interfaces generally associated with them are parts of more complex networks of relationships. The government-university relationship, which still dominates the area of funding and finance in many parts of the world, has been changed in England by the rapid growth of alternative (private) stakeholders and the almost complete substitution of teaching grants by student fees. While the existence of a competitive "quasi-market" has been a fact since the recognition of former polytechnics as universities, alternative providers have brought a more aggressively commercial feature to the English HE landscape. Furthermore, the replacement of teaching grants by student fees has produced a demand-led approach in which HEIs spend an increasing proportion of their resources establishing their brand and defending their "market share" (Bradley 2013, Chapleo 2011). However, high levels of government intervention have been employed to bring about this new marketized

HE environment, not least the provision of student loans and a quality assurance regime, which are not seen as barriers to new entrants to the sector.

A closer look at the area of academic freedom also reveals the effects of market mechanisms in the university-academic staff interface. Here again, we stress the importance of maintaining clear perspectives on the social purpose of universities if market mechanisms are not to lead to dysfunctional behavior in which academic staff are forced to pursue exclusively those areas of teaching and research that will lead to the highest levels of income for the universities.

The university-internationalization interface is becoming increasingly important as UA enables universities to supplement their income by seeking alternative income streams in international HE markets. As with other market sectors, there is a danger that a lack of accountability will allow certain players, particularly large international organizations, to resort to abusive practices characteristic of unregulated markets. However, internationalization provides home students and academic staff with opportunities to refocus their attention, and forces universities to consider alternative perspectives and adopt innovative forms of delivery that are changing the face of HE.

On balance, it seems that the antithetical relationship between fully marketized and centrally planned models reflects a range of philosophical positions on the purpose of HE. It has been suggested (Dodds 2011) that the debate in England has almost exclusively adopted positive economic concepts that are predicated on a view of HE markets as being populated by individual consumers and providers. This may have underplayed the extent to which HE forms an integral part of the "national innovation system," which requires organizational stability to serve broader social priorities. Dodds also indicates that the lack of institutionalist concepts in the debate may have disguised the way in which certain HEIs have been complicit in supporting policies that have not necessarily served longer-term societal needs. In particular, certain HEs have been able to concentrate large proportions of funding available to support research and the teaching of clinical and laboratory-based subjects, while the majority have become "teaching-only" institutions (Brown and Carasso 2013). The case of English HE seems to present a picture of both high levels of university autonomy and radical marketization. It is the view of the authors that one should not necessarily lead to the other, and that this analysis should make government and institutional policymakers cautious of assuming that national systems displaying the highest levels of UA, according to the EUA's scorecard system, should be taken as reference points.

It might also be argued that "marketization," although perceived to be a product of autonomy, has itself diminished the autonomy of many HEIs. The analysis in this chapter suggests that while universities are increasingly engaging with the market in order to fund research and teaching, it may be the case that the "market," rather than the university, is effectively establishing the agenda in both research and teaching. Universities that have high prestige and independent wealth (endowments), for example, many of those belonging to the Russell Group, may be able to shape, change, or dictate the terms of engagement. However, the extent to which this applies across the sector is an area for further inquiry that might produce useful evidence by which to evaluate the benefits and drawbacks of the marketization process.

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PART III

University-Academic Staff Interface

CHAPTER 6

University-Staff Tensions in Implementing Human Resource Autonomy in Practice: The Example of Moldova

Larisa Bugaian, Ala Cotelnic, Angela Niculita, Daniela Pojar, Petru Todos, and Romeo V. Turcan

Introduction

In this chapter, we explore the nature of relationships and possible tensions between university management and academic staff at universities in emerging or developing economies. In our analysis we draw on recent attempts by the government of the Republic of Moldova to restructure and modernize higher education in the country. We also draw on our recent policy research involving a situational analysis of university autonomy in Moldova (Turcan and Bugaian 2014) and a benchmark analysis of institutional university autonomy in Denmark, Lithuania, Romania, Scotland, and Sweden (Turcan and Bugaian 2015).[1] We argue that academic and nonacademic staff[2] are the key to an efficient exercise of university autonomy as well as to the successful achievement of a university's mission of *teaching*, *research*, and *knowledge transfer*. The central premise is that, in the contemporary world, a university should combine teaching and research/knowledge transfer activities and that, without research-based teaching, a university lacks the dimension that gives it its distinctive quality and that is essential for the formation of the future generation of high-level graduates who will be able to contribute in all spheres of the knowledge economy. We first discuss the nature of issues and challenges that might emerge at the intersection between the need to fulfill the university mission and the need to exercise university autonomy, with a specific emphasis on the human resource (HR) dimension of autonomy. We then present recent (as of 2015) risks and developments in the higher education sector in Moldova in relation to the HR dimension of autonomy and discuss implications for practice and policy.

University Mission and HR Autonomy

In the last century, knowledge transfer was seen as something "disturbing not only because it could alter the practice of science in the university but also because it threatens the central values and ideals of academic science" (Bok 1982: 142). That view dominated the public discourse for quite a while. Nowadays, universities around the globe embrace knowledge transfer along with regional business and economic development as part of their core mission in addition to traditional research and teaching (EUR 22836 EN 2007). Several categories of knowledge products that have their role and importance in the process of knowledge transfer can be identified, such as scholarly research; publications in international journals; knowledgeable graduates; industry-targeted learning and teaching; contract research; consultancy; staff interchange and academic staff appointments in industry; creation of intellectual property rights; and the formation of spin-off companies (Howard 2005).

Universities in emerging or developing economies still practice traditional teacher-centered pedagogies, which stress the transmission and recall of knowledge from teacher to student. In contrast, modern universities constantly innovate in learning and teaching methodologies around a student-centered learning pedagogy, in which students take the lead and the academic staff act as facilitators (Graaff et al. 2015).

An echo from the past, especially in communist and postcommunist countries, is the separation of research from teaching, with research concentrated in one institution: the Academy of Science, and teaching in universities (Guins 1953, Graham 1975). This divorce has weakened inter alia universities' capacity to conduct cutting-edge, state-of-the art fundamental and applied research as well as to compete nationally and internationally for research funding. Recently, the European Commission set a target for research at 3 percent of gross domestic product (GDP) by 2020, estimating that over one million researchers would be needed to achieve that target, which underscores the fact that many researchers will retire over the next decade (Deloitte 2012).

The issues mentioned above are just a few of the many challenges universities in emerging and developing countries face in fulfilling their mission of teaching, research, and knowledge transfer. One question to ask is whether these universities have the quality of academic staff to satisfy the universities' mission? If not, what needs to be done to turn the situation around? If so, the question is whether the quality of staff alone is sufficient or whether the impact of governance and management on the ability of academic staff to fulfill their mission needs to be assessed. Are there power sharing/consultative mechanisms to involve and engage academic staff in strategic and operational decision-making? What are the implications of a university corporate culture—top-down, bottom-up, or flat organization—for academic staff? What institutional incentives, evaluation, and promotion (external vs. internal) policies exist for academics? How are policies relating to "accountability" and wider public/social responsibility implemented and how do these affect academic work (teaching and research)? These represent only a few of the questions, tensions, and challenges that may emerge at the university management-academic staff interface in an autonomous university and that need to be addressed in order for a university to realize the full potential of autonomy to realize its mission.

Higher Education in Moldova: An Overview

The Republic of Moldova is sandwiched between Romania and Ukraine, with approximately three and a half million people and a GDP of approximately 6 billion euros (as of 2013). Higher education and research and development (R&D) are financed at 1.3 percent and 0.4 percent of the GDP, respectively. In 2014, there were 19 public and 11 private universities, with approximately 97,000 students. The Ministry of Education is the central body responsible for state education policies. The elaboration and application of national development strategies regarding the educational system is accomplished by conducting consultations with institutions and bodies of local and central public administration, and with social partners.

Moldova joined the Bologna Process in 2005, and by 2011 had restructured its higher education sector, primarily in the first two cycles: bachelor's and master's. The third cycle, doctoral/PhD, is still being restructured. In 2012, the government initiated broad reforms of higher education aimed at enhancing university autonomy and the quality of higher education and research, as well as the goal of becoming part of the European Higher Education Area. Gradually, universities have become more autonomous in organizing education and research, establishing study programs, and developing curricula in accordance with national educational standards developed by the Ministry of Education.

Universities have also become more autonomous in selecting and promoting academic and technical staff, establishing evaluation criteria for teaching and research, in awarding academic titles. Academic staff have freedom in developing curriculum and programs, and in the choice of material to be taught, course content, and teaching methods. All the rights and responsibilities of academic staff are stipulated in legislation, such as the *Law on Education*/Education Code and the Labour Code, and in the internal documents of the respective universities, such as internal regulations and job descriptions. The rights and freedoms of students and academic staff are fully respected by universities. Academic staff and (especially) students are represented in all governance structures (e.g., senate and faculty councils), and have their own representative structures at the national and university levels (labor and student unions). Staff and students participate as members of selection committees in the election of rectors, deans, and department heads. Students have started to be engaged more actively in the evaluation of teaching and academic staff.

HR Autonomy in Moldova: Challenges and Opportunities

The restructuring reform initiated in 2012 sounded promising and seems to have led to the desired results. However, the reform initiatives have failed to take into account resistance and reaction from key stakeholders toward the reform and modernization of higher education, more precisely toward those areas that are sensitive politically, institutionally, socially, and/or personally. For example, the initial draft of the New Code of Education introduced a university board, aiming to separate governance from management and making rectors accountable to the university board. After more than one year of public debate, the final Code of Education, approved by the Parliament in 2014, does not introduce that separation of governance

from management. This restructuring reform has also failed to take into account the *newness* of the university autonomy concept and the limited understanding of the concept. When the process started in 2012, various external stakeholders had the view that university autonomy is about leaving universities alone, letting them do what they want to do, and transferring all responsibilities, especially financial, to universities. Many universities and their staff were frightened and unprepared for this prospect of complete autonomy and the heavy responsibilities and risks that it entailed. In this context, the discovery of university autonomy can be compared to the story of the blind men who could not understand what an elephant was and had to explore it through touch, except that in the case of Moldova there was a tendency to run away and reject the concept before exploring and experiencing it. It might be unfair to suggest that perhaps they were the truly blind.

The resistance of key stakeholders to institutional change and their reluctance to learn and experience unfamiliar and challenging roles and methods have a direct impact on the HR dimension of university autonomy and on the university management-academic staff interface. Intuitively, it seems easier to change a regulative system (laws) than the normative (standards, approaches) or cognitive system (behavior, attitudes) (Scott 2013). This might be the case in situations in which the phenomenon—in our case, university autonomy—that is being changed is not new, and key stakeholders over the years have experienced and practiced that phenomenon to various degrees. For example, in 2002, the government of Denmark initiated a major restructuring of its higher education system, that, inter alia, explicitly separated governance from management in universities, and, in 2006, initiated a consolidation of the sector that was finalized in almost one year, reducing the number of universities and national research institutes from 12 and 13, respectively, to 8 universities and 3 national research institutes. As one of the former chairmen of the university board commented, "the process [of restructuring the higher education sector in Denmark] was tough, but civilized, with lots of negotiations, and surprisingly without any negative publicity in the press."

In emerging economies like Moldova, the reverse is the case: cognitive and normative systems are very strong and are change proof, making it difficult to de-institutionalize and de-legitimate the old order and legitimate and institutionalize a new one. For example, the restructuring reform in Moldova brought to the fore a long-standing dispute between the Academy of Science of Moldova and universities. The former is a heritage of the past, of the Soviet system, in which all research, including research funding and all doctoral studies, had been concentrated (Guins 1953, Graham 1975). Clearly, the Academy of Science of Moldova does want to "let it go," that is, to have all research, research funding, and PhD studies delegated to universities.

In Moldova, where the funding for research and PhD-related activities resides outside universities, it is impossible to realize the modern definition of a university that engages in teaching, research, and knowledge transfer. It also impedes the development of competitive academic staff who engage in cutting-edge fundamental and applied research, in research-based, high-quality learning and teaching, and in knowledge transfer. There is an irony in this, as is illustrated by the following example. One of the coauthors of this paper asked the CEO of a large producer about the company's and its possible links to the university world. The CEO proudly reported

that the company had signed a contract with the Academy of Science of Moldova. Probing further into whether the CEO might have reservations about the results of the partnership and whether the Academy of Science of Moldova has the capacity or the means to conduct the work, the CEO replied that the Academy of Science of Moldova had signed a contract with [one of universities] to do the job.[3] In other words, although dominating the funding route, the Academy had to subcontract the project to a university. To change (de-legitimate and de-institutionalize) such attitudes and their realization in institutional structures is a difficult but necessary task in order for university autonomy to become a reality in the country. Lithuania may be cited as an example. As a result of reforms in the higher education sector, the Lithuanian Academy of Science was reorganized, leaving it with only responsibilities for promoting science responsibilities, while all research, PhD studies, and funding was moved to universities, which enhanced their competitiveness nationally and internationally (Turcan and Bugaian 2015).

Such institutionalized practice, in which universities have been perceived as institutions for teaching only, has a direct impact on HR autonomy and the wider goals of a university. The massification of higher education in Moldova has led to the production of posts in universities oriented mainly toward teaching, while the requirement of combining teaching with research/knowledge transfer has been considered less important or ignored completely. The view that teaching is the most important aspect of universities still prevails among Moldovan politicians. This situation is appropriate neither for a modern university nor for a modern, developed society.

But what does combining teaching and research/knowledge transfer activities mean for HR autonomy? First and foremost, it introduces a new (in the context of the higher education in Moldova) category—*academic staff* (as opposed to teaching staff)—and a new meaning of *academic* that includes teaching, research, knowledge transfer (as opposed to just teaching), and administration. It reinforces the international norm that a member of the academic staff is expected to undertake both teaching and research together with knowledge transfer and administration; this is reinforced by our benchmarking study (Turcan and Bugaian 2015). In the context of the higher education sector in Moldova, the challenge is that this wider concept and job description of a member of the academic staff is not only unfamiliar to key stakeholders in Moldova but for some it is alien and unwelcome. Moreover, the organizational and management structures that might implement the appointment and support of such staff are not available. There is no legislation or internal rules and regulations at the university level that would clarify how the planning of the academic (teaching, research, knowledge transfer, and administration) workload of academic staff should be managed and evaluated. The responsibility for implementing this type of contractual relationship should rest with the university, but the government should facilitate this by providing the means, including funding, directly to universities. Data suggest (Turcan and Bugaian 2014) that these are key issues that need immediate attention from all stakeholders in the higher education sector in Moldova.

Associated with "combining teaching and research/knowledge transfer activities" is academic *tenure*. Seen as a protection for academic freedom, tenure brings entirely new dynamics and relationships not only between university management

and academic staff but also between university and government. Furthermore, it creates opportunities at the internationalization interface. This new contractual relationship requires the development of new internal regulations and norms, and the introduction of new types, properties, and definitions of tenure in law. In a university with true autonomy, such as we observed in our benchmark analysis, professors who have tenure become a powerful force that drives academic processes and influences university management and governance. Developing a contractual relationship based on tenure, and requiring academic staff to undertake teaching, research, knowledge transfer, and administration, will entail the development of further HR policies to include systems for salary reward and promotion, staff evaluation, staff training, and professional development. This will require the establishment of highly professional HR departments and a governance structure that understands and can develop effective strategies for the motivation, retention, and development of staff.

The data, however, suggest that there is a lack of basic indicators for wage differentiation and of performance indicators based on well-defined and transparent criteria such as professionalism, continuous development, and organizational, functional, and personal capacity (Turcan and Bugaian 2014). This deficiency has an impact on the ability to decide on the termination of employment contracts. Separate contracts for teaching and research/knowledge transfer add to the complexity of academic staff evaluation. Vignette 6.1 is intended to exemplify the Moldovan higher education dilemma: on the one hand, the need to recognize and reward research and, on the other hand, doubts about the capacity of the staff to deliver.

Vignette 6.1: Academic staff motivation: Teaching versus research and knowledge transfer

Most universities in Moldova have developed their own mechanisms and internal regulations for motivating academic staff to conduct scientific research by establishing, in accordance with the law, some wage allowances. Currently, these allowances are the only way to support research activities, to motivate the academic staff, and to raise their interest in changing the current role of the teacher from that of a simple transmitter of teaching materials to one who more fully inhabits the academic framework by carrying out scientific research, cooperating with other researchers in the country and abroad, and by communicating new knowledge to students via research-based teaching.

However, there is no correlation between the remuneration of teaching and research activity. Universities emphasize teaching at the expense of research; hence, there is no effective recognition and reward for research. While teaching activity is planned and a thorough record of its achievement is conducted, the results of research are planned and accounted for in a less formal, nonquantified, or evaluative way. Moreover, the evaluation of research activity does not directly influence the salary of academic staff; hence, there is a disconnect between research activities and the reward for such work. As a result, the academic staff are not motivated to perform research and knowledge transfer activities, and their morale suffers as research is undervalued.

At the same time, placing research and knowledge transfer at the "heart" of a university becomes a sensitive issue for the academic staff, posing the question of whether the necessary capacity exists at universities to engage in world-class, cutting-edge research and knowledge transfer. For example, the lack of knowledge of the English language severely stifles the process of research and knowledge transfer, for example, the publication of scholarly research in international journals; participation in international research projects, consortia, networks, and conferences; acquisition of up-to-date knowledge in the field; and mobility. Another question that emerges related to existing capacity is whether the academic staff are ready to put students at the center of learning, and switch from being teachers to facilitators and conduct research-based teaching.

The analysis of the current situation of HR autonomy in higher education reveals that the involvement of the Moldovan state in regulating HR activities in universities is still high. Laws and regulations governing labor relations are of a general nature and outdated, and do not accommodate the specifics of activities within universities (Turcan and Bugaian 2014). The introduction of financial autonomy in January 2013 had a snowball effect on HR autonomy: universities became more autonomous in establishing their own HR policies and regulations. Universities began adjusting their HR policies and regulations to new realities by developing and implementing new payment and salary mechanisms, as well as new performance indicators. However, the data suggest that universities in Moldova are still limited in their powers to exercise these new mechanisms and indicators in deciding on the levels of remuneration, although there is flexibility in setting the incentive payments and payments for awards (Turcan and Bugaian 2014).

The reform initiated in Moldova aims to separate management from governance, introducing a completely new set of relationships and dynamics between university management and academic staff. It also creates challenges and opportunities, not only at the university management-staff interface but also at all interfaces and across the other three dimensions of university autonomy. A paradigm shift can be seen in that the rector and his/her team are to be held accountable to a board formed of external and internal members, the latter including academic and technical staff, and students. As mentioned above, the attempts from the start of the proposed reform have not brought the expected changes in university governance. The conflict of interest between management and governance remains: the senate continues to be the supreme "governing" body that elects the rector, who then chairs the university senate and hires the senate members who elect him/her. As we have argued, resistance to change is one of the main factors that hinders reform in this area. We would further conjecture that the expected change did not take place because academic staff, technical staff, and students might not be ready—professionally, socially, psychologically, politically, culturally—to take on such responsibility: to hold the rector accountable.

We envisage that new governance structures will change eventually the role and place of the senate in university governance and university management. As we observed in our benchmark analysis, the tendency in European universities is to separate the functions related to teaching and research into a study council and an

academic council, and to position them operationally at the faculty and department levels (Turcan and Bugaian 2015). This is in line with another trend seen in European universities regarding the decentralization and delegation of more autonomy and responsibilities to faculties and departments. The same question, as raised above, holds: whether academic and technical staff are ready—professionally, socially, psychologically, and politically—to embrace so much autonomy and constructively contribute to the reform process.

Conclusion

This article is based on the premise that, in the contemporary world, a university should combine teaching, research, knowledge transfer, and administration, and that, without research-based teaching, a university lacks the dimension that gives it its distinctive quality and that is essential for the formation of the future generation of high-level graduates who will be able to contribute in all spheres of the knowledge economy. Higher education reforms, such as the one initiated in Moldova, bring both challenges and opportunities and new categories and meanings, such as academic load, governance, research-based teaching, and student-centered learning. Successful implementation of such reforms depends not only on understanding and working with these new categories and meanings but also on the dissolution of existing ones, and the education of all with the aim of changing their mindsets and behavior.

In the absence of previous knowledge and experience, how do universities and related ministries and governmental institutions account for, evaluate, and fund research and knowledge transfer activities, and what mechanisms and performance indicators shall these be based upon? The lack of well-defined and transparent performance indicators has an impact on the university management-academic staff interface, and on the relationship between the academic staff and the students. How do students evaluate staff, and based on what criteria? And how are the evaluation results taken into account by the university management? Is management equipped/trained/qualified in HR management, and, if not, what actions need to be taken to enhance or address the situation? Is there a fit between evaluation, performance, and finance? These could be pointers for future research.

An HR department of a university becomes crucial to the success of such reforms as it not only has to have highly professional staff but also has to develop, or facilitate the development of, the effective recruitment of high-quality staff, and mechanisms for reward, promotion, and evaluation, as well as design modern, advanced training and career development programs for academic staff, technical staff, administration, and members of the board.

This chapter illustrates the immense challenges that government and institutions face in seeking to engage in fundamental reform and change in higher education. Its focus is HR and the difficulty inherent in moving from a system in which research in universities is not directly funded and is regarded by many of the stakeholders as being of secondary importance to teaching, to one in which academic staff are expected to engage in research and knowledge transfer as well as teaching. Implementing this reform requires not only structural change in governance and management but also a "hearts and minds" campaign to alter deep-rooted cultural

habits and attitudes. This recognition—that a dynamic HR policy depends on and cannot be divorced from the other elements of autonomy—reinforces the central thesis that the elements of autonomy are mutually dependent. It also demonstrates the complexity of the interfaces and the deep cultural factors that can challenge the implementation of university autonomy. Although the authors only touch briefly on this subject, it may be that a key factor in promoting more rapid change will be both the need to implement the Bologna Process and an increasing engagement with the European Union, both of which provide elements for further study.

Notes

1. The authors of this paper led the teams that conducted the situational analysis of university autonomy in Moldova (Turcan and Bugaian 2014) and conducted the benchmark analysis of institutional university autonomy in Denmark, Lithuania, Romania, Scotland, and Sweden (Turcan and Bugaian 2015).
2. We do acknowledge that autonomous universities have more nonacademic staff than academic staff, and hence, a demand for highly professional nonacademic staff as well as for understanding their needs that may produce conflictual situations. However, for the purpose of this chapter, we focus only on the relationship between university management and academic staff.
3. For confidentiality reasons, the name of the sector the company operates and the name of the university are disguised.

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CHAPTER 7

Staff Evaluation Systems—Shaping Autonomy through Stakeholders

Mikael Collan, Jan Stoklasa, and Jana Talasova

Introduction

Staff evaluation is a basic tool of human resources (HR) management, commonly also used in universities (see, e.g., Arreola 2000, Collan, Stoklasa, and Talašová 2014), and is aimed at maintaining the high quality of relevant processes and activities, and at achieving set goals. At universities, staff evaluation may be used, for example, to provide the necessary information for tenure and promotion decisions, remuneration, and other important management decisions involving academic staff. Staff evaluation is a demanding task in any organization, but even more so in the university environment (see, e.g., Meifert 2013). Universities are institutions that are expected to educate people through teaching, to perform high-quality research, and to contribute to the development and well-being of the society as a whole (see Marginson [2007] for a discussion on "university mission" in the context of university rankings/evaluations.) To meet these three broad expectations and, specifically, the goals set for reaching them, universities need to channel their resources in a way that properly addresses each goal and creates incentives for the academic staff to perform in a way that fulfills the set goals. This is where academic staff evaluation systems and the tools of HR management play a strong role. Universities commonly have and historically have had a great deal of autonomy to plan and execute their activities and strategies. The Bologna Process in Europe has changed this picture in terms of degree structures, but when it comes to research, autonomy is often lax. Hand in hand with institutional autonomy comes the "academic freedom" of the individual "researcher" to study the topic of his/her own choosing and to do it in the way of his/her own choosing (for most academic positions, teaching is mandatory).

While research has been the driving force in determining the quality of universities, teaching has not had a small role. Excellence in teaching has been recognized, especially by students who have had the pleasure of receiving excellent teaching, and

sometimes also by the surrounding society (Gonzalez 2001). However, it has a very different (from research) nature in academia: it is often not considered academically especially meritorious, but rather as an added bonus to what is generally considered by academics as fulfilling the onus of teaching. It is notoriously true that many excellent researchers are not excellent teachers. Yet even if high-quality teaching is not as highly appreciated as high-quality research, teaching is one of the main functions of universities worldwide (Burton 2001) and often accounts for a large portion of university financing. The development of student-centered learning, and even increased student participation in curriculum development, has given more power to the student voice.

Universities have always had a relationship with the surrounding world, mostly through the creation of new knowledge and by having this knowledge applied by outsiders and insiders outside of the university (Etzkowitz and Leydesdorff 2000). More recently, since the 1980s and even since the 1990s, many European countries have adopted an understanding that this relationship, to enhance, advance, and collaborate actively with the outside world, represented primarily by industry and public administration, is the "third mission" of universities (see figure 7.1).

The three goals, or missions, discussed above all require specialized skills that by no means are fully complementary. Given these three general goals, and in the presence of academic freedom, much would be left to the devices of the individual academic staff members. This is when the question arises, "How can human resources that are free to specialize and choose what to focus on be effectively managed in a way that encourages them collectively fulfill the goals of the university or a given unit?" This perspective is illustrated in figure 7.1. The question posits that there is a need to manage academic staff to ensure the attainment of university-level goals. This question has often been answered in universities by instituting academic staff evaluation systems, in which the activities performed are "rated and weighted"—often "rated" based on quality and/or quantity of activities, and often "weighted" based on how well the activities serve the university's overall goals. In this way, academic staff evaluation systems may serve as tools to "steer academic freedom" toward a given set of goals. If the overall goals set by a university are made in unison

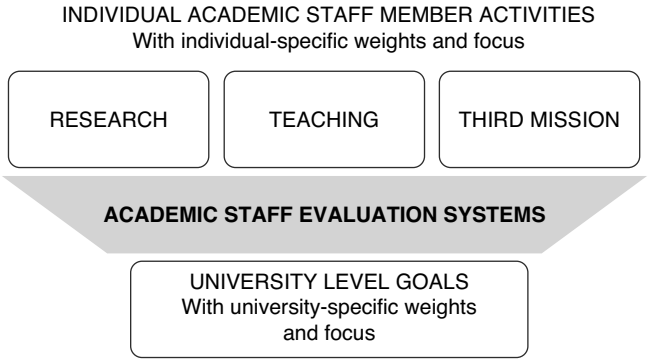

Figure 7.1 Academic staff evaluation systems

with (outside and inside) stakeholders, this will most likely have an explicit, or an implicit effect on how the academic staff evaluation systems are constructed, an effect on many forms of academic freedom, and ultimately an effect on university autonomy. In a well-designed staff evaluation system, tenured academic staff do not fall outside the system, but are also evaluated, and the evaluation may, for example, affect their remuneration and thus be effective, even if it will not affect their permanent status.

In the following sections, we discuss the links between academic staff evaluation systems, university stakeholders, and university autonomy. Then, we examine some general principles with respect to how staff evaluation systems can, and perhaps should, be constructed, as well as reflect briefly on some real-world practices. Finally, we close with a short summary and some conclusions.

Links between Academic Staff Evaluation Systems, University Stakeholders, and University Autonomy

There are several links, within the five interfaces discussed in this book, in which academic staff evaluation systems can interact with, or even directly influence, university autonomy. University autonomy, and the extent of autonomy, may influence many parameters of academic staff evaluation, while academic staff evaluation systems may affect university autonomy. In fact, there is a feedback loop whereby the evaluation-autonomy interaction creates a dynamic environment that keeps evolving through time, changing the conditions and goals of universities. Let us now focus on how this interaction may affect university autonomy in different ways in the context of the five interfaces. Figure 7.2 illustrates some links between the stakeholders and academic staff evaluation systems.

Government-university interface: Providing high-quality education, supporting high-quality research, and making an impact on the society are perhaps the most

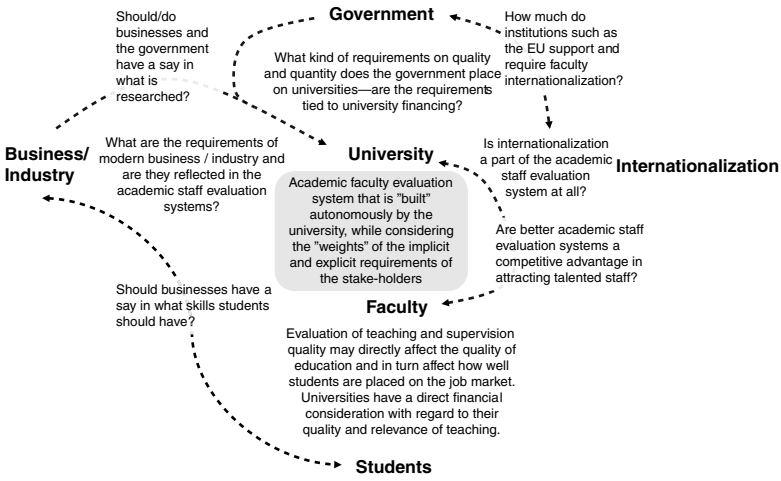

Figure 7.2 Links between stakeholders and academic staff evaluation systems

important goals for universities that are set by governments. These goals are relevant, as the majority of universities in Europe are government funded. Other goals include, for example, internationalization, a topic that is on the agenda of actors such as the European Union (EU) and increasingly of national governments as well. By explicitly specifying goals, or by implicitly stating broad targets, governments steer universities toward national-level goals. Universities, in their turn, may include these government-originating initiatives in their academic staff-evaluating systems, and steer academic staff behavior by declaring desirable actions that promote the goals set by the government.

The government goals can, for example, be included in academic staff evaluation systems in such a way that fulfilling them is rewarded, thus steering the efforts of staff members. Universities are autonomous, but they are autonomous under government control and, from a university perspective, it is vital to be able to communicate to the government how the university meets the government's goals. Academic staff evaluation systems are often efficient tools in collecting the necessary information that can clearly show how well the national-level goals are being met. This is true, for example, in many Finnish universities, in which staff evaluation systems are used to collect data required by the national education authorities.

University-business interface: Universities collaborate with business (industry) both in education and in research. Business is able to find a competent workforce from among university graduates, and companies are often able to develop new products and innovations through university, or collaborative research. Companies may signal their specific personnel needs to universities, and universities may oblige them by including specific courses, or by even creating specific programs. Sometimes university teaching programs have industry representation on their board level to ensure compatibility with industry needs. Research collaboration between universities and industry is widespread in the Western world, and is most often based on mutual interest, with industry financing university research projects that support their aims.

Academic staff evaluation systems may include specific "bonuses" for individuals who collaborate with industry, and this is often reflected in rewards that are given for attracting external financing for projects. This is also in line with the third mission of universities and reflects the goals set by government. There is often discussion about how much business should intervene or be able to steer the research direction of universities. We leave such issues outside the scope of this chapter.

University-internationalization interface: Internationalization within a university is a mix of many different issues, such as the attendance of international students, international exchange of students and staff, international research and teaching collaboration, publication in international outlets, attracting international financing, and attending international conferences. Internationalization, or rather "Europeanization," is one of the tenets of the EU and, through the EU, is also pushed by many governments as a goal for universities. These goals can then be reflected in academic staff evaluation systems, and the performing of internationalization activities can be rewarded (or at least acknowledged).

From the point of view of academic staff, internationalization is a complementary issue in that it is most often connected to another activity, such as research or teaching. This can mean that when research, teaching, and even "third mission" activities

are evaluated, they can be divided separately into national and international categories—the more international a university wishes to be, the more "weight" one can expect the university will put on the international category, and hence steer individuals toward internationalization.

Evaluations can also be aggregated to understand the internationalization of research and teaching activities, as well as how policies with regard to, for example, recruitment can be adjusted accordingly.

Academic staff-students interface: Staff members and students interact in many ways: teaching, supervision, guidance, and other interactions, each of which makes up a part of the overall staff-student interface. Teaching, supervision, and guidance are quantity and quality issues. Too heavy a load of these tasks may cause the research output of a staff member to be lower. However, for students more supervision and guidance are predominantly positive.

Staff evaluation systems can be used as a powerful tool in communicating feedback between students and staff in a structured way that establishes an incentive system that promotes high quality in student-related tasks and that rewards heavy teaching and supervision loads, as well as helps identify possible problems or opportunities for improvement. Academic staff evaluation systems can be built in a way that promotes balancing the workloads of staff members between the different university goals. The increased weight of student representation in the governing bodies of universities, at different levels, has an indirect effect on how university staff evaluation systems are constructed. Students may want to see systems which excellence in teaching and interaction with students is promoted by means of the evaluation system. The need to respond in staff evaluations to student feedback and pressure, which may increasingly have a "political" force as students play a greater role in university governance, illustrates the way in which the exercise of "autonomy" can be seen as a process of mediation.

University management-academic staff interface: Typically this is the (only) interface that is commonly considered when academic staff evaluation systems are discussed. As we have suggested above, academic staff evaluation systems should be understood as more than just systems for the evaluation of academic staff. They can easily become tools that also codify the strategy of a university vis-à-vis the many stakeholders and thus create incentives, and gather and provide information used in internal and external communication. An evaluation tool can even reflect the ethical code and the value system of the university. The question of whether a transparent academic staff evaluation system is an advantage for a university in being able to recruit desirable personnel, is an interesting issue for further study.

It has become rather clear that academic staff evaluation systems have a strong connection to all five interfaces that underlie this book, and it is clear that the stakeholders of universities implicitly and often actively and directly, influence the choices that an autonomous university makes when constructing staff evaluation systems. Furthermore, it seems that academic staff evaluation systems should not remain static. These systems need to have a dynamic nature: when universities' goals (or the goals of the stakeholders) change, the systems, or at least the "configurations" of these systems, must change. Weights and emphases should be adjusted accordingly.

Now, having gone introduced and discussed the linkages between the stakeholders and academic staff evaluation systems, we turn to a consideration of academic staff evaluation systems in more detail.

Academic Staff Evaluation Systems in Practice, in Theory, and in the Future

As discussed above, an academic staff evaluation system can become a tool for steering academic staff activities in a direction that is in concert with the overall goals of a university and its stakeholders. Systems can be built in a way that clearly reflect the goals of the university and the desired ways of reaching the goals by outlining the desired type, quality, and quantity of different activities.

The autonomous position of universities makes it possible to tailor evaluation tools that suit the specifics of the university, help meet the set goals, and provide necessary information and support for decision-making. This has led to a situation in which the practice of academic staff evaluation systems is very diverse in European universities, and in which there are no established European best practice systems for academic staff evaluation.

Collan, Stoklasa, and Talašová (2014) examined several aspects of academic staff evaluation models, based on case studies of four universities' evaluation systems (of which three were European). The aspects included, for example, the extent of evaluation (activities evaluated), the sources and the type of data used in the evaluation, and the use of the evaluation results. Interestingly, there are not many shared features in the evaluation systems of the four case universities. The only two characteristics shared in the evaluation by all four systems are the inclusion of research performance (publication activities) and the amount of external funding gathered. All the systems seem also to place weight on the quality of research.

The differences between the structures of the systems, with regard to the aspects under examination, were extensive, and they also differed substantially concerning the outputs they provide. Outputs from evaluation systems are important as they have a strong relationship with the actual usability of the results for HR management, for university goal management, and for communication purposes. Some evaluation systems were "paper based" and not very comfortable for the evaluators, nor for the staff members being evaluated. It seems that the freedom to build one's own system has "allowed" for a multitude of different systems to be built, under various conditions, to meet various goals, and we know very little about how well the different systems work.

In fact, there seem to be academic research gaps in understanding what kind of academic staff evaluation systems there are, and, perhaps even more importantly, how academic staff evaluation systems should be built. This is a bit surprising as existing systems are not "secrets," and information is often publicly available on the Internet (for recent examples, see Bana e Costa and Oliveira 2012, Collan, Stoklasa and Talašová 2012, Stoklasa, Holeček, and Talašová 2012, Stoklasa, Talašová, and Holeček 2011, Yee and Chen 2009, Zemková and Talašová 2011).

We expect that academic staff evaluation systems will be one of the future focal areas of university management in Europe, and that many existing evaluation

systems will have to be redesigned and rebuilt to support universities' goals and reflect the expectations of the universities' stakeholders, as outlined above. In the future, there may be a harmonization effort of academic staff evaluation systems in European universities. Setting international standards for staff evaluation systems may be very insensitive to university autonomy and to the goals of the different university stakeholders. However, disseminating information on best practices would not jeopardize university autonomy.

Rogers (2003) discusses the introduction of evaluation mechanisms and systems in large institutions and lists general characteristics that evaluation systems should include. Evaluation systems should be

- understandable to all the stakeholders;
- as easy to use as possible;
- able to provide results/outputs of the evaluation to all stakeholders, supplying something of value to the evaluators and the evaluated;
- adapted to or custom-made for the specific institution, and adjusted whenever there is a shift in priorities, new strategies, or goals so that it is consistent and supportive of these processes; and
- provide means for operative adjustments and changes in the environment, in order to remain relevant.

These characteristics are general advice and offer rather little in the way of specific issues that should or should not be included in academic staff evaluation systems. The last two points emphasize the dynamic nature of evaluation systems, the feedback loop between the changing "needs and wants" of university stakeholders, and the university academic staff evaluation systems as the motor of the dynamics. In this vein we propose the following additions to the list. A good academic staff evaluation system should

- have outputs that can be used to identify the strengths and improvement opportunities of individuals and of teams, thus enabling constant improvement;
- provide an appropriate and easy-to-use information base for decision support, management, and planning; and
- include the capability of reporting (aggregate) results to support internal and external communication.

Furthermore, a good academic staff evaluation system should have supportive documentation that specifies the evaluation criteria explicitly and, in the case of research and teaching, the required quality, and how the quality is measured. A good starting point might be that, if the same system that is used in the ex post evaluation of academic staff performance can be used in planning and setting goals for the same, ex ante, then it is likely to be transparent enough for the evaluated academic staff members and university management.

With an increasing emphasis on quality and efficiency in universities, academic staff evaluation systems can be expected to become a more important part of university management. As has been discussed above, these systems will likely play a

role in addition to acting as evaluation tools of/for single individuals. They will most likely be used at the university level in collecting, aggregating, and communicating information, and in providing university management with relevant factual information about overall performance results. Universities with well-functioning evaluation systems that provide factual data may end up gaining a competitive advantage from the system, when discussing, for example, financing on a national level. In such a case, the system may act as a catalyst for increased university autonomy. When and if new systems are introduced, it is important to learn from past mistakes related to system rejection and introduce them accordingly (see Anderson [2006]).

Discussion and Conclusions

Understanding academic staff evaluation systems more broadly than just as a tool for the performance evaluation of individual academic staff members seems to make sense. Here we have discussed them in relation to university autonomy and to university stakeholders. We have also briefly discussed the reality of academic staff evaluation systems and brought up some theoretical issues about how such systems should be constructed.

We have observed that academic staff evaluation systems can (and perhaps should) be used as tools for steering staff members toward fulfilling university goals, and that these evaluation systems should be understood as being dynamic, rather than stationary constructs that must be malleable enough to change with shifting university goals. We discussed how the formation of university-level goals are a result of targets set by stakeholders, such as the government (and perhaps the EU in the European case), or by the needs observed by industry or students. A well-functioning academic staff evaluation system that can accommodate these "signals" and steer the university toward the identified goals and needs may work to strengthen university autonomy.

Interestingly, there are no commonly accepted guidelines or best practices for building academic staff evaluation systems, nor are there many academic research studies that discuss them. There seems to be an observable research gap. Some general advice exists on how to build evaluation systems, but specific research into academic staff evaluation systems and how they should be set up is still in its infancy. The jungle of academic staff evaluation needs to be explored more thoroughly, not to restrict the autonomy and the freedom of universities to choose their own, but to identify promising practices and to help universities make the most of their autonomy in this respect. The identification of promising practices would provide a set of guidelines on "how" to build academic staff evaluation systems and identify "what" purpose they can be successfully used for. As long as the decision to redesign and update university staff evaluation systems is in the hands of universities and their stakeholders, the autonomy of universities is not threatened.

We believe that by successfully identifying the most suitable practices with regard to academic staff evaluation systems, and by proper design and implementation, universities can achieve their goals more easily, and perhaps can even better highlight the importance of their autonomy. It would not be realistic to expect that when academic staff evaluation systems are built that they would not have any effect

on university autonomy, as university stakeholders, represented in many positions of power within universities, will have an indirect or a direct ability to steer the design of these systems.

The thrust of the chapter is that prima facie staff evaluation provides a powerful tool through which the university can ensure that its policy and strategic goals are realized. However, as we illustrate in this chapter, the exercise of university "autonomy" in this field in practice is responsive to the varied interfaces within which the university operates. Future research is needed to explore the extent to which the collective power of academic staff may influence, moderate, and stimulate change in the "evaluation" agenda and practice, and in this way temper the exercise of "autonomy." This may also be true not only for the collective but also in the case of senior distinguished staff. Here too (as with students), "autonomy" can become a mediation process.

We further identify elements that should be included in a good evaluation system, and call for further research to explore how its success should be judged and what measures of staff development would be appropriate. Future research is needed to touch on the evaluation of the senior players in the university—the rector and the senior executive team. To what extent is their evaluation in the public domain, and do or should stakeholders actively seek to influence university goals through the methods and criteria used for their evaluation?

As well as further exploration of the ways in which staff evaluation reflects different and sometimes conflicting internal and external influences, it would be valuable for institutions to have a more in-depth analysis of the impact of staff evaluation in realizing institutional goals and whether different types of evaluation need to be developed for the three primary goals we have identified in the chapter.

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CHAPTER 8

Institutional Financial Autonomy in Practice: A Departmental Perspective

Witold Szwebs

Introduction

During the last decade, the higher education sector in Denmark went through substantial changes aimed at improving the dynamics and productivity of the academic sector, in particular in accessing European Union (EU) funds, and at increasing the market relevance of teaching and research. The 2003 University Act extended university autonomy and changed the governance structures. The new legislation established executive management structures with appointed rectors, deans, and heads of departments. At the same time, the links with society have been strengthened by introducing central university boards, which have a majority of external members, as the highest authority of autonomous institutions and with responsibilities for decision-making in strategic planning, general educational and research policy, and overall development. In 2007, the reform was followed by a merger operation of 12 universities and 13 national research institutes into 8 universities and 3 national research institutes.

The changes of the early 2000s share in many aspects the new public management (NPM) approach that relies on decentralization, managerial principles of steering, and quasi-market approaches in the implemented solutions and in the policy rhetoric. In the new governance model, the Ministry defines a framework of general objectives and procedural principles, while the autonomous units fill the space with their own policies and activities.

The extended organizational autonomy of the universities has been accompanied by changes in the funding system. The Danish state has remained the major budget provider, but the funding has been divided into two parts. The basic funding of universities has been earmarked for each of the universities in the annual Danish Appropriations Act (Finansloven) and distributed according to quantitative performance criteria. This direct funding for education ("taximeter funding"), research, and public sector services is given as a lump sum, that is, university governance bodies autonomously decide on the distribution of the funds within the scope of its

mission and based on the principles governing the spending of resources. The other part consists of indirect funding, given on a competitive basis, that is, obtained on the basis of the grant applications to the various state research councils on a nontargeted basis with research quality as the main criterion (free schemes) and with politically preset targets for the research to be funded (strategic schemes). Additionally, the universities can obtain "third-party funding" from other public sources, EU programs, and private investors and funds.

The indirect funding channel differs significantly from the first one as the competitive funds will typically be given to an individual researcher or research group as project funds, that is, with a more or less detailed description of the inputs/resources needed to achieve the objective or produce the result.

The basic funding (education and research) has increased considerably during the last years in absolute terms, but the share of basic funding for research in the overall income of the universities has decreased, mainly because the share of the educational taximeter grant is growing larger and larger. This development reveals that the externally funded schemes (indirect public and third-party funds) contribute to an increasing extent to finance the research activities of the universities (Figure 8.1).

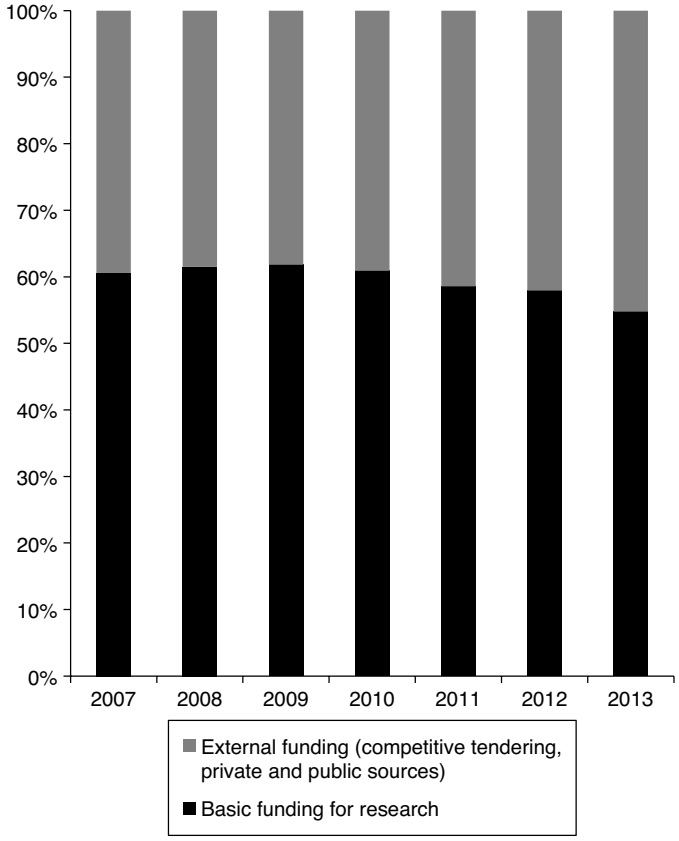

Figure 8.1 External and basic funding research at Danish universities

Source: Universiteternes Statistiske Beredskab

This tendency is also observable in the case of Aalborg University and the Department of Chemistry and Bioscience, which will be used here as a showcase of processes and procedures related to the management of the indirect (external) funding track (Figures 8.2 and 8.3). The university has four faculties and 19 departments. The Department of Chemistry and Bioscience is one of the largest organizational units in terms of turnover and number of external research projects, but also representative with regard to the funding regimes and challenges.

In 2014, the activities of the externally funded projects (indirect funding track) contributed 34 percent to the income of the Department of Chemistry and Bioscience, which is higher than the average for the whole university (30%). In 2014, the Departmental Research Administration ran 160 external projects with a total turnover of DKK 48.1m (EUR6.5m). The main part of the project portfolio was granted by the Danish Research Councils, while other public and private actors contributed with funds within specific sectors and themes. Furthermore,

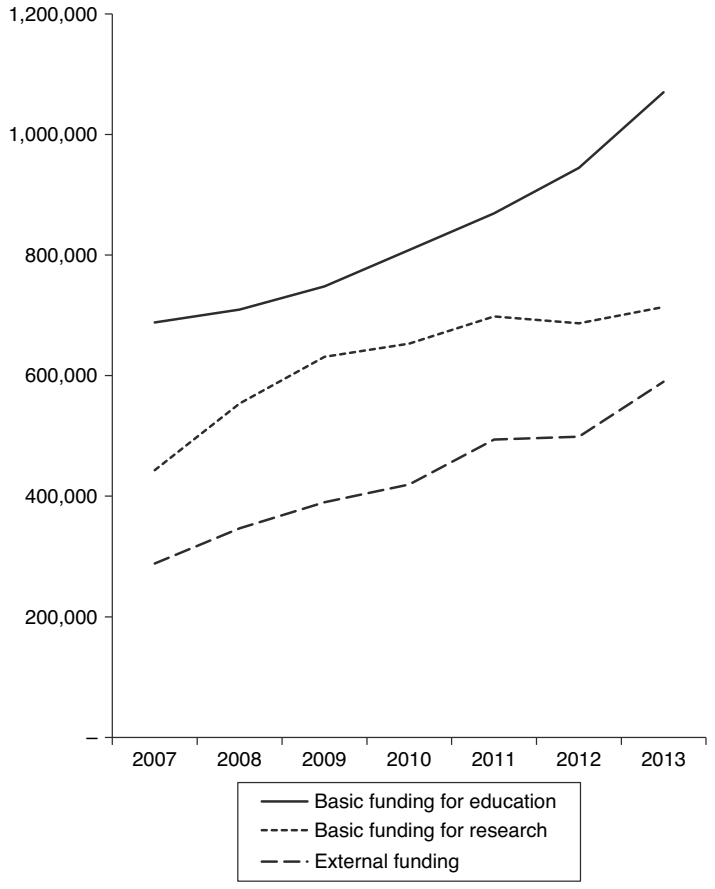

Figure 8.2 External and basic funding research at Aalborg University

Source: Universiteternes Statistiske Beredskab (in 1,000 DKK)

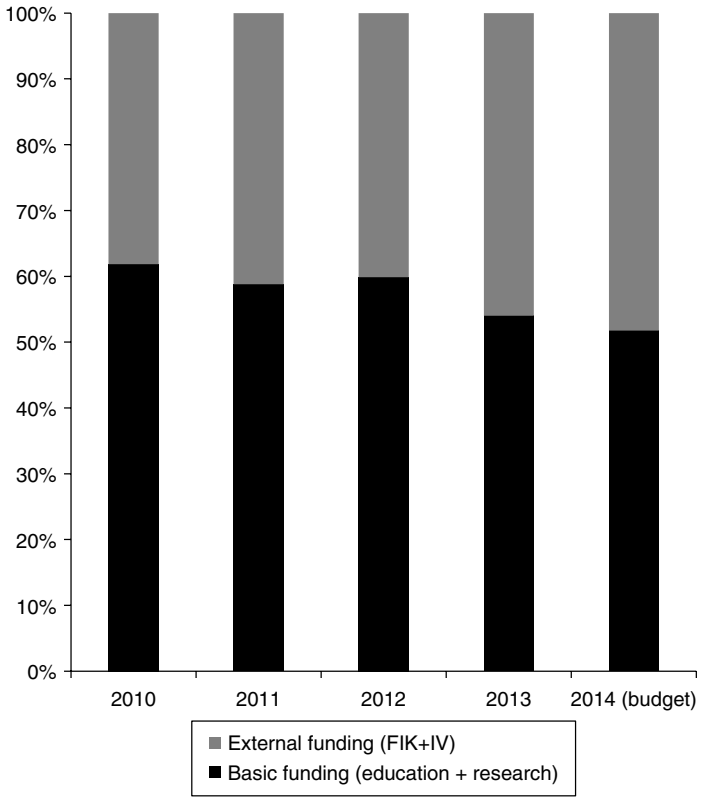

Figure 8.3 External and basic funding research in the department
Source: Internal statistics of the Department of Chemistry and Bioscience

the sponsorship of equipment and cooperation with private companies provided additional infrastructure and resources for basic and applied research.

Management of the External Funding at the Departmental Level: Response to Challenges

The main principles and procedures for managing external funding in the internal financial systems of the universities are stipulated in the Budget Guidelines of the Danish Ministry of Finance. The Guidelines define two categories of externally funded activities: public research projects (FIK) and revenue-producing projects called revenue-funded activities (IV). Externally funded public projects cover non-for-profit activities (both direct and indirect costs such as overhead), while, in the revenue-funded activities, the project holder is expected to generate a profit. The Guidelines are also the main point of reference for the internal legal and financial control of the externally funded activities.

Aalborg University is structured as a three-level organization: a rector with the central administration, faculties, and departments. Each level establishes its own

strategy for research and teaching based on the performance contracts between the university and the Ministry for Higher Education and Science. The research group leader/principal investigator bears primary responsibility for all aspects of the research that is undertaken, but the financial responsibility is shared by the head of the department, who has the overall responsibility for finances of the department, including the project portfolio. The head of the department provides the systems, resources, and processes to underpin research and educational assignments. Additionally, the central administration and the faculty provide structures devoted specifically to supporting and servicing the project holder during grant preparation and implementation (preaward and postaward phases). At the same time, the administrative structures ensure an adequate level of accountability that serves as a guarantee for the funding bodies that the public and private money has been spent according to the rules stipulated in the legislation.

The following actors are involved in the decision-making and management of the external funds at Aalborg University (Figure 8.4): (1) project owner/principal

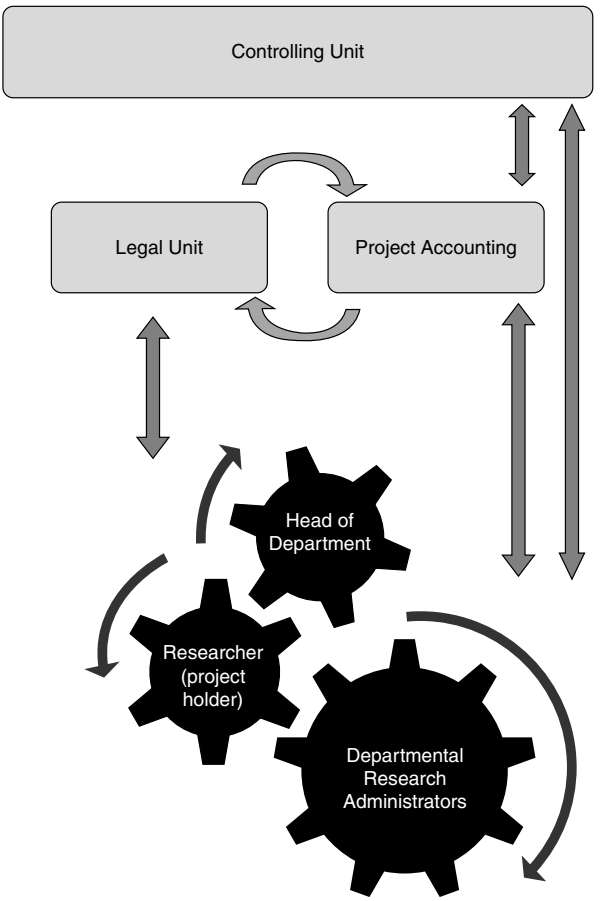

Figure 8.4 Decision-making and management of external funds at Aalborg University

investigator (PI); (2) department administration (head of the department, research administrators); and (3) administrative support units at the faculty and rector levels: Grants & Contracts/Legal Unit, Project Accounting, Funding and Project Management Office, Controlling Unit.

The practical models for management of external projects in the Aalborg University Faculty of Engineering and Science are based on the principles of decentralization of the decision-making, placing research administration close to the principal investigator. Nevertheless, control systems and evaluation procedures have been kept to a large extent in the old hierarchical structures of the faculty administration and at the central level of the university structure (table 8.1).

The launch of the different control and accountability measures has often been justified by referring to the fact that the whole organization is under the scrutiny of *Rigsrevisionen*, the Danish National Audit Office, which performs an audit of all the governmental institutions or state-funded independent institutions under the Act on Audit of State Accounts. In exchange, the project accounts for all the public research grants are exempted from the external audit requirements that normally apply for the private grant holders. An example of a direct impact of the recommendations of *Rigsrevisionen* is the audit conclusion of September 2011 requiring approval of all the proposals and application by the head of the department.

Furthermore, the central administration needs to address the recommendations and comments from the external audit of the annual financial statements of Aalborg University with regard to the management of the external funding. Recommendations from the auditor have triggered a number of new procedures, and changes in the administration and structures at the faculty and departmental levels. Furthermore, recommendations with regard to the necessary skills and competences of the research administrators have been stipulated.

Additionally, the central administration regularly carries out control of specific performance indicators with the purpose of detecting performance problems, possible corrections, or triggering further in-depth examinations. The indicators are mainly financial, while research outputs are monitored in a separate track. Table 8.2 exemplifies typical indicators of an evaluative exercise performed three times a year. The control measures are advisory, which means that the projects showing irregularities are flagged, but not stopped. Nevertheless, the department is obliged to address or justify the discrepancies between the originally planned and actual financial situation as indicated by the figures in the financial project system. Accountability in this case is achieved by a cascade control, in which the higher level in the hierarchy is correcting disturbances at the lower level of the organizational structure.

Legality controls related to the preaward and postaward phases are set according to the regulatory framework consisting of different legislative acts and systems that apply for the examined aspects. Compliance with the proposal or award is examined by the central administration and departmental administrators against award terms, departmental policies, university policies and procedures, state laws, and governmental regulations (table 8.3).

Accountability measures, as foreseen in the internal procedures for revenue-funded activities, that is, sale of goods and services (mainly as cooperation with industry on a consultancy basis), primarily involve examination of compliance with the external

Table 8.1 Main procedures during the life cycle of the grant

Award steps/procedures	*Department*			*Faculty and Central Administration*			*Control Point:*
	Principal Investigator	*Head of Department*	*Departmental Research Administration*	*Research Secretariat (Legal Unit, F&PM)*	*Project Accounting*	*Financial Center*	*Legal / Financial*
Preaward							
Proposal	A			(A)			
Risk assessment and budget	A	C	A	(A)			*F / L*
Approval and signature		A					
Postaward							
Contract negotiation	A	C		C			*L*
Opening project account in the university finance system	A	C	A	C	C		*L*
Set up of the internal budget	A	C	A		C		*F / L*
Implementation							
Financial reporting (annual or periodical)	A		A		C		*F*
Collecting partner financial statements	A		A		C		*F/L*
Monitoring expenditure	A		A				
Invoicing			A				
Timesheets of the project staff			A		C		*F*
(Extending or amending the grant)	A		A	C	C		*F/L*
Final financial statement	A		A		C		*F*
Regular control on spending (3 times yearly)			A			C	*F*
(Audit)			A		C		*F/L*
Closing down of the project account			A		C		*F/L*

Note: A = ordinary action, C= control

Table 8.2 External funding evaluation criteria and performance

Focal points	*Indicator*	*Action needed*
Is the project active?	Contract termination date	Update of the termination date in the project management system
Is the size of the grant correct?	The payments > 50,000 DKK than the grant	Update of the budget in the system
Does the project generate deficit (more money spent than in the budget)?	The costs > 50,000 DKK than the grant	Update of the budget in the system
Does the project follow the budget (less money spent than in the budget)?	The payments > 100,000 DKK than the costs	Check of the updated work plan
Balance between expenditure and payments from the funding body	The costs > 50,000 DKK than the payments	Checking if the invoice/payment claim has been sent
Does the funding body pay the agreed installments/invoices?		

Table 8.3 Accountability in public research projects

Award steps/procedures	*Control Point: Legal/Financial*	*Compliance with*
Preaward		
Risk assessment and budget of the proposal	*F / L*	– *call terms* – financial requirements at the department level toward critical issues such as c-financing, PhD educational fees, overheads – departmental strategies and priorities for research and education
Postaward		
Contract negotiation	*L*	– *Standard Terms of AAU for public research projects. Risk assessment* – IPR and patent regulations
Opening project account in the university finance system	*L*	– *Award terms, e.g., with regard to overhead, standard number of annual productive hours, PhD educational fees* – Departmental policies and procedures
Setup of the internal budget	*F / L*	– *Award terms, e.g., with regard to cofinancing, overheads, PhD educational fees* – Budget approved by the funding body – Departmental policies and procedures
Implementation		
Collecting financial statements from the partners	*F / L*	– *Award terms* – Budget approved by the funding body
(Extending or amending the grant)	*F/L*	– *Terms of the amendment decision*
(Audit)	*F/L*	– *Award terms*
Closing down of the project account	*F/L*	– *University policies and procedures with regard to revenue* – Departmental policies and procedures

legislative requirements stipulated in the Guidelines of the Ministry of Finance. The focus of the legality control is on ex ante inputs: the prices charged for the goods or services should take into account all direct and indirect costs of providing the goods or services as well as the competitive price of such items in the public market (the university must not unfairly compete with the private sector) (table 8.4).

As envisaged in tables 8.2–8.4, the financial responsibilities delegated from the ministry to the autonomous institutions have been translated into a sophisticated structure of internal procedures and reviews that restricts the freedom of researchers. Looking at the different external funding sources, the management system appears more complex as it includes a whole range of accountability modes different for each of the funding bodies. The award terms stipulate the minimum requirements that the grant holders have to meet in order to get the grant. Public research projects funded by the Danish Research Councils remain low on the scale of accountability measures, with only a few requirements for individual grants if they are below the specific threshold of the award size. Accountability rules become more restrictive for larger projects, either in terms of the size of the grant or if there are more partners in the project. On the upper part of the accountability scale, one can find EU projects (e.g., financed by 7th Framework Program/Horizon 2020) with a number of specific requirements for the monitoring of the resources used in the project activities. A number of public funds commissioned by the different ministries and private sector grants remain in between these two extremes of the scale.

Table 8.4 Accountability in revenue-funded activities

Phases	*Control Point: Legal/Financial*	*Compliance with*
Negotiations		
Risk assessment and budget	*F / L*	– *contractor's terms of reference* – financial requirements at the department level toward critical issues such as overhead, PhD educational fees, if any – departmental strategies and priorities for research – calculations or the working hours costs based on the market prices (to avoid unfair competition)
Contract negotiation	*L*	– *Standard Terms of AAU for revenue funded activities* – Risk assessment
Implementation		
Opening project account in the university finance system	*L*	– *Contractor's terms of reference, e.g., with regard to overhead* – University policies and procedures with regard to the overhead
Set up of the internal budget	*F / L*	– *Price approved by the contractor*
(Extending or amending the grant)	*F/L*	– *Terms of reference stipulated the amendment decision*
Closing down of the project account	*F/L*	– *University policies and procedures with regard to the revenue* – Calculation of the working hour price

The funding bodies differ in their approach to eligibility for the different resources, in particular with regard to indirect costs (overhead), PhD educational fee, norm for productive hours, and equipment depreciation rates, which makes the management of the resources more complex, in particular in terms of cofunding, where the ineligible (but still actual) costs need to be covered by the income from the basic funding. The call for proposals can limit the scope of the funding to specific resources, such as only the researcher salary, leaving the rest of the research costs to be covered internally by the department. In general, the department and research units have experienced a decreasing capacity for cofinancing, that is, the resources that can contribute to the project activities as own funds and that are covered by the basic research funding. Due to the diminishing share of governmental support, external funding can become a critical factor that has a negative impact on new research activities in terms of putting additional pressure on the resources covered entirely by the basic funding and not being allowed to be actively used to start new activities.

Emerging Approaches and Dynamics of the System

The conceptual framework of the case analysis has been based on three main and related ways in which the interface between the university and the society is organized: trust, market, and accountability (Trow 1996, 310). The rationale of these three links is manifested in the legal acts and regulations constituting the university reform and also in the administrative and managerial decisions taken at the different levels in the governance structures of the university. It provides a suitable matrix for assessment of the emerging approaches in the management system at the department level. The distinction between the three aspects can also assist in mapping the internal dynamics of the development and vectors of change that generate developments and tensions in the system.

In our specific context, accountability should be defined as different measures for explaining to the taxpayers, represented by the Ministry, and to nongovernmental funding bodies, how the money has been spent, ensuring that no fraud has taken place. However, trust can be seen as an opposite sign of the relationship between society and the university, as revealed in the exemption of constraints on the actual use of the funds (Trow 1996: 311). Trust has been central for confirming the special position of the universities and the high esteem for researchers in society for centuries (Ferlie, Musselin and Andresani 2009: 4). In the present context of the changes taking place in the governance structures of the universities, those two notions can be considered as two opposite directions of the development. Trust mobilizes the forces behind a higher degree of institutional autonomy, while accountability represents the forces pushing forward the regulatory regime that ensures compliance with the requirements of the public interest.

From the perspective of the university department, one can observe three main contextual factors that have an impact on the balance between accountability and trust:

- the financial situation of the department: deficit-surplus[1]
- power relations between the main actors involved in management of external funding as expressed by formal procedures and structures in the organization

- the decline of trust in the surrounding society, as is apparent in the fraud cases and pathologies in the higher education system, used as a reference point by the external and internal control measures[2]

Weighting accountability at the expense of trust can be the result of periodic or more permanent tension between the dominant cultures present in the academic workplace. The rise in formal accountability measures, as conveyed by the external and internal administrative systems, can be perceived as the dominance of a specific organizational discourse that clashes with a trust-based, personal accountability culture based on the conscience, honor, and professional pride that is associated with the traditional researcher identity (Trow 1996: 317). The internal accountability requirements are often perceived at the department level as a source of the tension that limits the space of action made available by the organizational autonomy. Interpretation of the terms and conditions of the awards and grants by the central university administration is often based on a passive, risk-averse approach rather than on an active exploration of the intentions of the funding bodies, which could make the system of the administrative inputs and outputs less rigid.

Furthermore, the transparency and legality procedures in some cases put limits on day-to-day cooperation with the enterprises and other networking activities that often build on principles of trust. For example, in the case of a single research activity financed by several private and public funds, the research project will be split up into separate project accounts, with the resources allocated according to a funding source formula and not to the research concept. This "atomistic approach" makes the cooperation more complex from a legal and administrative perspective, and also forces the researcher to arrange the research activities according to accountability/audit requirements. An additional unintended consequence of using several rules and requirements related to each of the funding sources is administrative inefficiency because responding to excessive and complex demands ties down the resources at the department level.

The notions of quasi-market and market mechanisms are directly represented by revenue-based activities, research collaboration with industry, and spin-off companies, but are also indirectly visible in the policy rhetoric and vocabulary of the external funding bodies that often refer to competitiveness, performance-based criteria, and have a political focus on the utilitarian value of the research.[3] The significance of the market links in the departmental economy is rather limited. The revenue-producing contracts (so called IV projects) have contributed to the total revenue of the department by approximately 2 percent over last four years. If we change the method of calculation from financial to actor oriented and extend the statistical group to include not-for-profit third-party funding (e.g., market-funded research: sponsorship and cooperation projects, industrial foundations), the share of the interface between the department and industry according to the total volume of external funds accounts for not more than 12 percent. A number of factors contribute to this situation,[4] but from the perspective of organizational autonomy, one should mention that development of direct market activities is hampered by rather strict legal accountability measures with regard to pricing and obligatory overhead rates.

Despite a low percentage of business financing, the observable impact of the cooperation with industrial stakeholders should also be seen in light of new emerging

patterns of network-driven governance, in particular in being part of a joint research endeavor in mixed communities of public- and private sector actors. Those interdisciplinary research communities (e.g., Center for Microbial Communities in the department), with members across many research units, are overcoming the challenges of the knowledge fragmentation typically experienced in the research of complex systems that cannot be understood without a cross-disciplinary approach addressing a wide variety of phenomena.

Additionally, the interdisciplinary center approach reveals a situation in which access to funding is fragmented, as the research plan can rarely be financed by a single source of funding and instead uses a variety of external and internal financial inputs that contribute to the specific parts of the research concept. The notion of network governance (Ferlie, Musselin, and Andresani 2009, Jones, Hesterly, and Borgatti 1997) at the departmental level can also be attributed to the single university-industry cooperation patterns and the direct collaboration with fellow researchers from other Danish and foreign universities. In terms of the implications for governance, steering and collaborative modes are based on leadership rather than management, and trust rather than control (Das and Teng 2001). These types of action demonstrate a different rationale than the monocentric and hierarchical modes of operation inspired by the managerial approaches of NPM.

In the departmental context, the network-based activities show that the polycentric and horizontal model of steering is not necessarily bound by formal project frames. Nevertheless, the exchanges within the network are clearly structured, and the interactions between the participants are usually safeguarded, by mutual contracts or formal interdependencies that can use the managerial techniques and accountability instruments that are usually associated with the NPM narrative. The networking activities are, to a large extent, naturally embedded with the peer-management approaches of traditional university culture, but, in the present case of the department, are additionally challenged by the complex structure of the department, which is divided into five sections and which has three different geographical locations. Additional challenges can be observed in the interfaces with other departments and the faculty, where the external funding can necessitate ad hoc constellations triggered by the complexity of the approach but also by the requirements of the funding sources. However, the faculty is dependent on the administrative fees paid by the department from the income generated by overhead added to the grant bids.

Concluding Discussion

Organizational and financial autonomy in Denmark, as established by the reforms of the 2000s, opened extended room for the new university governance structures to expand, develop, and operate. At the same time, however, universities experienced different constraints within the framework stipulated by the reform. Some of the problematic issues have already been addressed by the evaluation of the reform commissioned by the Danish Parliament that identified a number of factors hampering the impact of the modernization efforts in the higher education system (Danish University and Property Agency 2009). Our case study has also identified these challenges at the departmental level, that is, unnecessary administration, decreasing

capacity for cofinancing in terms of available, not-bound resources, and the limited impact of market approaches. It should be noted, though, that the share of market funding is higher in more technically oriented departments and universities that have a majority of applied sciences (up to 30–31% in the case of University of Copenhagen and Technical University of Denmark).

Furthermore, the fact that competitive-based funding, to an increasing extent, provides the financing for research also puts a pressure on researchers to apply for external funds to cover the resources needed to extend the current research activities. As higher education institutions' need for external funding grows, and consequently as competition expands, in Denmark and Europe, this becomes an increasingly significant issue. Centrally imposed austerity measures that reduce the spending financed by direct (basic) funding (e.g., employment of junior researchers) can additionally contribute to narrowing the space for maneuvering and for obtaining a critical mass for research groups' positioning on the market. Consequently, researchers may experience that their freedom to pursue research is limited by the contextual necessities of the department and university organization.

Financial and organizational autonomy at the university level implies fundamental changes in decision-making models regarding resources allocated to the department and, subsequently, within the department, but also generates space for active penetration of the public space by the conflicting agendas of the main actors involved in the governance and management system at the bottom of the organizational structure: academics, managers, and administrators. Additional interfaces in the organizational hierarchy that appear at the different levels of the administration reflect various traditions, ranging from service oriented/technical assistance to control or audit cultures. The weight of their voice in the institutional dialogue on priorities depends on their position in the political hierarchies of the university organization and in the agenda of the external public stakeholders.

Consequently, the practical models for managing external funding, even in the new setup, can be rooted in the old hierarchical structures that still impose their way of interpreting the rules and, generally, the perception of reality (Newman 2001: 78). Whereas the current governance models put more stress on performance-based criteria, the research actors tend to build new activities on individual networking and alliances following the logic of research-related criteria. In this way, the tensions between conflicting structures/hierarchies and different embedded organizational discourses interfere with the new processes of financial and organizational governance.

Seen from the perspective of the department and the researcher, the decentralization processes have triggered the more distinct and visible institutional management, which is noticeable in particular at the "front line," that is, in the environment close to the project holder. Consequently, the wider space of action opened by the governance reforms can be perceived as narrowed by the accountability measures. This is an example of the decentralization paradox (Askling, Bauer, and Marton 1999: 183) that is further extended by developments on the scene related to public and private funds versus the internal management approaches at the university. Centrally imposed accountability measures and overinterpretation of the rules can lead to complex administrative models that are epistemologically inconsistent with

the reality of research and rather reflect the rationale of the auditing discourse. In this respect, the universities' prospects for exploiting the potential of the new governance models and funding modes are hampered by factors that are deeply rooted in the respective cultures that constitute the system. Perception of the space of action given by decentralization and emerging barriers will, however, be different from the departmental and university perspectives. The meeting of the conflicting narratives takes place at the bottom of the organizational chain, while the managerial and administrative traditions are predominant at the rector and faculty levels.

The increasing reliance on external funds shifts the balance of the institutional development strategies toward research activities that are more rewarding in financial terms. Furthermore, as research financed by the competitive-based external funds is limited to the specific purpose of the project, the autonomy of the department to freely choose the strategies can be inhibited. The grant holders are not allowed to use grants for other purposes, even though, from the perspective of the department, project activities cannot be isolated from the wider context of the research work of the section or research unit. In such cases, the possibility for complementary financing should be available in the system, and also between the related project flows in the project portfolio, as is the case in the block grant funding that allows the department to freely shift resources around according to emerging needs. In other words, the departmental system of resource management needs flexibility in dealing with the projects that are over- or underfunded, but still intertwined as part of the same research unit. In this context, accountability measures should complement the reality of the research work by selecting indicators that adequately reflect the performance and context.

From a political perspective, there is a need to strengthen high trust settings in the governance system that could eliminate many of the bureaucratic checks and controls developed to detect and prevent regulatory violations in the financial and legal flows. The study also indicates that a major shift from a quantitative approach to qualitative criteria in the performance measurement system could enhance the potential of the research projects. Additionally, there is a need to establish a systemic approach for raising cofunding capacities that would ease the pressure on the basic funding at the departmental level.

The chapter reveals how university autonomy may in practice prove to be restrictive for units within the university. The need to implement and interpret external regulations and protect the institution may, as argued in the chapter, lead to a risk-averse, conservative approach that departments experience as bureaucratic and as hampering effective research. Thus, autonomy has produced new internal tension between the central management/administration and the departments, which, it is argued, is counterproductive and not beneficial for research and can be seen as a perverse aspect of greater autonomy. Indeed, because university policy and "interference" are much closer to the researcher than in former, less autonomous times, and the university may now exercise other direct incentives through resource allocation, promotion, and salary enhancement, the department and the individual may view autonomy as a mixed blessing. Future research is needed to explore the extent to which highly successful research units may exploit their situation in an autonomous institution and bring pressure to bear that changes institutional policy, and to what

extent good governance checks and balance can limit or restrain such developments. Further case studies on the interface between the university and academic units and the way in which the two interact and change each other would make a valuable contribution to an understanding of the power relations operating in autonomous universities.

Notes

1. In case of deficits in the economy, the management structures go for grants ensuring better financial conditions for covering the indirect costs of the research activities, e.g., with high overhead and bench fees, and no cofinancing. This development is not always welcomed as it moves the focus from research to financing the general costs. Furthermore, there is a clear growth in internal accountability measures and performance-based reporting based exclusively on outputs.
2. The so-called Penkowa case from 2010 to 2011 provided arguments for proponents of making the control measures more stringent and frequent in the Danish higher education system. Milena Penkowa was a neuroscientist employed at the University of Copenhagen. She was accused of scientific fraud, abuse of research funding, and falsification of findings published in international journals.
3. In 2006, the Danish Minister of Science issued a publication titled "From Research to Invoice" calling for combining theory with practice.
4. E.g., university research irrelevant to private companies; research regarded generally as a public responsibility and for the public good that results from a combination of a high ratio of public funding and a high level of taxation in Denmark (Danish University and Property Agency 2009: 60.

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PART IV

Academic Staff-Students Interface

CHAPTER 9

When Students Take the Lead

Erik de Graaff, Jette Egelund Holgaard, Pia Bøgelund, and Claus Monrad Spliid

Introduction

Self-directed learning (SDL) is an essential element of the problem-based learning (PBL) philosophy, and PBL has been the cornerstone of education at Aalborg University since its foundation in 1974. The introduction of PBL has had an impact on the expectations and the relationships of both staff and students. As a consequence, the distribution of power relating to the organizational as well as the sociocultural context also has to change. Due to the range of diversity among students and staff, we are constantly reminded that common-sense understandings of academic staff-student interactions can be questioned continuously, in particular in a multicultural learning environment like the one we have at Aalborg.

Moving toward SDL involves changing the student-academic staff interface from an asymmetric to a more symmetric power relation. In popular terms, the students take the lead and assume responsibility for their own learning. However, as educational programs are increasingly institutionalized, the students do not find themselves in a position in which they are free to do whatever they want. Before they can take the lead, the directions that have been set by government, industry, accreditation bodies, and the university all have to be taken into account. The big question is, how can universities benefit from SDL and at the same time respond to institutional demands and cultural diversity?

In the following section, we first elaborate on the concept of self-directed learning, and then we provide examples of how SDL is fostered in a PBL environment at Aalborg University. Based on this case story, we finally discuss the challenge of introducing SDL as a basic principle in higher education and its implications for autonomy and academic freedom in higher education.

Self-Directed Learning—Conceptual Framework

As early as the 1950s, the American psychologist Carl Rogers (1902–1987) saw SDL as a way to cope with the speed of changes in modern life, indicating a need for citizens to learn how to deal with an ever-changing world: "Teaching and the imparting of knowledge make sense in an unchanging environment. . . . [We are] faced with an entirely new situation in education where the goal of education, if we are to survive, is the facilitation of change and learning. The only man who is educated is the man who has learned how to learn" (Rogers 1961: 104).

Kahn (2013) takes the importance of SDL for professional development further in his discussion of "a new contract" on today's job market. In the past, a lifelong relationship between the organization and the employee was more common, initiating a high degree of loyalty and secure employment. Nowadays, however, employees constantly have to prove that they are of worth to the organization by "working hard to . . . get the right connections, develop the necessary skills and design the most relevant roles for themselves in viable projects" (Kahn 2013: 291). Thus, the new convention requires "greater autonomy" and "self-reliance" on the part of the employee (Kahn 2013: 291).

Our point of departure is that SDL is based on significant, meaningful learning, in which the learner is in a transformative process of initiating, doing, and critically reflecting to learn together with others. SDL is facilitated, not taught, and the traditional academic staff-student relationship thereby changes, as the academic staff becomes a part of "the others." In the following, the background for this view of SDL is explored.

Self-Directed Learning Results in Significant and Meaningful Learning

SDL has its roots both in humanistic, psychological, and political approaches to learning. Rogers is best known for his introduction of client-centered therapy. Challenging the mechanistic views of behaviorist psychology that were prevalent in the fifties and sixties, Rogers embraced a humanistic approach to psychology, founded on the principle that patients can learn to heal themselves. Rogers also applied his concepts to learning and education. In his books *On Becoming a Person* (Rogers 1961) and *Freedom to Learn* (Rogers 1969), he stresses the importance of personal involvement and the principle of SDL, in which the impetus for learning comes from within (Schunk 2009). Rogers refers to two kinds of learning, learning that takes place "from the neck up," which does not involve feelings or personal meanings, and "significant, meaningful, experiential learning," which is self-initiated (Rogers 1969: 4). Rogers points out several reasons why self-initiated learning is important, arguing that "the only learning which significantly influences behavior is self-discovered self-appropriated learning" (Rogers 1969: 302).

SDL emphasizes learning from experience. The experiential learning process, as described by Kolb (1984), is interwoven in a social or organizational learning process, as conceptualized by Dixon (1999). Dixon stresses the collective interpretation of information, whereby new collective meaning structures are created by collective participation and negotiation, but not necessarily by consensus. If a group takes

responsibility for their organizational learning process, they direct, as a group, the collection and integration of new information, the collective interpretation process, and the decision to act and gain new experiences.

Learning from experience presupposes critical reflection on one's own learning experiences. Interpersonal relations can foster movement upward on the ladder of reflection, as presented by Schön (1987), to the fourth level of the stairs through dialogue and reflection. This also relates to the staff-students interface, as explained by Schön (1987):

> When a coach and student coordinate demonstrating and imitating, telling and listening, each component process fills gaps of meaning inherent in the other. The coach's demonstrations and self-descriptions, the student's efforts at performance and self-descriptions, the comparisons of process and product provide material for reciprocal reflection-in-action. (Schön 1987: 118)

The facilitator takes on a quite different role from that of a traditional teacher (Graaff and Frijns 1990). As so nicely put by Schunk (2009) in his interpretation of Rogers (1969), "Rather than imparting learning, the primary job of teachers is to act as facilitators who establish a classroom climate oriented toward significant learning and help students clarify their goals. Facilitators arrange resources so that learning occurs and, because they are resources, share their feelings and thoughts with students" (Schunk 2009: 464). Teaching and imparting learning is from this perspective an overvalued activity that will not result in the wished-for abilities of the learners.

Rogers points out three qualities that which facilitate learning and establish a climate for self-initiated learning (Rogers 1969: 106): (1) the realness of the facilitator: being what he is with access to the feelings he experiences and being able to communicate about them, if appropriate; (2) an unconditional positive regard: the ability to value the learner—his feelings, his opinions, his person—in a caring and a nonpossessive way, building on acceptance and trust; (3) empathic understanding—when learners are simply understood, not evaluated, not judged, but simply understood from their own point of view, not the teacher's. Realness is most important among the required attitudes mentioned, yet it is not the same as liberty to pass judgment on others or to project one's own feelings; rather, it is about sincerity and being consistent and transparent.

Even though the above points refer to the role of the academic staff as facilitator, the group experience also leaves room for peer coaching. Reflection in action emphasizes attention to the present interaction as an object of immediate reflection. The transformation described by Kolb (1984) thus happens in situ and with the support of others.

The basic skills and attitudes of the facilitator are also useful in other situations. Kahn (2013) underlines the need for continuous support in the workplaces of today, in which the working person is responsible for managing his/her own careers in a workplace setting such as the university. Drawing on Bowlby (1973), he puts forward the dilemma inherent in self-reliant conduct: "As an individual you can only be self-reliant, when you experience to be supported by and attached to

another human being, whom you trust" (Kahn 2013: 292). Self-reliant people need "a secure base," and this is formed in the context of meaningful relationships with other people. One could say this implies that in the course of the process, successful students become "facilitators."

Self-Directed Learning as a Transformative Process

Rogers (1969) expressed the notion that SDL is an experiential learning process, and, with reference to Kolb (1984), this can be described by apprehension (through concrete experience and abstract comprehension) and transformation (through active experimentation and reflective observation). Concerning the transformation-dimension, Kolb states, "We learn the meaning of our concrete immediate experiences by internally reflecting on their pre-symbolic impact on our feelings, and/or by acting on our apprehended experience and thus extending it" (Kolb 1984" 52).

First, this transformative process includes acting, which means that the students not only can rely only on apprehension through abstract conceptualizations (book reading and lectures) but also have to make their own concrete experiences. According to Rogers (Rogers 1969), SDL is learning with relevance for students' own purpose, characterized by active participatory learning involving "the whole person" and a significant amount of "doing" (Rogers 1969: 162).

But, besides acting, the transformation-dimension also stresses the importance of reflection, and the questioning of what is. Schön (1987) presents a ladder of reflection in which one (1) does (in his case design), (2) describes what one does, (3) reflects on the description of what one does, and (4) reflects on the reflection on the description of what one does. Thereby one reaches the level of meta-reflection, in which one reflects on the process of doing and critically reflects on the embedded meaning of acting in a specific way, which, besides the cognitive aspects, touches on motivational aspects too.

Implications of Self-Directed Learning

An example of the interplay between reflection and action is provided by the Brazilian educationalist Paulo Freire (1921–1997), who emphasized participant-directed learning from a political perspective, as underscored by the title of his famous book *Pedagogy of the Oppressed*. In his projects, which attempted to motivate illiterate people toward literacy, Freire (1970), empowered them through critical reflection and a discussion on culture, helping them rediscover themselves as creators of culture through their everyday work. Freire stresses that learning has to be directed by the participants themselves, with the collaboration of the educator.

Leathwood (2006) and Goode (2007) argue that the dominant constructions of the concept of SDL portray it as a white, middle-class, male, and solitary activity, which underestimates the interdependent nature of learning and serves managerial agendas of efficiency. It is, as such, a construction that pathologizes those who require support and labels them as deficient and dependent. In this way, in a competitive culture, dependence is denigrated, individualized, and becomes an individual failing. Nevertheless, even though learning is self-directed, the importance

of and the dependence on others are still highly recognized. Rogers underlines the importance of others in SDL in the following way: "[Self-starting, self-initiating learners] develops best, so far as we know, in a growth-promoting, facilitative, relationship with a person" (Rogers 1969: 126, underlining in original).

Garrison (1997) specifically addressed the initiating motivational factors as an important dimension of SDL, depending on an individual's personal needs (values), affective states (preferences), personal characteristics (competency), and contextual characteristics (contingency). Whereas personal needs and affective states determine an individual's attraction to specific goals, the personal and contextual characteristics determine the sense of control and belief that the desired outcome can be achieved (Garrison 1997).

As noted by Rogers, it is learning in which "external threats" are kept at a minimum and evaluation by others is "of secondary importance" (Rogers 1969: 159). SDL increases the autonomy of the individual student; however, particularly through group work, it also increases students' dependency on each other. The challenge for educational institutions is to broaden the scope enough to capture students' personal needs and affective states, and, at the same time, to limit the scope enough to make sure that the personal and contextual characteristics are sufficient to provide the students with the anticipated control. Student autonomy fits in nicely with the spirit of academic freedom. The freedom to choose where to focus one's studies without political restrictions is a cornerstone of the modern research university. An important aspect of academic freedom that is often forgotten is the right of academic self-governance and institutional autonomy (Karran 2009). Presently, in several European countries, we can observe a tendency to restrict academic freedom in order to align with political objectives. A recent example in Denmark is a government regulation prohibiting group exams (following elections in 2011, this rule was canceled). More common is the use of economic pressure to influence students' career choices, with the aim of avoiding high unemployment rates. At the core of all such measures is a lack of confidence in the individual's ability to make the right choices, which is a central pillar of the SDL learning concept.

Self-Directed Learning at Aalborg University—a Case Story

Aalborg University provides structures and gradually expands the degree of freedom for the students. In every semester, the ambition is that the students take responsibility and direct their own learning within these boundaries. The academic staff designs curricula with semester themes, learning objectives, intended learning outcomes, and assessment criteria to guide them. The final design of the curricula is coordinated with a study board at the department level, where students have 50 percent representation.[1]

Disciplinary, Contextual, and Social Frames

The disciplinary framework for the educational programs is given in the form of learning objectives (presented in the study regulation), intended learning outcomes, and a semester theme for each project period. The project takes up about

half of the students' time, whereas the rest is allocated to course modules that provide the students with basic knowledge and skills, which they can put into practice in the project modules. Each student group has to make an agreement regarding the particular focus within the given project theme. This agreement may initially be reached without a solid foundation of knowledge; however, an initiating problem (or idea/paradox) is often used as a guiding principle for the project work at this stage. Documentation of central assumptions and established facts is necessary as a foundation for further development of the project. This happens in a problem analysis in which the contextual frame for the problem is clarified and narrowed down to one contribution that the students have found to be (1) relevant in a sociocultural context; (2) specifically interesting (as there are typically many ways to go); (3) manageable, taking into consideration the progression in the educational program; and (4) within disciplinary boundaries.

In the first semester, this phase of narrowing down the project theme to formulate an appropriate project proposal often presents a huge challenge for the students. However, the academic staff can use several methods to simplify the task to something that the students can manage on their own even at an initial stage of their education. For instance, the staff can provide the students with a catalogue containing project proposals. In the descriptions of the problem proposals, the staff present the students assumptions about a problem field to be analyzed and they point out tentative knowledge domains and methods for approaching this particular problem field.

Another approach is to give the students more time to narrow down the problem, for example, by having them make a project proposal catalogue themselves, and then by offering them a more fixed template for documentation purposes. The next semester, they will be challenged by another approach to problem analysis, in which they will find that the previous template is not that much support; thereby, students are enabled and encouraged to negotiate and navigate their own well-argued structuring.

Parallel (and to some extent prior) to this disciplinary and contextual elucidation, another set of frames and aims is being developed within the group: the professional and social contract on which group cohesion is founded. Such a contract must be elaborated, debated, tested, evaluated, and renegotiated to secure a sustainable effort toward efficiency and effectiveness of project work. With trust being the basic ingredient for a smooth, well-performing and high-achieving project group, several aspects of group cohesion should be dealt with in the professional and social contract, such as openness, timeliness, orderliness, motivation, level of ambitions, role functions, crisis management, and evaluation of performance. A new collaboration, including a new constellation of people, affects the way the students enter and take responsibility for the organizational learning process.

Language to Navigate

Rather than scaffolding, "navigation" has been found to be a better term for how students handle uncertainty when attempting to fulfill the requirements of a project of a more open-ended character. Navigation is about independently making informed decisions, not blindly adhering to a set scheme of procedures. A new language for

such navigation in and through a lengthier learning and reporting process is needed for students who have limited experience with the Aalborg model of project-oriented and problem-based learning.

In the faculty of Engineering and Science, this language is acquired through a 5 European Credit Transfer System (ECTS) interactive course on PBL in Science, Technology, and Society. The course activities and readings are specifically aimed at enabling students to find their own ways of handling most situations encountered during their project work. However, the course content still needs to be appropriate and discussed thoroughly, applying the evolving language of the discipline.

The "new language" to be acquired provides the foundation for professional conduct during project management, collaboration, and communication. Tools for project management such as time planning, division of work, generation of learning objectives, and effective management of meetings are presented to the students. Resources within the group are uncovered by administering a competence profile; a team-role test; learning style and learning strategy inventories; discussing cases of group work; reflecting upon participation in practical team and group exercises; assessing individual strengths and weaknesses; and, not least, genuinely sharing of experiences and ambitions.

Another key PBL competence that is supported in the course is to equip the students for meta-reflection. In general, the type of reflection initially applied by students is "common sense," which misses the needed depth for creating substantial improvements. Cases based on previous groups' experiences serve to introduce systematic reflective and proactive approaches. At the end of the first three project periods, the students are requested to hand in a written and documented process analysis with proactive recommendations on what they want to "continue doing," what they want to be "doing more of" and "doing less of," and what they want to be "doing as a new experiment" regarding project management, group collaboration, collaboration with supervisors, and, on a more abstract level, to improve their own learning process. Furthermore, the course supports a "comparative" level of reflection, as group members visit other student group rooms for sharing, comparing, and elaborating experiences, significantly heightening students' insight regarding project-oriented and problem-based learning in groups.

"Getting it right" is a strong motivator, and the coursework (tools included) aims at inspiring, challenging, testing, and supporting the project work to such an extent that students choose to embark on a practice of applying the new language for navigating the discipline as well as for professional and social encounters. Table 9.1 outlines the aspects discussed with students that are related to project management, collaboration, and the learning process.

Support to Navigate

When staff at Aalborg University are trained to supervise, or facilitate, in a PBL environment,[2] the training is based on an introduction to the organizational learning process that is aimed at pushing the students along in the organizational learning process in order to (1) motivate them to select and gain information independently as a result of the facilitator asking *questions*; (2) helping integrate knowledge in the

Table 9.1 Aspects related to PBL as a part of a course module

Project-planning and -management	*Group-collaboration*
Values—visions—ambitions—motivation	Values—visions—ambitions—motivation
Aims, goals and strategies	Aims, goals and strategies
Logbook and reflection	Collaboration agreement
Deliberation-Decision-Action model	Dealing w/ differences
Creativity: Brainstorm + sticker notes + time	Meeting and communication culture
Problem + Problem-formulation	Agenda + Minutes
Small-, Medium-, Large-scale activity planning	Logbook and reflection
Project phases	Talking rounds
Milestone-plan w. deadlines	Team roles and testing
Gantt chart + weekly/daily activity planning	Competence profile + Work-styles
Crisis and stress management	Social activities and fun
Collaboration w. supervisors	*Learning process*
Aims, goals, and strategies	Specific objectives and learning strategies
Collaboration agreement + learning-goals	Phases of the project and research design
Meeting schedule/meeting culture	Project structuring and TOP-TAIL writing
Agenda and minutes	Sharing knowledge and documents
Different supervision types	Learning taxonomy: Bloom + SOLO
	Learning circles and Triple Loop Learning
	Process analysis and meta-reflection

group by requiring status reports and *interaction from the group,* not from individuals; (3) requiring *arguments for choices* to clarify the collective interpretation process; and (4) requesting they be *explicit about their act of doing* to provide material for reciprocal reflection-in-action. The actions provide new information and new questions, and the organizational learning process starts all over.

But this organizational learning process takes place in a context whereby facilitation has to be situated, to the different phases in the problem-oriented project, and to the values, diverse experiences, learning styles, and social relations embedded in the student group. Furthermore, the facilitator has to recognize what he/she brings into the social relation in terms of his/her own values, experiences, and professional interests. In the words of Rogers (1969), students have to experience that they have a relation to a person, and not an omniscient representative of truth.

Kolmos et al. (2008) provide a more comprehensive overview of the principles of facilitation in a PBL environment that is used in the training of staff at Aalborg University. However, it is not enough to present these principles to the staff. They also have to move into a reflection-in-action state, in which they get feedback on their way of facilitating in a PBL environment. Observations from the pedagogical staff and feedback are crucial in order to capture the tacit knowledge embedded in supervision.

The facilitator has to encourage diversity and build up students' confidence to approach others outside the facilitator-group community. If students are going to work with real-life problems, those problems will relate to real people in real places, and the methods and solutions will not be predetermined. Therefore, there is a great opportunity for both students and the facilitator to gain new insights during the process. The staff can also serve as sources of inspiration as representatives of international and interdisciplinary research communities, as well as mediators to let students join their own network.

Besides opening up to sources of information and possibilities for collaboration, this approach might raise students' awareness of intercultural synergies and the importance of intercultural competence. An intercultural learning environment that will mutually question the shared meaning structures in subcultures will provide the students with critical thinking skills as well as intercultural competences

It can be a challenge for facilitators who have spent many years building up expertise in a specific field of study to move into a more symmetric relation with students. Some facilitators feel insecure if the students change the path of a project and move outside the safe zone of the facilitator's range of expertise. And this is in fact problematic if the mindset of the facilitator or the students is not calibrated to a PBL environment. If students expect the supervisor to "tell them what to do" and/or the facilitator "expects the students to do what they are told," then the learning potential is inevitably lost.

Final Remarks

If we look at the case presented, we have to take into consideration the specific institutional framework provided by the university, the government, and international players. The Aalborg case is an extraordinary case as PBL has been the cornerstone from the very beginning exists within a democratic and participatory culture that is moving toward an ideal of symmetric power relations. Furthermore, the governmental framework still gives the universities a high degree of freedom in structuring their educational programs.

Education is a personal as well as a cultural formation process, and, even though the students learn to create shared meaning structures in-group, these meaning structures have to be related to the outside world: outside the group, outside the academic community, and outside cultural boundaries. Therefore, students' interfaces with business, civil societies, and governmental as well as nongovernmental organizations are crucial, and the academic staff should serve as brokers for students to broaden their views and help them to learn to act responsibly with their increased autonomy.

Moreover, even though academic freedom may be under pressure recently, accreditation bodies and industry representatives that are monitoring Danish universities have distinctively pointed out the clear advantages of PBL (Ingeniøren 2004). Also, internationally there has been increasing interest in PBL models to increase employability and provide students with competences to cope with open and unstructured problems in real-life situations as well as project management and collaboration in the everyday globalized business community.

The key is in finding the balance. It is about figuring out where to draw the lines limiting the freedom of the students, taking into consideration the institutional framework and cultural traditions, and at the same time having the courage to set students free and allow them to learn from their own mistakes. Similarly, at the institutional level, academic freedom should not result in ivory tower research. The needs of society should be the guiding principles in developing research and education. However, our academic institutions are quite capable of dealing with this challenge, just as students who have developed their autonomy as self-directed learners are well equipped to deal with the challenges of our time.

The authors argue that PBL challenges orthodox thinking about the roles and relationships of staff and students in learning and teaching, and by implication this seems likely to affect perceptions of autonomy. Certainly at Aalborg, student representation is high, and in the words of the authors, more 'symmetrical' in governing and managing committees. It would be interesting to further explore the implications of this shift in power and discuss how the management and governance relations in practice are changed and how this example of a new teacher-student interface actually affects the overall exercise of institutional autonomy or establishes a new understanding of autonomy.

A number of questions for future research come to mind: Does this approach change the relations of the teacher with the university as well as with students? Does it play a role in resource allocation and funding within the University? Is there a potential challenge to the freedom of the individual academic to structure learning as he/she wishes? With such a radical institutional approach to the learner as the center of the university, might it be expected that the autonomy interfaces would be radically different? Has it enhanced institutional autonomy? A further interesting point for future inquiry in the context of student-centered learning is students' perception of the possibilities and barriers in the institutional context, and how what they can or cannot do within these boundaries might influence the students' motivation. It would also be interesting within the context of autonomy to learn how the students select their study activities and spread out their workload; what sort of transactional relationship is involved; how questions of professional recognition and accreditation are managed; whether the students also play a part in setting assessment criteria and methods; what role the students play in quality assurance; whether students sit on staff appointment and promotions and salaries boards. These questions relate to a wider issue of how the ascendancy of student-centered learning itself changes key autonomy interfaces and may cause a greater shift in autonomy relations.

Notes

1. Students have real power in the study board at the department level, where they have 50% representation on the board. In the department council, the students are represented at a 1:2 ratio; at the academic council—at the faculty level—at a 2:5 ratio. One student sits on the university board, and the rector meets on a monthly basis with the chairperson and the political spokesperson of the student union.
2. Like most European universities, Aalborg University offers a "University Pedagogy" course that is mandatory for assistant professors.

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CHAPTER 10

Autonomy Produces Unintended Consequences: Funding Higher Education through Vouchers in Lithuania

Simona Švaikauskienė and Birutė Mikulskienė

An Overview of Lithuania's Higher Education and Its Financing Schemes

Starting in the 1990s, Lithuanian universities made substantial progress in their growth. Due to positive attitudes toward higher education (HE) in the society, more and more students applied for studies and the HE sector expanded. The role of the government was rather symbolic, and universities were allowed to develop autonomously.

However, in 2000, a new Act of Parliament on HE was adopted and a new financial status for universities was introduced: universities were allowed to collect tuition fees. Also, the government took responsibility for deciding on the number of students Lithuania's universities can enroll. However, the regulation failed to apply in its full force as some universities were admitting more students than the set numbers (every year, the government and universities stipulated the number of students to be enrolled with a 20% deviation, but some universities were reluctant to follow such agreements). According to the statistics of the Ministry of Science and Education, the number of students who were admitted to universities increased from 37,872 in 2000 to 72,504 in 2009 (Education Supply Centre 2009). Such an increase imposed heavy financial responsibilities upon the government, exceeding the state's economic capacity. As a consequence, financial issues became a permanent topic for political discussions.

The challenges posed by HE encouraged discussions about the necessary changes among politicians, the academic community, and the society. Politicians agreed that insufficiency of state funding is the major reason for low quality in HE. An agreement formed by the political parties in 2007 was the first step toward implementing changes targeted at creating competition among universities, which necessary to

boost quality in all HE sectors. Lithuania already had some experience in funding education on the basis of a voucher system that was introduced in secondary schools in 2002 and vocational schools in 2004.

In 2008, the Constitutional Court was asked to interpret the bill on the government's right to regulate the number of students, and it ruled that the government is not entitled to determine the number of students who are willing to pay for their studies. Thus, the autonomy of universities expanded as they were allowed to decide on the number of students they could enroll and to establish the tuition fees. The government set the standard tuition fees, leaving to the universities the right to define a specific tuition value by themselves. Academic year 2008–2009 was the first year in which the number of self-funded students exceeded the number of students enrolled in state-funded institutions (an increase of 11% in self-funded study institutions compared to 2007) (Education Supply Centre 2009).

The newly introduced regulation contributed to an increase in the number of students pursuing HE. According to data collected in 2009, 90.6 percent of Lithuania's people had a secondary and higher education (Statistics Lithuania 2010), and Lithuania was in second place among European Union (EU) member states, in which the average of people with secondary and higher education was 71.5 percent (Eurostat 2012). Moreover, Lithuania was in the leading position in the EU as to the number of people who had received HE. However, such progress adversely affected the quality of HE and caused financial problems for HE institutions. The growth in the number of students has had a reverse impact on the share of public funding per student. According to Sanyal and Johnstone (2011), the massive expansion of HE poses a visible and difficult financial challenge. The government is under considerable pressure to increase the budget.

According to the percentage of GDP spent per student, Lithuania was among the last positions among EU nations, spending half the EU average (Eurostat 2012). Thus, further political discussion led to a revolutionary reform in 2009.

Voucher-Based Funding System for Higher Education

This chapter deals with principles of the market economy and the voucher-based system. The main features of the implemented voucher system and its adaptation to the current situation are presented as well.

Market Economy Model: Voucher System

The reform started with a new Act on HE that was adopted in 2009. The Act introduced many innovative aspects and updated the management of the HE sector to give universities considerable autonomy, reallocating management responsibilities between the university board and senate, and granting to the university the right to choose the legal form of the university, along with a new right to manage property independently (Seimas of the Republic of Lithuania 2009).

In that same year, Lithuania started widespread discussions on the deregulation of the HE system and its integration into the free market economy. According to Candel-Sánchez and Perote-Peña (2013), market intervention is a common practice in modern democracies. A market economy is defined by American Marketing

Association as "an economic system in which decisions concerning production and consumption are made by individuals and organizations without intervention by a central planning authority" (American Marketing Association 2013). In other words, a market economy means very little or no interference and central planning of the government. In his book *The Wealth of Nations*, Adam Smith stated that competition among suppliers and buyers forces them to specialize or invest in particular areas in order to create added value (Smith 1776). Traditionally, scholars see supply and demand, the major market powers, as a perfect way of attaining the welfare of the society, and the market economy is referred to as the system of choice.

The voucher-style funding system was the outcome of the introduction of the free market economy into the HE sector (Želvys 2013). Such a system, which enables indirect funding of the HE sector, seemed to be the best solution. The idea of the voucher system is that students should be entitled to buy whatever study programs they choose, thus bringing the necessary funds to the HE institution they select. Such a system of funding would increase competition among HE institutions and would automatically lead to higher quality in the HE sector. The voucher system might become a tool to increase the autonomy of universities as it puts full responsibility for the quality of education upon the universities themselves. The way governmental funds are allocated to the budgeting of HE institution is illustrated in figure 10.1.

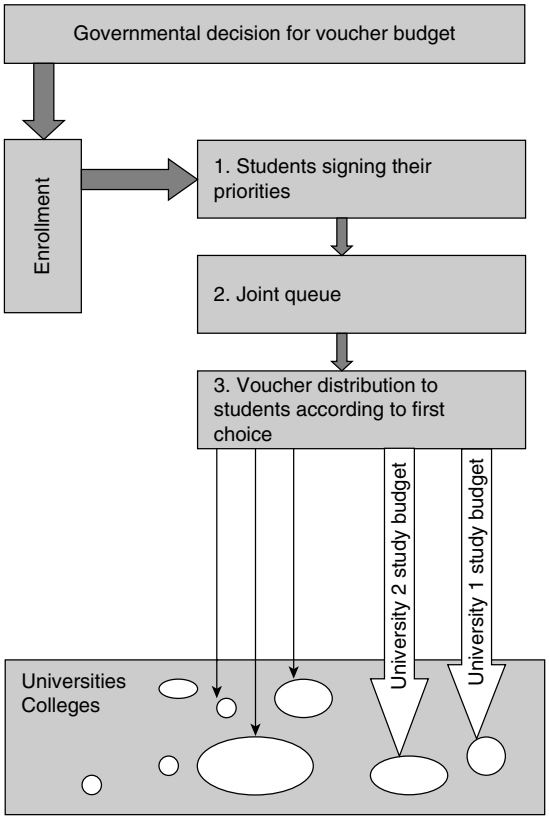

Figure 10.1 Voucher-style higher education funding system

The government decides on the total size of the voucher budget allocated for HE. As well, the government sets the regulatory price of the vouchers, which is the maximum amount of funds allocated from the state budget for one year of study. In order to distribute the allocated voucher funding, students are ranked on the common list according to their choice of study programs and academic results. The amount of funds received by a HE institution directly depends on the number of students who are enrolled. Thus, the role of the student as a potential user of university services is central.

The key features of the Lithuanian HE voucher system, which might be identified, are the following:

- The government sets the standardized study price, which is the value of voucher.
- Students are entitled to select study programs and bring funds to the selected HE institution.
- The voucher allocation for a student at a particular university is valid for two years. After two years, state-funded students and self-funded students are reranked according to their academic results, and a new list of state-funded students is fixed. This mechanism is called "voucher rotation."
- Vouchers can also be allocated to private universities or colleges.
- State loans and state-supported loans for students were created with the aim of increasing access to programs at HE institutions.
- The government allocated funds to six main areas: social sciences, humanities, physical sciences, biomedical sciences, art sciences, and technological sciences. The proportion of the funds distributed among study areas was set in accordance with the state needs and enrollment numbers for 2008.

Development (Adaptation to the Real Situation) of the Voucher System

As the voucher system demonstrated its first results, it was obvious that such a funding system did not fit perfectly as a full free market expression and that certain corrections had to be introduced. The most obvious discrepancy that could be observed was in the field of art studies, in which some faculties did not "win" any vouchers. The major problem was that the competition among students for vouchers were basically predetermined by quantitative criteria that only took into account academic grades and entrance exams, while qualitative factors were completely neglected. Those who chose art studies demonstrated lower academic grades than those who preferred biomedicine or technological sciences. So the vast majority of vouchers followed students with higher grades into fields of study other than art, while the art field was left without state support.

In 2010, art studies was divided into two voucher groups. Also, since 2010, 20 percent of the funds allocated to art studies was provided in the form of grants. HE institutions had to compete for grants and organize their own selection procedures for state-funded institutions of art studies. The other disadvantage of the

voucher-style funding system was that students tended to favor only certain popular programs in the social sciences, such as economics, law, or management. As a result, some programs were not selected by the students and did not receive state funding, although they were important to the state economy. Specialties that have a strong emphasis on state needs, but that have minimal popularity among students, were chosen for direct support. In 2012, targeted funding for agriculture, nursing, state security, and for other unpopular specialties was introduced. Students who receive targeted funding are obliged to work for three years, according to the acquired specialty, and prospective employers are obliged to partly fund their studies. The government decides every year on the number of vouchers for a particular field, and candidates for the targeted funding are selected by the HE institution during the common admissions process. The targeted funds were given to 140 students in 2012, and 276 students in 2013. The scale of the targeted funding has tended to increase as the Lithuanian government is introducing purposive funding for particular study programs in which the liberal market fails to work properly as there is an insufficient number of students in particular areas that are important for the needs of the state.

The number of voucher groups has been changed several times since 2009. Initially, the government allocated funds to six voucher groups. In 2010, the number of groups was increased from 6 to 11. In 2011, the number increased again, from 11 to 13, although the increase was only for university studies. And finally, in 2013, a decision was made to expand the number of voucher groups from 13 to 19 for university studies. The number of voucher groups for college studies has not changed since 2010. The government used alterations in the number of voucher groups as a tool for correcting the dysfunction of the liberal market system so as to meet the needs of the state. The increased number of voucher groups led to a modification of the HE financing system, which became rather similar to the targeted finance allocation. Moreover, according to Yorke (1999), there is a danger that expressions of governmental support are made without consideration of labor market needs.

Even if the practice showed that a pure voucher-based funding system has been transformed, it still retained some advantages: an approach focused on the student, who is the central figure and who makes a selection decision regarding a study program, and/or the motivation for HE institutions to compete for the best students. The voucher system has continued to be developed since it was introduced, to include study grants, targeted funding, and an increasing number of voucher groups. The entire process of the development of the voucher system is illustrated in figure 10.2.

Impact of the Voucher System on Higher Education

The introduction of the voucher system into HE had intended and unintended consequences. The system was expected to strengthen competition among universities and subsequently improve the quality, and reduce the number, of HE institutions

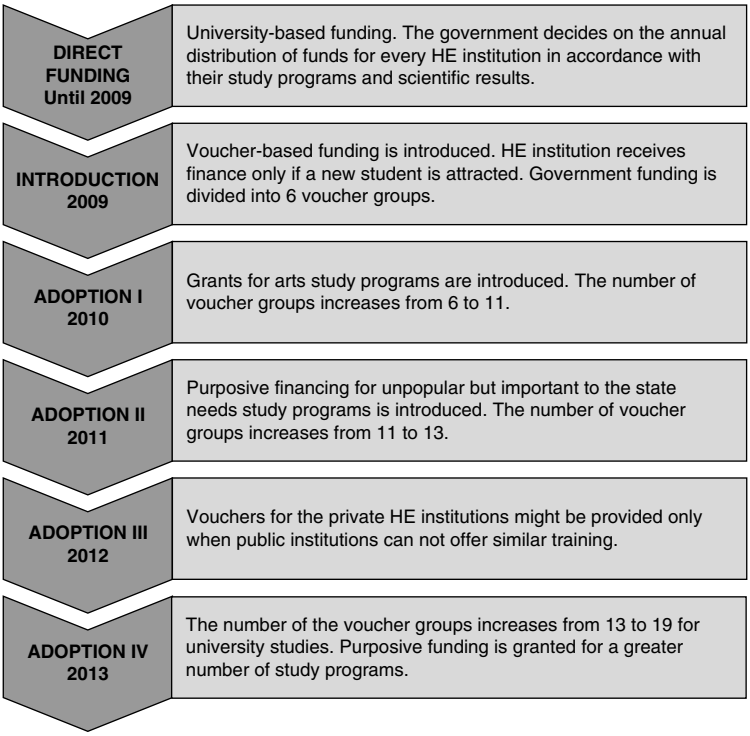

Figure 10.2 Development of the voucher-based funding system

in Lithuania. Also, competition among public and private institutions of HE was expected to raise quality standards. The actual effects that the voucher system has produced are discussed in this section.

Competition among Universities: Marketing versus Academic Quality

The voucher-based funding system encouraged fair and transparent competition among HE institutions. According to the Ministry of Education and Science, the competitiveness of universities and colleges depends on the quality of studies, including professional lecturers, well-furnished classrooms and other facilities, dormitories that are in good condition, and social support. However, prospective students usually have only partial and inaccurate information about HE institutions when they make their choices. Negative unintended consequences of introducing the voucher-based funding system can already be spotted in the way HE institutions compete to attract students. Universities and colleges have started inventing unique titles for their programs (as a means to attract students), such as Public History, English Language for Public Relations, Organization of Cultural Activity, Animal Resource Management, and Country Development Management. These new and unusual study programs with attractive titles can hardly be useful in the

labor market because of their narrowness and can hardly be called innovative specialties. Also, universities have started employing such marketing tools as colorful advertisements, attractive logos, and modern facades of buildings more intensively. The use of mass media, including articles published in newspapers, magazines, and on the Internet, television advertising, and social networking has become commonplace. Thus, the competitive environment has encouraged HE institutions to spend more on marketing instead of investing in the quality of the training that they provide.

This was the opposite of what was declared at the beginning of the reform, which was that HE institutions would enhance the quality of their programs in order to attract more students with the vouchers. In reality, however, greater efforts were put into marketing than efforts to boost the quality of HE. According to Bunzel (2007), universities are no longer just academic institutions but also businesses, and therefore business metrics become more critical.

Unsuccessful Optimization of the Network of HE Institutions

One of the silent purposes of the voucher system was to reduce the number of universities and colleges. In 2009, Lithuania had 14 state-funded and 8 private universities, along with 13 state-funded and 12 private colleges. The network of HE institutions was believed to be too big for Lithuania, however, and the voucher-style funding was expected to encourage consolidation.

During the period 2009–2013, some mergers of universities and colleges were actually carried out. In 2010, a considerable decrease in the number of students forced the Lithuanian Veterinary Academy and Kaunas Medical University and form the new Lithuanian Health Science University. However, the merger process was directly supported by substantial additional financial support from the government rather than being encouraged by the voucher funding system. The merger was followed by several other colleges and faculties joining the new university.

All other players decided to stay independent or enter into different types of cooperation agreements despite the fact that they were facing serious financial problems caused by the failure to collect a sufficient number of vouchers after the reform. Instead of mergers, universities chose to rely upon such tools as creating consortia, changing the name of the institution, renewing study programs, or creating joint study programs with other universities. All these outcomes of the reform could hardly be positive in a small country where the network of HE institutions is rather too big. Also, competition among universities has led to unintended competition among areas of specialization. In this competitive environment, such specializations such as agriculture failed to compete with medicine, law, and management. This created an insufficiency of specialists in particular areas that were necessary to ensure that the society's needs were met, and, as a consequence, the alternative method of targeted financing was introduced. Thus, it became obvious that the intended optimization of the HE sector failed, exposing some study programs to danger, and that government interference was necessary.

Unsuccessful Competition among Public and Private Institutions

The voucher system allowed students to bring vouchers to private universities or colleges. As a consequence, the number of students at private HE institutions increased. Traditional universities have been losing their monopoly over private HE institutions, which are more adaptable to the fast-changing needs of the market (Shah, Nair, and Bennett 2013). The government gave vouchers for study programs at private institutions even in cases where public institutions could offer similar training. Allocations from the government had been exclusively given to public institutions before the reform. In this way, after the voucher-style funding was introduced, competition among public institutions was additionally strengthened as there were now equal conditions for public and private institutions to attract government funds.

The increased competition among private and public institutions was alternately supported or criticized within the society. Supporters of a liberal market claimed that the government was already buying numerous services from the private sector and that HE should not be an exception. However, others disapproved of the idea that private institutions could receive funds from the state budget in the form of vouchers.

The expected competition among public and private institutions did occur; however, changes were only introduced as the Constitutional Court of Lithuania ruled that the government should financially support programs at private institutions only in cases in which public institutions could not offer a relevant program. As a result of the Court's decision, the government cancelled study vouchers for private institutions, with the exception of very unique or specific fields in which public HE institutions could not offer programs necessary for state needs. Also, funds could be brought to the private sector in the form of scholarships, provided directly to the student for the entire study period.

Low Entrance Grades

The government has set minimum requirements for those who receive a voucher. The Act of Science and Education (2009) states that the Ministry of Education and Science is entitled to decide on the minimum requirements necessary for candidates to receive a study voucher (Seimas of the Republic of Lithuania 2009). These requirements seem to be rather formal (such as the number of state exams that are needed to pass) and do not affect the minimum entrance grades. However, some exceptions were made for the targeted funding, in which case, the government set the minimum entrance grade.

To make matters worse, only a few universities have developed their own initiatives aimed at determining the minimum accession grade. In 2012, four universities set the minimum entrance score and refused to accept deficient students even if they were prepared to pay for their studies with their own funds. Other HE institutions accepted any applicant who had a secondary school graduation certificate and agreed to pay for his/her studies. These institutions are frequently criticized for being too liberal with applicants who produce poor entrance grades, but so far no mechanism has been developed to deal with the situation.

Lessons to Be Learned

The introduction of voucher-based funding seemed a reasonable solution that might improve the quality of HE. However, eventually, it became obvious that the forces of the HE market failed to work perfectly and further adaptations, including study grants, purposive funding, and changes in the number of voucher groups had to be made.

Among the lessons to be learned from the introduction of the pure, free market economy funding model, which was later corrected by several tools of government regulation, probably the best can be illustrated by the intended results and the real outcomes. The expected and the real outcomes of the implementation of the voucher-based system are summarized in table 10.1.

The competitive environment, which was expected to encourage universities to increase the quality of programs, encouraged the exploitation of marketing tools and competition among specialties. This can be compared to a directed system of HE funding, in which all the fields receive government allocations according to state needs. In contrast, voucher-based funding resulted in some areas of science not attracting, or attracting an insufficient number of, students to ensure state needs. The expected higher standards failed to be reached, as for example, the government set the minimum requirements for receiving a voucher based only on the minimum number of exams passed, without setting minimum requirements for passing grades -and only a few HE institutions agreed to set their minimum accession score. Moreover, the expected optimization of the HE network failed, ending in only a few mergers and considerable efforts by institutions to create consortia, renew study programs, and create joint study programs instead of merging with associate institutions. Finally, public HE institutions were exposed to stronger competition, although funding for private institutions was limited.

Table 10.1 Intended and unintended consequences of voucher-based financing

What was intended?	*What was done?*	*What were the results?*
Greater competition among universities	Students entitled to select universities	Competition among different study programs
Higher-quality standards at HE	Universities forced to compete, expecting them to increase the quality of studies	Low entrance marks
Decreasing number of universities	Universities forced to compete, expecting that the strongest and the most popular would remain	Few mergers
Competition among universities and improved quality of studies	Universities forced to compete, expecting them to increase quality	Competition among universities using marketing tools
Equal competitive conditions for state and private institutions	Students entitled to bring vouchers either to the state or private institution.	Limited funds for private HE institutions

The results show that the voucher-based system for funding the HE sector was insufficiently discussed and that there was a failure to predict in advance the unintended adverse consequences. In general, a pure form of the free market economy might be risky to implement without state control. The voucher-based funding system created the conditions for HE institutions to act autonomously in competing for students. However, HE institutions demonstrated that they are not able to use their autonomy effectively, as the expectations set by the government were not reached. The funding system based on free market ideas did not ensure the expected rise in standards of quality. The autonomy interface between government and HE institutions has since been changed following the government intervention, using regulatory tools such as targeted funding, grants, and an increased number of voucher groups. As well, the autonomy of the HE institutions has been limited because of the state needs. As a result of the liberal market's failure to ensure the state's needs for specialists, regulatory tools like targeted funding were introduced. Thus, the voucher system will probably require further adaptations, and a balance between autonomy and state control must be established.

This chapter underlines the complex interplay of forces that may impede or alter the direction of a policy designed to achieve more autonomous universities. The chapter suggests that the policy was flawed, but it is evident that in addition, there are counterforces at work challenging government policy in the courts and that students and their families' choice of programs reflect their perception of where ultimately (in future career terms) the best opportunities lie. Future research should examine issues such as the status and career/salary prospects in the undersubscribed fields, which may explain the market (supposedly rational) decisions of students. There may also be other factors that would repay further consideration. For example, was the failure of the universities to make use of their new autonomy in an effective way due to poor governance and leadership or to ineffective management?

The chapter also highlights a number of lessons for governments and universities. Governments need to ensure that they establish clear strategic goals for universities and that there are means of establishing accountability for responding to these. For their part, within the goals established by government, universities need to be confident that their own governance, leadership, and management are robust enough to respond to and to take advantage of their autonomy. This requires a significant cultural shift, high professionalism, political sensitivity, new styles of leadership, and more proactive governance. It also necessitates closer working relations between universities and employment sectors, which in this case might have meant that the underlying reasons for poor recruitment in key economic spheres could have been tackled by the key players.

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PART V

University-Business Interface

CHAPTER 11

Autonomy Mediated through University-Business Collaboration

Olav Jull Sørensen

Introduction

Collaboration between universities and the business community is on the agenda in most countries. The old formula of theory development in university "silos" and a subsequent application in practice has been replaced by a new formula of interaction between theory and practice—by collaboration between). The aim of this chapter is twofold: to discuss the rationale and drivers for this development, conceptualize the development, and provide recommendations as to how to build university-business relations; and to analyze and discuss I-U collaboration from a university autonomy perspective.

There are numerous drivers of I-U collaboration that can be grouped into four categories: *the knowledge rationale*, which is the need for new knowledge both in industry and, per definition, in universities; *the training rationale*, which is the need for improved training of students and company employees; *the financial rationale*, which is the need for additional financing (and perhaps a more diversified income stream) for universities to pursue research and teaching; and *the legitimation rationale*, which is the increasing need for industry to formulate a strategy to earn legitimation from stakeholders, of which university collaboration is one such legitimation-earning activity. Although an interesting driver, this chapter will not discuss the legitimation rationale (Rana 2014, Turcan, Marinova, and Rana 2012); rather, it will focus primarily on the first two rationales, and secondly on the financial rationale.

The conceptual backdrop of the chapter consists of theories at three levels. The upper and more macro-oriented level is the system level, the business system (Whitley 1992), or national innovation system (Fagerberg, Martin, and Andersen 2013, Lundvall 2010). The second level is the Triple Helix level, based on the Triple

Helix Theory (Leydesdorff and Etzkowitz 1998). At the third level, the I-U collaboration level, two of the pillars in the Triple Helix theory coexist. In this chapter, Triple Helix theory will be employed to conceptualize I-U collaboration.

Empirically, the chapter is based on examples and practices from Aalborg University (AAU), which, since its establishment in 1974, has nurtured and developed collaboration with the business community and the wider public in general. I-U collaboration is an integral part of the problem-based learning (PBL) model, which has been developed at AAU. This model is student centered and based on theory-practice integration. In methodological terms, this study can be labeled an "action research" project (Argyris, Putnam, and Smith 1985, Eden and Huxham 1996). It is an action research project in the sense that the author has taken collaborative actions and reflected upon the results before new conceptualizations and collaborative actions were taken. The author uses specific I-U collaboration projects that have been undertaken since the establishment of the university and reflects on the variety of collaborative forms as well as on how the interface between U and I have developed over time. Six I-U collaboration cases will be presented and analyzed.

Problem Formulation/Research Questions

Given the role universities are expected to play in society today, the problems to be investigated can be formulated as the following:

- How can I-U collaboration be conceptualized and contribute to the new social role of universities?
- How will I-U collaboration impact on the autonomy of the university?

An initial conceptualization of the role and of I-U collaboration is essential as the rationale of a market system, driven by entrepreneurs and companies, is different from that of universities, which begs the question whether these differences are contradictory to each other or synergetic. There is also an issue of overlap as corporations today establish their own research laboratories and corporate "universities," and universities establish incubators, take out patents, and in various ways act commercially and entrepreneurially.

Even if there is a basic rationale for collaboration, it will not take place successfully unless there is willingness and an ability to cooperate and organizational modes for partnership are identified. Willingness is dependent on the existence or building of a "culture of I-U collaboration," in which trust is a key element. The question is how to build and organize a collaborative package of finance, lab equipment, people, time, and data. The issues of trust and organization are discussed in detail in the theory section. However, the aim of the chapter is not to search for THE best approach to I-U collaboration, but to inspire further development and exercise of I-U collaboration.

Finance is a key issue of I-U collaboration for various reasons, for example, a decrease in government funding for research, an increase in the number of researchers, and the emergence of new research fields (new technologies, complex societies,

and globalization) (Dicken 2015). Therefore, universities are keen to increase and diversify their funding sources. Industry is one of the sources, increasingly contributing financially to research. The question, however, is when, how, and how much should companies pay? And how will the business funding, and, eventually, the collaboration with industry, impact on university autonomy? Will the "freedom" to select topics and conduct critical research be constrained by financial contributions from industry? Are these the costs universities have to pay to get access to data for the generation of new knowledge? This chapter will argue for a need for an elaboration—bordering on a redefinition—of the concept of university autonomy as financial contributions, combined with contributions in terms of data, dialogue, and development, create a situation of mutuality and interdependency that has an impact on university autonomy, but in a much more complex way than the conventional autonomy definition and discussion imply.

Theories of I-U and Theoretical Framework

The Rationale for Collaboration

The rationale for collaboration is twofold. First, innovation has become the key "productive" and "competitive" factor of a (global) market economy (Fagerberg, Martin, and Andersen 2013). As managers/experts with high levels of competence are key drivers of innovation, universities are the obvious partner for the business community. Second, while the concept of formal knowledge has been around for many years, experiential knowledge, and its importance for knowledge generation, is of recent origin (Nonaka and Takeuchi 1996). Experiential knowledge is by definition embedded in practice, and, to gain access to this knowledge, the business community is an obvious partner for universities. Thus, there is a potential for a mutual, dynamic, and beneficial relation between universities and the business community, although this collaboration is not necessarily a smooth one as the partners possess two different rationales.

In terms of scope, product development and processes have been the conventional areas for collaboration. However, in today's dynamic world, innovation is on the agenda throughout companies, and includes "soft innovation," such as marketing, organization, and business model innovation. Furthermore, problem complexity often calls for cross-disciplinary I-U collaborative projects. Resources and capabilities are important for successful collaboration, such as the nature of research and innovation collaboration in terms of the nonredundant nature of research; the risks involved; the costs; the complexity of research and innovation and commercialization. The question arises, to what extent are the two partners able to cope with these challenges?

First, the often-nonredundant nature of a research project is best handled by a university, whereas industry is more aligned to repetitive activities in which economies of scale and learning can be used and routines established. Second, research and innovation are risky, and universities are organized to handle big risks, while a business, despite being a risk-taking institution, is less able to do so, for example, in basic research. Third, costly projects, however, cannot be carried out by universities

alone, as they would not have the funding, and, by cofinancing with industry, the risks are shared. Fourth, complexity in research problems is also something that universities are accustomed to handling. Fifth, industry is good at identifying and bringing innovations to the market, while the university has little competence in this field. Industry and the university possess and control to different degrees the resources and capabilities required for generating new knowledge and innovations, indicating a possible synergy from collaboration.

Willingness to Collaborate and How to Collaborate

Are companies willing to collaborate, and if so, how should the collaboration be organized? In the theories of culture, there is a distinction between high-low trust cultures; high-low power distance cultures, and cultures with high-low levels of corruption. Each of these dimensions has a bearing on the extent to which companies are interested in collaboration with universities. At one extreme, if trust is immediate (and nonconditional), if the power distance is low, and if the country is low on the corruption index, companies will most likely be highly open to collaboration and will seek collaboration themselves. However, in countries where trust must be earned, where the power distance is high, and corruption is widespread, links between university and industry will tend to be fewer and probably highly personal, as these links will be seen as personal assets, to which others rarely get access.

In between the two extreme, high-low, situations, there are many intermediate situations with some collaboration and in which a focused strategy by, for example, a university, can gradually open up for collaboration and build a collaboration culture. The PBL model was, for AAU, a platform used to establish a dialogue with industry and gradually build an I-U collaboration culture. Trust and mutual gain seemed to be the two key factors for establishing such collaboration. The author was involved in projects in Russia and China, in which companies are not eager to collaborate as they do not believe that students are able to conduct analysis that will result in valuable solutions. Usually, such companies are "protection freaks," even in cases in which a quick desktop research would reveal what they are doing, without "spying" on the company.

Organizing I-U collaboration is seen, at one extreme, as a "simple" matter of unconditional financial contribution to universities (program funding), and, at the other extreme, as an extensive collaboration between university researchers, students, and company employees, that is, as a web of interdependencies and potential synergies between multiple types of resources and competences. In teaching, I-U collaboration may take many forms: a simple illustrative example from the news or annual report; a guest speaker; a case that illustrates a theory; more engaging interactive cases, in which visits to the company are included; group projects, in which students solve actual problems for a company; and internships, in which a student works at a company for a period of time, solving a pertinent problem through integrating theoretical reflections with practical management. In research, I-U collaboration may also take many forms: developing, together with a company, and on the basis of that company, a teaching case; or sampling companies to test or develop hypotheses, propositions, and theories. Other forms of I-U collaboration may involve action research or a cocreation platform,

in which researchers and company managers work closely and publish together. Today, there is a clear trend toward cowriting, and thus combining the theoretical reflections of the researchers with the experiential know-how of the practitioner.

Financing of I-U Collaboration

Since the financial rationale plays an important role in I-U collaboration, it is imperative to understand financial collaboration. First, a distinction between consultancy services, development projects, and research projects ought to be made. In the case of consultancy, industry pays the market rate as consultancy entails an application and a "simple" transfer of what is already known. Development projects are in a grey zone. Here, researchers have done the conceptualization work and perhaps also made a proof of concept, but to refine and apply the knowledge, there is a need for further investigation in direct collaboration with companies. Thus, there is potential for new knowledge to be developed. Industry has, in this case, a direct benefit from the development, and should pay the larger share of the costs. Finally, in pure research projects in which the outcome is uncertain, the financial contribution by industry may be less, because, in such projects, it may be more important for universities to have access to data from and dialogue with the company.

These three mechanisms for I-U financing exist at AAU, but they are flexible, not just because it is difficult to put a specific project into a specific category, but because projects are complex and a specific project is often highly important for a research group or a company. Furthermore, and referring to the PBL model at AAU, close collaboration beyond financing is essential, as this provides access to experiential knowledge and dialogue, which can be combined with theoretical reflection to solve real-life problems and generate new knowledge.

Combining Financial Contribution with Collaboration

In figure 11.1, the financial dimension of collaboration is combined with the 3D dimension of collaboration (data, dialogue, and development) to explicate the relationship between the two. If both the financial and the 3D dimensions are nonimportant, I-U collaboration will be insignificant. If financing is important, but the 3D dimension is not, there will be programs that finance, for example, big laboratories or university management to use for scaling up a specific new field (e.g., making the university more entrepreneurial). If financing is not important, but 3D collaboration is, there will be a close interaction between researchers and company experts and/or managers. Exchange of staff and cowriting may be used to further I-U synergy. Finally, when both financing and the 3D dimension are important, a long-term partnership can be established with a formal board and other governance structures to ensure mutual benefit and potential synergies.

Conceptualization of I-U collaboration at the Triple Helix level

The Triple Helix framework reflects the increasing importance of innovation for socioeconomic progress and job creation, and the increase in the demand on

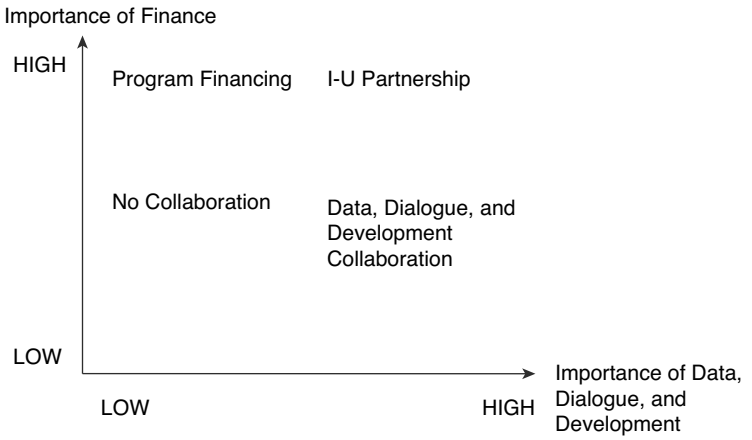

Figure 11.1 I-U Collaboration in perspective of finance and access to other resources

universities to produce research results that contribute to our knowledge and that at the same time are relevant to industry and society at large. Innovation is, here, broadly understood as new knowledge, new technology, new products and services, new business platforms, and new organizational designs. The idea behind the Triple Helix model is that innovation performance can be improved by moving from a linearly designed and highly technically driven process to conducting innovation in reflexive networks with a high degree of diversity and endless transformations that result in reconfigurations of the core actors and their relations (Etzkowitz and Leydesdorff 2000). Through such transformations and circulations, new opportunities are discovered.

The model consists of three pillars: the business community, universities/academia, and governmental bodies. Although each pillar has its own aim and purpose, synergies are generated between the three pillars through their interaction. The synergy expectedly arises from the interplay between three rationales embedded in three different fields: the market, the production of knowledge, and public governance. For the government, it is about the social mission of the collaboration; for industry, it is the prospects of a commercial outcome; and for universities, it is the possibility of gaining access to data, experiences, and tacit knowledge, and contributing to science, society, and business.

Unlike the national systems of innovation theory (Edqvist 2005, Lundvall 2010), the open innovation theory (Chesbrough 2003, Chesbrough, Vanhaverbeke, and West 2006), and the "networks of innovators" approach (Freeman 1991), the Triple Helix model directly emphasizes the key role played by universities in innovation in knowledge-based societies. By being challenged with the third mission, pressure is put on universities to engage in research of interest to industry and other social stakeholders. Some universities define the third mission as an entrepreneurial university (Etzkowitz, Webster et al. 2000, Yusof and Jain 2010). This entails going beyond engaging in simple collaboration, taking out

patents, and establishing companies through the use of incubators. Other universities see the third mission more in terms of enhancing the platform for research, as collaboration with industry can provide finance and access to new types of data. Not ignoring the financial dimension, AAU enhances its social engagement by developing and employing the PBL model in education as well as research (figure 11.2).

However, the Triple Helix model does not just link the three institutions described above. It also creates mechanisms for collaboration by integrating individual, sometime contradictory mindsets and organizing the three pillars. Companies, for example, have to reorient themselves from innovations in "concealed labs" to open innovation and networks (Chesbrough 2003, Hu and Sørensen 2011). Universities have to reorient themselves from the "ivory tower" way of conducting research to collaborating with external stakeholders in solving actual problems and adopting a wider range of research methodologies suitable for the interaction. Furthermore, as shown in figure 11.2, the collaboration potential of the university is enhanced by activating student resources through student projects and internships. This model of the university is not an entrepreneurial university, although entrepreneurship is an element of the university shown in figure 11.2. It is an *engaging* university in which the engagement is an integral part of the research and the pedagogy that are used. Governments have to develop new policies and funding mechanisms that relate to the interface between industry and academia. In the Triple Helix framework, in Western countries, government is seen as the strategic partner within the collaborative innovation networks, whereas in China, for example, the direction and implementation of science and technology innovation are decided by the government, which acts as a leader rather than as a partner within the Triple Helix framework (Lu 2008). These reorientations and reorganizations of each of the partners are needed in order for collaboration and synergy to unfold.

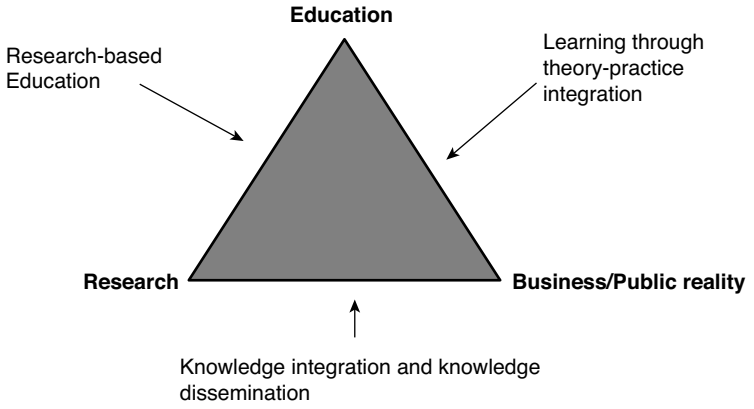

Figure 11.2 Social engagement of the university

Competing or Cooperating

The Triple Helix theory focuses on cooperation and synergy between the three pillars. However, in reality, these pillars overlap and compete. For example, universities become entrepreneurial and "compete" with industry; industry establishes research units and corporate universities; and governments establish their own "strategic research programs" and may create companies or institutions of their own (Leydesdorff and Etzkowitz 1998).

Three types of overlap can be identified: no overlap; medium overlap, and comprehensive overlap (figure 11.3). In case of no overlap between the three pillars, there is a pure division of labor, and the outputs from each dovetail nicely into the other. For example, university researchers have conceptualized and generated a model for the training of sales engineers, and companies are able to transfer the findings to their practices. Each partner is a specialist within their own field, and the other party is not able to "copy" what they are doing as they do not have the competence in-house. However, for the division of labor to work, the parties must have some measure of "absorptive capacity" and "dissemination capacity," an issue that is discussed in the next section.

In case of a large overlap, the pillars turn into competitors, as each of them possesses the competence to do what the others are doing. Companies that establish their own research laboratories do not need to collaborate with universities, and universities that turn entrepreneurial will take out patents by themselves and even establish their own companies to exploit the patent. They do not need industry.

Finally, in the case of a medium overlap, the parties have just enough insight into what the others are doing to secure an optimal collaboration, that is, there is a mutual understanding, a collaborative culture, and insight enough to discuss how to tie things together and unfold the potential synergy. To achieve this balance, the parties need both absorptive and dissemination capabilities.

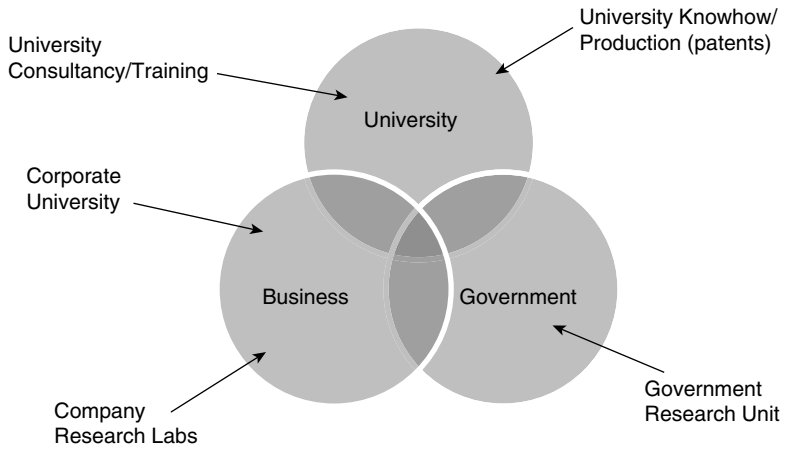

Figure 11.3 Competitive overlaps between university and industry

Absorptive and Dissemination Capabilities

Absorptive capacity is defined as the ability to receive, understand, and use new knowledge that comes from an external source (Cohen and Levinthal 1990). Dissemination capacity is defined as the ability to formulate, send, and make new knowledge accessible. Figure 11.3 shows the essence of this issue. Absorptive capacity on the part of the company includes both the ability to understand the theoretical and often abstract language of researchers, and to transfer the "theoretical formula" into practical activities and action. Likewise, researchers must have an absorptive capacity to transform the practical problems into theoretical tests and constructs. This balance is an interesting one in the sense that if one tries to solve a problem by including more practically oriented people in research projects, one runs the risk of not being able to lift the practical problem out of its practice and into the world of conceptualizations. Also, if companies hire researchers to improve communication, they run the risk of having nonpractical solutions, as the researchers do not have the experience related to how things are done in practice—the tacit knowledge of practice is, inter alia, missing. Thus, for companies, it is not easy to be good at conceptualization. Experiences block abstract thinking, and the reverse is also true: for universities, it is not easy to be good at practice. Conceptual thinking blocks practical management.

Empirical Studies

To illustrate the diversity of I-U collaboration, this section provides six case studies of I-U collaboration drawn from AAU and the personal experience of the author over the last 40 years. The vignettes below present the I-U collaboration cases that are structured around the following headings: *background and rationale*; *motives*; *organization and funding;* and *impact on university autonomy*. The aim here is not to generate any new theories of I-U collaboration, but, hopefully, the actual examples will inspire the readers to develop collaboration.

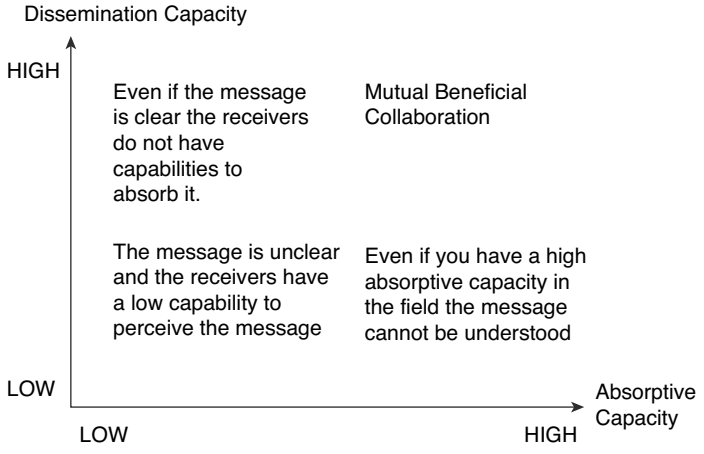

Figure 11.4 I-U absorptive and dissemination capabilities

Vignette 11.1: The holistic perspective of the firm

Background and rationale: The semester-long student project was established in 1973 as an integral part of a new bachelor's of education in business. The project is still an important part of the curriculum. The idea is to integrate theory and practice through direct interaction between groups of students and companies in the region, and thus go beyond the conventional case method and the "theory-followed-by-application" formula. Here, learning is enhanced through an iterative process between students' theoretical reflections and the practice of managers.

Motives: Universities want to collaborate to learn. Companies are motivated for one or more of the following reasons: accessing the latest theoretical thinking on a silver platter; securing help in tackling some of the large number of challenges with which they have no time to deal; having a group of motivated students eager to demonstrate their ability to solve real business problems in the company for a semester virtually costless; contributing to the development of the managers of the future.

Organization and funding: Teachers identify companies to which students are assigned in groups of 4–6. The students work at the university and visit the company 3–6 times for data collection, interviews, and discussions. Students are supervised by teachers and a company coordinator. Students prepare an overall description of the company, identify problems, and propose solutions to one or more of them, thereby integrating theory and practice. It is here that the synergy between theory and practice must be demonstrated. The final project report is submitted to the host company, and is the basis for an oral exam. The semester needs little financing. Companies contribute time and, for example, cover transportation costs. Universities pay for teaching/supervision.

Impact on university autonomy: This type of I-U collaboration enhances the learning scope of the university; however, the freedom to be critical may be constrained. Nevertheless, students are trained in delivering critical messages in a constructive manner. Mutual benefits and interdependence replace pure academic autonomy.

Vignette 11.2: Internships in companies abroad

Background and rationale: The semester-long internship was established in 1984 as an integral part of a new master's program in international business. It is still an important part of the curriculum. The rationale for the semester is to integrate theory and practice in a real way, through solving problems as an "employee" in an actual company abroad (Danish or foreign) and to train students to navigate in a sea of opinions/perceptions, multiple sources, and types of information. As in the first case, the iterative process between theory and practice is the core of the internship.

Motives: The motives for I-U collaboration are similar to those of case 1, except that, in this case, usually only one student is attached to and working full time in a company.

Organization and funding: Students take the lead in identifying a host company supported by teachers and the international office. Often companies contact the university for an intern. Danish students finance the internship through their state scholarship plus funding from foundations. Foreign students with no scholarships search for internships with companies willing to support them. The student prepares and submits an internship report (plus an experience report) to the company, and the report serves as the basis for an oral exam. The report must demonstrate the synergy between theory and practice.

Impact on university autonomy: Similar to case 1, the collaboration enhances the learning scope of the university; however, the freedom to be critical may be constrained. Nevertheless, students are trained in delivering critical messages in a constructive manner. Mutual benefits and interdependence replace pure university academic autonomy.

Vignette 11.3: Developing a strategy for the internationalization of a company

Background and rationale: The region in which AAU is located has numerous small and medium-size enterprises (SMEs) with an international potential. To benefit from this potential, the International Business Centre (IBC) at AAU launched a regional export promotion project to strengthen the competences and strategies of a group of SMEs. The rationale of the project was to integrate tacit/informal experiences (experiential knowledge) with models and theories (formal knowledge). The project is described in Sørensen (1985).

Motives: The design emphasized active participation, a blend of theory and exchange of practical experience with other companies, and a concrete outcome in the form of an international strategy.

Organization and funding: Approximately 25 SMEs participate in a six-month- long project. Companies are divided into groups of five. Two professors are attached to each group, and the lead professor is responsible for the progression of the work. Theories/models of internationalization are employed to formulate actual strategies for each company. Managers bring their experiences to the table, while professors continually pose questions and conceptualize the proposals and experiences. By constantly contrasting, integrating, and interpreting the experiential and formal knowledge, SME managers acquire a better understanding of their situation and the way forward. Financing is primarily in terms of time for the companies and the university. Meetings are held at the companies. Teachers use their research time and receive benefits through insights into company/business practices.

Impact on university autonomy: Through this project, the university enhances its dissemination, knowledge, and learning scope through access to data, dialogue, and development. It trades pure academic autonomy for interdependence between university and industry, and it creates a platform for student projects and internships.

Vignette 11.4: Novel collaboration to generate new knowledge and practices

Background and rationale: In 2013, a group of AAU researchers and Chinese colleagues was granted financial support to conduct an experiment on novel modes of collaboration between researchers and managers within the field of innovation management. The experiment was based on the idea of synergy between experiential and formal knowledge. The second rationale was that diversity matters for generating new knowledge and practices. The diversity was assured by having three pairs of researchers with different perspectives on innovation, and six Danish and Chinese companies from different industries. The expectation was that the six companies and six researchers would meet to exchange knowledge and experience, endeavoring to create new scientific knowledge and new management practices.

Motives: Companies were motivated by the possibilities of accessing new practices from colleagues and new knowledge from researchers. In addition, companies would receive a case description of their company.

Organization and funding: Six companies that actively pursue and invest in innovation were identified: three Danish subsidiaries in China and three Chinese companies with an international agenda. Similarly, three teams of researchers were identified, each having a different angle on innovation and each consisting of Chinese and Danish scholars. Companies and researchers met for two-day workshops, during which companies shared their business experiences, and researchers shared their research approaches and theoretical insights. The project was supported by a Danish government network program.

Impact on university autonomy: This experiment is ongoing. What has emerged is that a novel design for I-U collaboration generates new knowledge and practices based on bringing experiential and formal knowledge together while accommodating diversity. Such experimentation replaces pure academic university autonomy with interdependence, which requires that critical thinking be presented in a constructive manner.

Vignette 11.5: Action research project: An entrepreneurial pilot plant in Tanzania

Background and rationale: The value chain construct has become popular as a way of framing development projects, and entrepreneurship has become a popular way of creating growth and employment in developing countries. In a research project undertaken between Sokoine University of Agriculture in Tanzania and AAU, it was planned that the project team would contribute to the value chain development by creating a pilot plant on the university premises at which students could prepare for becoming entrepreneurs. The project was designed as two complementary value chains: a value chain for dried fruits and vegetables and "the student entrepreneurship value chain" through which the students gradually learn to become entrepreneurs.

Motives: This is not a conventional I-U collaboration project, but an entrepreneurship-creating project. Students are motivated to participate because it is not easy to find a job.

Organization and funding: The project is a collaboration between the two universities, funded by the Danish aid program DANIDA. The plant is located on the premises of the university. The student value chain comprises three steps: a change in mindset change; competence building, and skills and practice. It is essential to take the students from a mindset of "job taker" to "job maker." A "club" for the entrepreneurs-in-the-making is part of the project. In addition, there is a small laboratory for experiments with new products.

Impact on university autonomy: Many governments have requested that universities establish entrepreneurship programs, and as the development of entrepreneurs requires special curricula, university autonomy is under pressure. This project aims to achieve entrepreneurship through collaboration between a university and the region in which it is located. This minimizes the negative impact on the university autonomy.

Vignette 11.6: Enhancing research capacity within intercultural management

Background and rationale: Following the so-called Muhammad Cartoon crisis in Denmark in 2012, and the ethical and freedom-of-speech debate that followed, it was realized that there was a need to improve the intercultural skills of managers. This gave rise to a meeting and later a cofinanced project between a Danish multinational company and AAU, the aim being to enhance research and dissemination in the field of intercultural management.

Motives: The company was motivated "to do something about it," and the university served as a vehicle for developing knowledge in the field of intercultural management and disseminating it to the business community.

Organization and funding: The five-year project was managed by AAU. The university project team consisted of a professor and an industrial PhD with the company, and the activities performed were workshops, internships, and dissemination activities. Close contact and collaboration with the company took place through the industrial PhD as well as through an intercultural management project with the company. The project was cofinanced (50:50) between the company and AAU.

Impact on university autonomy: This I-U collaboration project has had some impact on university autonomy. The funding and the activity framework are outlined in an agreement. The project did not have a common board, but was monitored by the company's Fund Manager. Overall, the project fulfilled its defined purpose, but even so, the project toward the end experienced some friction in reporting and access to and collaboration with managers that endangered the survival of the project.

As these case studies demonstrate, I-U collaboration contributes to the enhancement of research, learning and training, and company development. It has a large impact on student training and company development (cases 1 and 2). It has the potential to contribute to research and company development (cases 4 and 6), but, depending on the organization/design used or the dynamics in the relationship between the researchers and company managers, the contribution to the company development may be insignificant (case 4) or stifled. If research is well integrated into I-U collaboration (case 3), then the collaboration will score high on company development and can contribute more to research.

In terms of funding, the manpower offered by companies and the university emerges as the main resource in I-U collaboration. It can also be seen that it is possible to design an I-U collaboration model that requires relatively few additional resources (cases 1–4). A major cash component from companies or a development organization is sought when there is a need to fund, for example, a PhD project, build infrastructures, or finance new ventures/university spin-offs. It can be seen as well that I-U collaboration presented in the vignettes does not contribute to costs for the university, including overhead; rather, only direct costs related to collaboration activities are paid for. When a project design includes finance and data, dialogues, and development (figure 11.1, cell 4), companies are ready to finance the direct costs, but are reluctant to contribute to university overhead.

The analysis of I-U collaboration across cases suggests that I-U collaboration (i) is an iterative process between theory and practice; (ii) fosters a long-term relationship (not just an interview or questionnaire); (iii) creates synergies between role and competences; (iv) focuses on the 3Ds—data, dialogue, and development—to enhance knowledge/learning and practice simultaneously; and (v) uses manpower (time) as the main resource, supplemented by external funding from public and private sources. I-U collaboration may be thus described as an extensive collaboration between university researchers, students, and company managers and employees, as well as a web of interdependencies with a potential synergy between multiple types of resources and competences. The role of funding in I-U collaboration is to underpin the knowledge-driven and training-driven ambitions of researchers and managers. This seems to be an important conclusion in the face of the present tendency in universities to hunt for funding for large-scale projects and not to pay enough attention to whether this funding, and the associated costs of administration are justified by the level of generation of new knowledge and new practices.

Impact of I-U Collaboration on University Autonomy

Any form of I-U collaboration raises a question of whether it has an impact on university autonomy. Does a university lose or gain autonomy as a result of I-U collaboration? Or does I-U collaboration affect university autonomy vis-à-vis other stakeholders, for example, the government? The impact of I-U collaboration on university autonomy will be discussed in this section, drawing from the I-U collaboration cases presented earlier, and from other cases of I-U collaboration, as well as a discussion of the appropriateness of the term "autonomy" in today's networked economy.

To some extent, the impact of I-U collaboration on university autonomy was addressed in previous section, but it is worthy to take into consideration that the sample of I-U collaboration cases presented in the vignettes is a subsample of a larger population such collaboration. Therefore, it is imperative to delineate the criteria used to define this subsample, since the impact on autonomy is different for diverse categories of I-U collaboration. Cases in this subsample are from social science/business studies, and all are project based, with industry contributions and involvement in terms of time and funding. They are not cases of "program funding," that is, relatively unconditional funding given to the university, sponsorships related to, for example, a laboratory or a name tag on a lecture hall, or of pure consultancy, or cases involving intellectual property rights or patents.

Autonomy Impact Derived from the Cases

The analysis of the cases identifies five areas of university autonomy that are influenced by I-U collaboration: university agenda; critical posture; confidentiality; resource control; and finance (table 11.1).

Impact on University Agenda

Does I-U collaboration entail a change in the agenda that the university would like to pursue? Will academic staff be able to discuss the issues they wish to investigate? In the cases presented here, the university has been in the lead, and what the academic staff aimed for has, by and large, been fulfilled. Students are able to integrate theory and practice (cases 1 and 2), and managers are able to develop a suitable internationalization strategy for the company (case 3). However, in I-U collaboration, the university agenda is not the only dimension. It is crucial for universities to have a mutual orientation mindset and to be constructive as industry also wants its agenda fulfilled.

Impact on Critical Postures

Can students and researchers be as critical as they want and thus live up to one of the main freedoms of universities? The cases illustrate that this is not possible, at least not in the form of direct criticism of companies and managers. In case 6, as the

Table 11.1 Impact of industry collaboration on university autonomy

	Impact on				
	University agenda	*Critical posture*	*Confidentiality*	*Resource access & control*	*Finance*
Case 1	1	2	2	2	1
Case 2	2	3	2	2	1
Case 3	1	2	3	2	1
Case 4	1	2	3	2	1
Case 5	2	3	1	2	2
Case 6	2	2–3	2	3	2

Note: 1 = low impact and 3 = high impact

result of what was perceived as inappropriate criticism (even if the criticism might have been true), the collaboration was close to being ended. While personal criticism is not permissible, critical analysis in a neutral professional and constructive framework (for example, an organizational framework) is acceptable. Thus, to sustain academic freedom when collaborating with industry, it is important to maintain a "constructive criticism approach."

Impact on Confidentiality
Will industry require confidentiality and thus make it less possible to live up to another important freedom of universities: to make research findings publicly available? The cases show that there is an issue of confidentiality. The students in cases 1 and 2 have at times had to sign a confidentiality agreement, and reports are put on a confidentiality list. Similarly, if the type of projects in cases 3 and 4 are to succeed, the ethical code of the researchers involved has to be one of "nondisclosure. How critical is this project to research? It is critical if a "storytelling methodology" is used with no disguising "who" is involved and "what" actually happened. It is less critical the more conceptual and abstract the work is, as persons and events may be disguised without compromising the authenticity of discussions. Thus, methodological freedom is an issue in I-U collaboration.

Impact on Resource Access and Control
A reason for a university's collaborating with industry is often to access resources in terms of data, dialogues, manpower, and finance that are controlled by industry. As the university does not otherwise have any claims on these resources, it does not seem that this compromises university autonomy. However, if academic staff cannot access data and engage in dialogue with managers, they can only base their research on publicly published data (public statistics, annual reports, websites) and speculation (hypotheses), thus diminishing the value and quality of their work. This is what happens in a number of countries with less collaborative-minded companies and thus no collaborative culture between industry and university.

Impact on Finance
Most of the cases have had little impact on financial autonomy as the projects have been small. However, the more both parties gain from the collaboration, the more it is to be expected that both contribute financially. The earlier distinction between consultancy, development, and research is useful here. In the former case, companies benefit and should pay, including overhead costs. In the case of development, companies should pay the major share as they benefit the most, while when it comes to research, universities benefit as much as companies and perhaps even more. In that case, universities should contribute resources.

Impact of Industry Collaboration on University Internal Autonomy and on University Autonomy vis-à-vis Other Stakeholders
The cases presented have primarily involved students and researchers/teachers. Although university management in principle has the power to constrain the I-U collaboration, intense collaboration will tend to provide the researchers with more

autonomy internally as they will have their own budget and agenda, and thus, to some extent, be independent of university funding. Not only may the internal autonomy relations change due to I-U collaboration but also university autonomy vis-à-vis other stakeholders, such as government, may also be affected. If, for example, universities have constraints on their autonomy to design curricula, it may not be possible to design and implement a PBL model. Two examples from Denmark illustrate this point. When the Danish government stopped group examinations, it had an impact on PBL-based teaching, which consists of group work and examinations. Similarly, when the Danish government required an increase in lecture hours, it had an impact on the supervision hours for industry-based projects.

The Challenge to and a Revisiting of the Concept of University Autonomy

Looking across the five autonomy dimensions identified in table 11.1, it can be observed that they form a web of interdependencies. Where mutual orientation, trust, creative win-win mindsets are the basis for the I-U collaboration, the concept of autonomy is challenged. I-U collaboration can be a strong force and enhance the position of the university in the net of stakeholders, moving from the individual I-U collaborative project to a view of I-U collaboration as a culture and a network with multiple interfaces between companies and universities, which can be mobilized and used as a countervailing power vis-à-vis other stakeholders, notably the government. For example, universities may get the backing from industry for a specific education program or to establish a specific research program.

Perhaps, most importantly, I-U collaboration challenges the concept of autonomy as it is conventionally understood. When a position develops from one of autonomy or dependency into an interdependent relationship with blurred borders between the partners and not a simple division of labor, there is then a need to redefine or widen the concept of autonomy to encompass a more collective concept.

The network concept may be useful for a redefinition of university autonomy. In a network, actors have control over resources, which are attractive to others and by building long-term and trustful relations, a platform for accessing these resources is established. However, access to resources, knowledge, and expertise is also conditional on creating win-win outcomes so that both universities and industries fulfill their objectives through collaboration. To create win-win situations, universities and industries will have to be creative and constructive in order for the classical freedoms of universities to be upheld. This, as the example cases have shown, is possible, but it should be stressed that the classical freedom agenda is under discussion, and sometimes under pressure in I-U collaborations.

Concluding Remarks

This chapter has illustrated the way in which I-U collaboration can be an integrative and mutually beneficial process for students, staff, and industry. A number of case studies reveal examples of best practice and that the collaborative networks of interests that they illustrate should cause a review of conventional understandings of autonomy. It emerges that the alliance of the interests of business and industry

may form an effective power base for negotiation concerning specific issues with government. Since, as the chapter argues, I-U cooperation is increasingly important for universities, students, staff, and governments, it is essential that the impact on all aspects of autonomy is critically assessed. The chapter further argues that this new relationship requires a new concept of autonomy—"networked" autonomy. While the conventional understanding of autonomy focuses on the independence of universities, the "networked" autonomy concept focuses on interdependence between the university and industry. This challenges the conventional "freedoms" of universities, but as the cases illustrate, it is possible to create win-win collaboration. There may, however, be more subtle ways in which the understanding of university autonomy may be affected by I-U collaboration, which may require further reflection and research. Although there are manifest and mutual benefits in a problem-based curriculum dependent on real-life industry projects, it might be that the dependency relationship becomes less balanced over time and that industry might exert increasing demands. Students too play a role in the relationship, and in changing economic environments may have an impact on the dependency equation. Financial stringency may cause universities to reconsider real or full costs and expect account to be taken of overhead as well as staff time. Government and industry might combine to exert more pressure on the academic community to focus more exclusively and narrowly on skills and competences for employability, posing a different challenge and a new dimension to the "network" concept. Whatever the future direction the interfaces between University-Industry-Government are likely to have, the increasing impact on the ways in which autonomy is understood and exercised requires continuing study on a transnational basis.

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CHAPTER 12

Industry-Academia-Government Cooperation in Japan: The Pivotal Role of the University and Implications for Autonomy

Yukiko Yamaguchi and Nikhilesh Dholakia

Introduction

In general, it has been recognized in Japan that the university plays three distinct but interrelated roles: education and teaching, research and scholarship, and contribution to regional revitalization. While the first two roles have received considerable attention in Japan, relatively little attention has been given to the third role of the university: the contribution of the university to the revitalization of the region in which the university is located.

This chapter provides an overall background of the university system in Japan and then explores in detail the case of the University of Nagasaki (UON), which was the previous academic home of the first-named author.

First, some specific background on UON would be helpful. There are over 780 universities in Japan, of which 178 are public. Of the public universities, 86 are designated as national universities and 92 as local universities, UON being one of the local public universities. UON is located in Japan's southernmost major island of Kyushu, where Nagasaki prefecture is located. Of the four main islands that constitute Japan, Kyushu Island is the closest to East Asia. Nagasaki prefecture also has some of the most remote smaller islands in Japan. Remote islands have many problems of their own such as depopulation, difficult transportation, and lack of industrial development. As indicated in the "University of Nagasaki Guidance Document," which is designed by the university and distributed to students and industry, UON is a public university and promotes partnerships and collaboration with the local community in an effort to adapt to the diversified needs of local residents and improve their welfare.

This chapter examines the pivotal role of the university as a key player in industry-academic-government cooperation in Japan, with a specific focus on the third role of "regional revitalization." The chapter provides background to the university system in Japan and then explores the case of UON in detail. Indeed, there is an expectation that UON and similar national universities in many of Japan's prefectures will be increasingly required to play major roles in the revitalization of their prefectures. This new anticipated role of the university, as a catalyst (and even as an agent) for regional socioeconomic revitalization, can have a dual impact on the university's autonomy. It can influence the university's autonomy in the region, as a player of political and economic significance; however, at the same time it can make the university more dependent on the Japanese government, which provides the funding for such regional revitalization programs.

Since the start of the twenty-first century, there has been a general awareness that while Japan has extraordinary world-class universities, the position of such top universities as well as ordinary universities in Japan has been declining due to increasing global competition, which is arising from the emergence of top universities in the rest of Asia as well as from the efforts of Western universities to reinvent themselves (Arimoto 2011, Yonezawa 2003, 2007). There are pressures to reform the higher education sector in Japan, from both the university communities and the national ministries. These debates about higher education reform in Japan are being played out on a large and complex stage. The case study in this chapter illustrates the practical implications of such debates at a regional and prefectural level.

Case Study of UON

Using the UON case, we introduce the role of a university within a general framework of industry-academia-government cooperation. Specifically, we describe the outcome of a project-based learning (Project-BL) program at UON. This particular Project-BL program is composed of participants from the university, officials from one of the local governments, and representatives of a local enterprise. It has the following members: (1) participants—students and faculty staff—of specific seminars at UON, (2) representatives from the Kamigoto local government, and (3) representatives from the Kamigoto Fishery Cooperatives. UON concluded cooperation agreements with the local entities in various fields in the course of preparing for this program. The specific fields of university-government-enterprise cooperation in this Project-BL program are related to regional promotion, educational attainment of the local population, the health and welfare of the local populace, and enhancement of academic research and service. In short, a comprehensive agenda of "regional revitalization." By taking the lead in this locally vital project, the university responded to the ministry directives, but at the same time demonstrated that it could exercise autonomy in curriculum development and in the innovative manner in which it expanded its regional role.

Kamigoto area is located on a small island, off the coast of the major island of Kyushu. One of the economic strengths of Kamigoto Island is fishery. It is challenging, however, to achieve stability in the supply of fish and to have a recognizable and value-adding branding of fish from Kamigoto. While the fish produced in

Kamigoto is of high quality, it is difficult for the general consumer to distinguish among various fish-producing centers, in the same way that the typical Japanese consumer is not knowledgeable about the home regions of various French wines. Consumers do, however, recognize that burgundy wines of the Bourgogne district of France have high value, and they preferentially purchase the burgundy wines from this region of France. Consumers are able to make such quality judgments because the wine labels identify clearly the name of the producing center and establish the source of the wine.

One of the objectives of this Project-BL program's objectives is to achieve differentiation of the Kamigoto fish from other marine products by developing a branding tag. It is easier to make a branding tag if the scale of the company (in this case, the size of the fishery) is big. But the fishery in this case is not so big, and the fish producers in Kamigoto do not have sufficient market knowledge or strategic capability to create strong branding for their fish. The Project-BL program developed marketing strategies that, within the resource constraints of this setting, maximize the fishery strength of this small island.

Branding by Kamigoto Fishery Cooperatives: "Goto Hakoiri-musume"

Nagasaki is Japan's leading prefecture in terms of seafood production and fisheries. Fish catches are abundant, and the prefecture is making positive efforts to call nationwide attention to its excellent fresh fish. For example, it promotes the brand "Nagasaki-no-megumi" (which translates roughly as "Blessings from Nagasaki" or "Bounty from Nagasaki") for the Gon-aji (horse mackerel) and Gon-saba (mackerel) fish varieties. Kamigoto Fishery Cooperatives joined the promotion with a view to spurring the revitalization of the local economy through branding of fresh fish catches, to make their products recognized as safe and secure by more consumers.

The noteworthy thing about branding by Kamigoto Fishery Cooperatives is the promotion of the brand and the tagline "Goto Hakoiri-musume" (which means "Sheltered Princess"). The concept is to group seasonally selected fresh fish carefully without limiting fish species (the term "Goto," in this context, roughly translates as "Season's Selection"). For example, the spring group contains spear squid, bigfin reef squid, and snapper; the summer group has grunt, cutlass fish, and horse mackerel; the autumn group has striped bonito, Spanish mackerel, and red barracuda; and the winter group has abalone, turban shell, and yellowtail. In this way, the regional characteristics of Goto ("Season's Selection") are accentuated with fresh seasonal fish.

The project to create the brand of Goto fresh fish, "Goto Hakoiri-musume," started in 2006. Yet, its name recognition was unsatisfactory not only nationwide but also within Nagasaki prefecture. Therefore, the Project-BL program set up a Branding Promotion Committee to improve name recognition. Specifically, the Project-BL program leaders established the certification standards and developed a quality manual to maintain the quality of fresh fish, carried out workshops to teach the skill of the tearing out of a nerve to maintain the freshness of the catch, and created leaflets and posters of "Goto Hakoiri-musume." Thanks to these efforts, the Kamigoto Fishery Cooperatives fresh fish started trading at prices higher than the ordinary fish catch in big-city wholesale markets in other prefectures.

Development of a Special Tag to Prevent Counterfeiting

UON started its Project-BL educational program by concluding a mutual cooperation agreement with the local government to promote "Goto Hakoiri-musume." The purpose of the program was to make use of the ideas of students for promoting fish catches from Kamigoto. It was designed as a short-term practical Project-BL program spanning about ten months.

The local government made three specific requests to the university: (1) to come up with proposals for specific methods for public relations, marketing, and a branding strategy for the Kamigoto fishery, (2) to develop dedicated tray and box designs for quick home delivery, and (3) to provide ideas for a special tag to prevent counterfeiting by other fish suppliers. Kamigoto Fishery Cooperatives hoped to adopt those ideas that they found to be the most applicable. UON took up these three requests as three challenges for the university students involved in this project.

In response to these three requests, the UON professors assigned about 50 students from two seminars (Economics and Marketing Theory) in the Department of Economics. Most of the students were second- and third-year undergraduates. They were divided into ten teams with a mixture of different academic grades, so as to have roughly comparable skill levels in each team. Three to four teams were assigned to each request: the branding challenge, the tray design challenge, and the special tag challenge, and the seminar faculty set up a final briefing session in the form of a competition among the teams. The ideas generated were from the student teams. The professors gave some comments, but did not play a gatekeeping role. The industry—fisheries officials—did have the opportunity not only to give feedback but also to reject the ideas or designs they did not like. While the design ideas came from students, the intellectual property rights for the final design were secured and held by Kamigoto Fishery Cooperatives.

Students' field activities in this program were scheduled for the second half of the year. In the first half, the seminar faculty asked the staff of the Shinkamigoto town office to come to the university to talk to the students about the industry and the history of the town, as well as the current conditions of the local fisheries industry. In the meantime, students acquired theoretical knowledge, including learning the concepts of brand theory and distribution theory in their seminars. Then, students started to work on the three challenges. Whenever necessary, the student teams queried the staff of the town office and representatives of the fisheries cooperatives about the technical issues that the students could not figure out on their own. So as to be practically adoptable, the student teams tested their initial ideas by creating prototypes and presenting these prototypes to the town and fishery officials (see figure 12.1). To gather the opinions and advice from the staff of the fishery industry section of the town office and from the members of the fisheries cooperatives in a systematic manner, the students organized a tasting event, a midterm briefing session, and a final briefing session.

During the practical phase of the Project-BL program, one of the student ideas about a quality-assurance tag proved appealing to all constituencies, and it was readily adopted. Figure 12.1 shows the special tag that was created based on the idea. The students of the successful team first researched the tags of other localities that

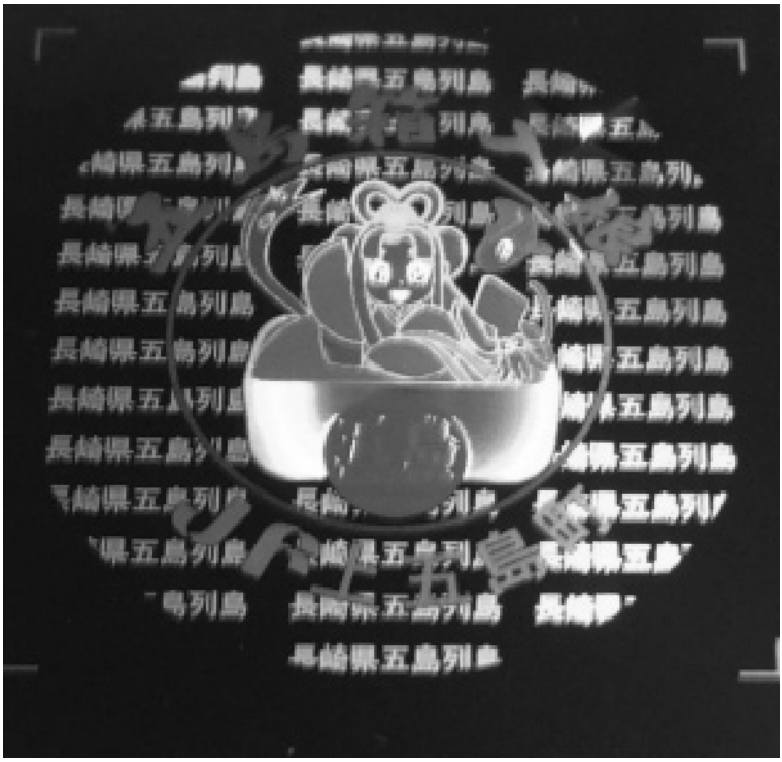

Figure 12.1 Holographic quality-assurance tag idea based on students' suggestions
Source: Ryo Furuki

were pursuing the branding of fish products. They investigated what materials were used, what advantages or disadvantages the branding of fish products offered to other fisheries, and the tag designs of the fishery products from the other fisheries. In addition, they actually created prototypes to find out how a tag should be affixed in order to avoid fish being damaged. Furthermore, they asked the tag manufacturer to create real prototypes to survey pricing issues. The successful proposal used a hologram, and the resulting tag was resistant to moisture and difficult to copy or counterfeit (see figure 12.2).

Figure 12.2 shows the tag as it was finally deployed on a variety of fish products from the Kamigoto region. The tag carries the shipping number to further strengthen its anticounterfeiting properties, and is affixed to the fresh seasonal varieties of "Goto Hakoiri-musume" fish products. While the final holographic design—based on (and somewhat modified from) student suggestions—is protected by intellectual property rights held by Kamigoto Fishery Cooperatives, the phrase "Goto Hakoiri-musume" was created (in 2006) by the fisheries cooperative as a marketing tool to communicate seasonal variety and freshness, and is not protected as intellectual property. The rights to the marketing phrase "Goto Hakoiri-musume" are simply based on first and prior use, and precedence.

Figure 12.2 Kamigoto fish tagged with the final design of the new quality-assurance tag
Source: Ryo Furuki

Assessing the Learning Outcomes of the Project-BL Program

Japan's Ministry of Economy, Trade and Industry (METI) established a committee comprised of leading intellectuals in the business world and from the universities to define the "fundamental competencies for working persons" for the contemporary and evolving Japanese society. To some extent, such a consultative process represents greater autonomy for the university in the context of Japan, where in the past, the central government has often handed down policy mandates unilaterally. According to the METI committee, some basic abilities are required for working together with various people in the workplace and in the local communities. The three core competencies identified by the METI committee are in the areas of Action, Thinking, and Teamwork. Universities are especially important in terms of cultivating these competencies because they play a role in preparing future members of the workforce. Once again, in the global context, the Japanese case needs to be interpreted carefully. The past practices of central government ministries in Japan in handing down unilateral mandates are now becoming somewhat modified: the mandates are still being developed centrally, but now there is a consultative process in which university and industry leaders have an equal role at the table along with government bureaucrats.

This subsection considers the specific learning outcomes of this specific Project-BL program—to create and promote the "Goto Hakoiri-musume" fish products brand—in terms of core knowledge goals, which are aligned to the METI goals. Specifically, the outcomes are assessed in this subsection in terms of Thinking (the ability to question and think through the practical challenge faced by the local community), Teamwork (the ability to collaborate with various people, across institutions, to achieve the project goals), and Action (the ability to step forward and act persistently, even if initial efforts result in failure). These Project-BL program goals are in line with Japan's METI recommendations about the fundamental Thinking-Teamwork-Action competencies that a well-educated member of the society should have in order to work productively and cooperatively in the Japanese society.

According to METI, these basic abilities are required for all full-fledged working-age members of society, and especially for those who are completing their university education and preparing to enter the workforce. What we have witnessed here, of course, after the government-industry-university consultative phase is over, is a reversion to the centuries-old Japanese political tradition of a strong state communicating its wishes and dictates explicitly to the business and the academic sectors.

Details of the METI-Recommended Competencies

The METI committee went into detail on the aspects of the three core competencies that were recommended for the workforce. "Action" is seen as the ability to step forward and act, even in the face of adversity and failure. It consists of three competency factors: Initiative (the ability to begin things proactively), Influence (the ability to have an impact on and involve others), and Execution (the ability to set goals and to carry out the goal-directed actions with conviction).

According to the METI, "Thinking" is the ability to think through a problem or a challenge. It consists of three competency factors: the ability to detect issues (analyze the status quo and clarify issues), planning skills (clarify procedures to solve issues and prepare courses of action), and creativity (generate new possibilities and foster new values).

"Teamwork," according to the METI committee, is the ability to work well as a member of a team. It consists of six competency factors: the ability to deliver messages (deliver one's own opinions clearly), the ability to listen closely and carefully (hear other peoples' opinions), flexibility (appreciate different opinions and perspectives), the ability to grasp situations (comprehend the relationship between oneself and other people, as well as the things surrounding oneself), the Ability to apply rules and regulations (comply with social rules and keep promises with others), and the Ability to control stress (deal with the original cause of stress).

The METI-recommended competencies provide a framework for assessing how well, in Japan, various industry-academic-government cooperative programs and projects meet their intended goals. In this particular case, the METI-recommended competencies can be employed to assess the value of UON's Project-BL program, which is focused on the revitalization of the local fisheries industries.

It is clear that, in the regional revitalization initiatives, the process of developing and defining new competencies was a consultative one, with industry leaders and academic experts playing major roles. Once the competencies were developed and elaborated in a consultative fashion, however, the traditional Japanese model of top-down mandates resurfaced in the implementation phase.

Assessing the Project-BL Program vis-à-vis the METI-Recommended Competencies

Universities, in general, focus on students acquiring theoretical knowledge and developing a logical thought process. Of course, in specialized professional fields such as medicine, law, engineering, and accounting, universities go beyond these general goals and concentrate on imparting specialized knowledge and skills. The general intellectual focus of the university is consistent with the fundamental competencies recommended by METI. While it is important for a university to impart theoretical knowledge and specialized knowledge, it also needs to be recognized—based on

experiences in the United States, Japan, and elsewhere—that the epistemic knowledge goals of the university do not necessarily and directly lead to the employability of the young people who graduate from the university. Therefore, universities also need to provide the kind of education that will foster the development of all the skills and resources recommended by METI for the "fundamental competencies for working persons" in a society. It is useful, thus, to assess this specific Project-BL program, as a small exemplar of industry-academic-government cooperative programs, based on the three core competencies of Thinking, Teamwork, and Action.

Project-BL Program and the Thinking Competency

Students seemed to have some difficulty with how they should deal with assignments in this Project-BL project because it had a rather broad range of actors, institutions, and objectives. In the specific case of development of a special quality-assurance tag, they had to come up with an idea for a mark or symbol that met multiple criteria: (1) was consistent with the branding theory they learned in the classroom; (2) met the local government's and the fishery's desire for the idyllic images of "Goto Hakoiri-musume"; (3) had a design that had not been used anywhere else. After some trial and error, the students did manage to think their way through these issues and to reconcile and work with these multiple objectives. It should be noted that, while the overall competency goals came from METI, the specific way the project was designed and conducted by UON was entirely autonomous in its conception, design, and execution. Once again, we observe a cultural fit with the industrial culture of Japan where—after top management hands down broad goals—small teams and quality circles work almost autonomously on ways to achieve these goals.

Project-BL Program and the Teamwork Competency

In the teamwork aspect, the Project-BL program had the most fruitful result because the practical project-based education worked. Each team was a mixture of students of different years and abilities (second- and third-year students), led by a team leader. Thus, the students learned a lot about how to organize a team, how to assign roles to members, and how to exert leadership, as well as how to follow a leader. Interestingly, a similar project in the following year required the professors to organize teams again. Third-year students who, in the past, just waited for instructions, now assumed leadership roles in organizing teams. Also, typically, students in the Department of Economics have few opportunities to experience teamwork. This kind of program provided them valuable teamwork experience, and they learned how to play their roles in a team and take the required actions. In this new program, students moved considerably beyond their traditional roles in Japan of note-takers and knowledge-absorbers. They became team leaders and members, industry liaison personnel, designers and creators, and project implementers—roles that traditionally have been totally unknown in the Japanese university system.

PBL Program and the Action Competency

There were two public briefing sessions during this PBL program, a midterm one and a final one. The final briefing session was especially important because it involved a panel of ten external judges who provided strict evaluation, but also

made suggestions and gave helpful advice and opinions on each proposal by the students. Such briefing sessions helped the students enhance their presentation skills very much. The students looked nervous at first in the question-and-answer session, but it was impressive that they talked frankly about the issues and shared their own thoughts in a candid fashion toward the end of the session. The sessions turned out to be good opportunities for the students to express their opinions in their own words and learn constructively from external real-world feedback.

Overall, this Project-BL program was practical for students because it required them to identify issues, analyze the issues using multiple criteria representing the interests of various constituencies, and come up with proposed solutions that were acceptable to all. Thus, they developed the basic skills required to become productive and contributing members of society. Through this Project-BL program, they learned about issues in the local community and what actions to take to deal with such issues.

Impact on the Local Community

Because this Project-BL program of industry-academia-government collaboration spanned only ten months, it is difficult to report on significant results that have longer-term implications; indeed, the community impacts are expected to unfold over many years. The Project-BL program, however, did receive coverage in the local newspaper, and a few articles were written about it. The local television station also introduced it on a show. In that sense, the program contributed to better consumer awareness of the collaboratively developed fisheries brand through the media publicity it received. Indeed, the publicity and public relations impacts appeared to be evolving quite in line with what is described in marketing theory. Furthermore, more than 100 participants gathered in the final briefing session, though most of them were students, and many of them came to know of the brand name "Goto Hakoiri-musume" for the first time. In this way, the program contributed to improving recognition of the brand name in the university community and among the local communities of the surrounding towns.

Indeed, the market appeared to have esteemed the Project-BL program highly because many people reported in follow-up interviews that the new "Goto Hakoiri-musume" fisheries brand created a more upscale impression of the fish products of the region. The quality-assurance identity tag, adopted based on the idea of the students, gave the fish buyers confidence in the Kamigoto fish products they were purchasing throughout various seasons.

Educational Benefits of the Program

The Project-BL program had positive educational impacts, for students and the community, in three important ways. First, by leaving the classroom to conduct research and study real-world problems in the field, the students acquired—in very practical ways—the basic skills required to become productive members of society. Second, because the program involved not only students but also various other constituencies—such as local residents, the workers of local industries, and the staff of the local government—there were exchanges among people across institutional

lines that are normally not often crossed, and thereby new human networks were established. Third, the Project-BL program made students aware of and allowed them to come closer to local economic and social activities, making them cognizant of the daily challenges outside the "ivory tower" of the university campus.

In summary, students were able to establish networks in various local and regional spaces through the actual activities of the program, including interviewing local people. They learned how important it is to think of the community in which they live, via direct interactions with the people from local companies and local governments. By the same token, local companies and local governments had the opportunity to listen to the innovative and diverse ideas and opinions of university students. One of the salutary results was that some of the participating students elected to seek jobs in the local community and developed an emotional attachment to it. This is critically important in an aging Japan in which graduating students and young adults often migrate to big cities rather than establish connections and roots in local communities.

To engage in this very practical form of education, and to conduct the fieldwork for this program, it was essential for the students to master conceptual knowledge and theories at the university before venturing out for off-campus fieldwork and on-site study. This reinforced the theory-practice nexus and completed the beneficial circle of academic and practical knowledge, in a very strong manner.

Concluding Observations

Following two decades of economic stagnation, the economic policies of Japan are beginning to shift. While issues of national competitiveness remain important, regional economic policies have started focusing on the good use of human resources and of the knowledge found in local regions. In 2011, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) started demanding from the nation's universities a larger role in the training of human resources with a wide range of essential knowledge, expertise, and intelligence to support social development. MEXT has started promoting many Centers of Community (COC) projects, in which the university plays the role of a central node for regional economic development and revitalization. To promote the enhancement of outstanding human resources and creative and cutting-edge research and development (R&D), MEXT has decided to provide special support, in terms of a prioritized and systematic improvement of facilities and equipment, to selected universities. Out of a total of 237 major universities in Japan, 25 have been selected and offered funding for COC projects by MEXT. Some research centers and think tanks have also received funding for these projects. UON is part of this select group of universities and research institutions. Supported by MEXT funds, UON is working on a major COC project to improve the economy of Nagasaki prefecture.

The specific Project-BL program at UON discussed in this chapter was not large scale, but it provided a pilot model for COC. The ongoing and larger UON COC project consists of multiple Project-BL programs like the one described in this chapter. It is important for Project-BL programs to foster the interinstitutional cooperation system such as the one described in this case, with roles for each side of the industry-academic-government triad. With such a model of regional knowledge-based

cooperation, the nodal university can contribute to regional revitalization. To put it another way, industry-academic-government cooperation, with the pivotal role of the university as a key player in such a nexus of cooperation, is one of the most cost-effective methods for regional revitalization.

In understanding these new processes in Japan, and what these new processes mean for government-industry-university relations and for university autonomy, it is important to keep in mind the historical and cultural context of Japan, dating all the way back to the Meiji restoration of 1868 (and the hyperspeed modernization of Japan during 1868–2012), and even the millennial imperial and feudal history preceding that (Westney 1987). In Japan, major socioeconomic and political changes (including educational reforms) have always followed a top-down model: in the Tokugawa feudal era (Backus 1974) and even during the Meiji restoration. While, like the French or the American Revolutions, there was explicit overthrow in the Meiji period of obscurantist feudalism in Japan, unlike in France and America, there was no explicit ushering in of popular democracy. Instead, the revolutionary forces of the Meiji era restored the glory and authority of the emperor who, instead of being just a monarch, came to represent the central government and a global modernizing force. In post–World War II Japan, while representative electoral democracy has been established there, the overarching guiding role of the central government remains very important. What this case study and the COC projects in general represent are the beginning of a process of change at the margins. Instead of unilateral ministerial mandates and fiats, now there is a consultative process in place. Indeed, there is recognition—perhaps grudgingly—by the government that the spheres of autonomy, in academia as well as industry, have to expand, even if only gradually and in small doses. From the Western perspective, the examples and processes portrayed in this case may seem strangely controlling and centripetal, but, from the Japanese historical perspective, these changes are indeed autonomy enhancing and gradually centrifugal.

As the world has been changing, society and particularly the local community demand significant roles from the university. The university needs to play a role in returning knowledge to local residents and local industries, and assist local industries and local government in solving problems through research and education, as a way of fulfilling the demands that society makes on its centers of higher learning. Several additional exemplars of regional and local industry-academic-government cooperation, similar to the case described in this chapter, are needed in Japan, to ensure that Japan's high-level economy—with the challenges of an aging (and shrinking) population and low growth rates—retains regional diversity and local vibrancy in the near as well as the distant future.

This study shows that concepts of "autonomy" in higher education are culturally and historically embedded. Although the fisheries Project-BL is an example of developing university autonomy in the Japanese context, and the content of the project was determined by the university, it is evident that the impetus came from the government initiatives to motivate universities to play a larger role in regional revitalization. Without government policies backed by incremental and special funding, the COC and Project-BL initiatives might not have come about on their own, in an organic fashion. Moreover, the learning outcomes and competencies that the university seeks to develop have been articulated by the government, specifically

MEXT, albeit following a consultative process involving all sides—government, academia, and industry. This study indicates that, while the university is establishing a more powerful role in the region and this is enhancing its autonomy, it is difficult to determine exactly how. There is a body of research on the economic, social, and political impact of universities on cities and regions, but less on whether this is a manifestation of university "autonomy" or, as this chapter suggests, a response to government policies and incentives—interacting in various ways with university initiatives. The chapter makes it clear that, although the university led the specific project initiative, and the ideas that were implemented were generated by the students, students have become key players in the relationships among the university, business, and the regional government (prefecture). This is an aspect of student-centered and problem-based learning that would benefit from further research and reflection. Future studies could focus on whether student interactions and their impact on the business community are subtly changing the power dynamics in Japan and to what extent universities will need to adjust their structures to accommodate this change in relationships.

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PART VI

University-Internationalization Interface

CHAPTER 13

Combining Internationalization and Autonomy: The Case of Russia*

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Introduction

Higher education institutions (HEIs) are today considered an essential component of sustainable development, not only at the level of the state but also at the global level. Universities play an important role in political, economic, and social life. The emerging markets nowadays are turning toward education, technologies, and knowledge creation. Combining foreign practices and their own specific features, the universities from emerging economies are building their own original education systems.

The aim of this study is to analyze the impact of autonomy and internationalization on the development of Russia's higher education system. We consider the historical and cultural development of the Russian education system through the lenses of autonomy and internationalization by pursuing the following purposes: indicating the main challenges for Russian universities; identifying specific features of the higher education (HE) system; following up on recent trends in HE in Russia; and providing a case study of a Russian business school.

We analyze the key components of university autonomy such as independence from government, academic freedom, and educational and financial autonomy with regard to HEIs in Russia. As Russia has passed through crucial historical changes during the last century, the education system has exhibited different, sometimes ambiguous, characteristics. On the one hand, in possessing a large degree of freedom, Russian universities have always been financially dependent on the state. On the other hand, aiming to integrate into the global education system, universities often face strong opposition from the proponents of national education.

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Examining the changes that have taken place in HEIs, we reveal the different internationalization strategies of Russian universities. They have various objectives, such as diversifying financial resources, contributing to reputation, and developing exchange programs for students and staff. At the same time, opponents of education internationalization emphasize the negative consequences of this process, such as the deterioration of the quality of education, the brain drain, and others. In the third part of the chapter, we provide a case study of the Russian business school Graduate School of Management (GSOM), which, as part of Saint Petersburg State University, pursues its own strategy. GSOM has created a new business school model in Russia that combines autonomy and internationalization. Relying on the principles of creating its own unique resources and external evaluation of its work, GSOM has achieved significant results in the comparatively short period of time it has been in operation.

University Autonomy: An Overview

Nowadays university autonomy is considered a necessary component of the HE system. In the Grand Charter of the European Universities of 1988, signed in Bologna, autonomy is defined as one of the fundamental principles of universities:

> [A] university is an autonomous institution that lies at the basis of societies that are organized in different ways in accordance with characteristics of geography and historical traditions; a university creates, studies, evaluates, and transmits culture from one generation to the next by means of scientific research and instruction. In order to meet the requirements of the surrounding world, this research and instruction have to be morally and intellectually independent of all political authorities and economic pressure. (Burtsev and Zvonova 2007: 23)

However, there is still no commonly accepted and finally established definition of university autonomy. The meaning depends on the following aspects that have been established differently in various countries, for example, the system of administration; the level of development of culture, science, and education; and university traditions (Gushchin and Gureev 2011).

In the academic literature, university autonomy is interpreted as an institutional form of independence. This idea might be specified in the following aspects. First, academic independence is a logical implication of René Descartes's gnosiology, according to which the learning process should be liberated from external influences. Second, autonomy is the objectification of the university mission as the source, accumulator, keeper, and assembler of knowledge. Third, there is the growing role of the autonomous university in postindustrial society (Pevzner and Shirin 2012).

In general, a university's autonomy is defined as independence in choosing its strategy, organizational structure, and human resource policy; the way it deals with research, financial issues, and international exchange issues; and as all of the above being in accordance with university statute and national law.

Some researchers differentiate *substantial autonomy*, which allows universities to set their own programs and objectives, from *procedural autonomy*, which allows universities to define ways of reaching goals, prioritized in the frame of national policy, and *administrative or structural autonomy*, which is defining their own

academic structure (Nikolsky 2008). Often administrative, financial, and pedagogical autonomy are mentioned as crucial components of universities' independence. Administrative autonomy presupposes the president's electivity, his/her right to appoint vice principals, and the university's right to maintain a staff list, to form internal policy, and to establish branches. Financial autonomy refers to the university's ability to disburse funds received from the government and other sources, the right to charge students fees, and to use money earned independently. Pedagogical autonomy presupposes the university's ability to develop its own study plans, to choose learning methods and themes of research, and to choose the method of examinations and final assessment (Pevzner and Shirin 2012).

Prior to developing ideas about university autonomy in Russia, the majority of Russian universities admitted that autonomy is a complex phenomenon, that it has a long history in different countries, and that there are various traditions and current implications related to autonomy. One example is that, while some countries (e.g., Austria, Denmark, Finland, the Netherlands, and the United Kingdom) offer their universities broader autonomy, in other countries, such as Belgium, Germany, and Greece, the internal administration of an institution of higher learning is limited to a substantial extent (Gretchenko 2006).

University Autonomy in Russia: An Overview

University autonomy from a cross-national perspective has several meanings, and it has not always been about being independent from the ideology of the government. As Neave (1998) finds in his historical and comparative examination of the definition of university autonomy, under the Napoleonic model of the university, autonomy existed within a legal framework as a subordination of universities to the state. In the Humboldtian model, the mission of the state, as the patron of culture and science, was to protect science against sectarian pressures from within and outside academia. The state, in this case, resisted pressures from outside universities. The Kantian model relied upon dualism, in which the state's regulation was not appropriate in the area of philosophy, but was pertinent in law, theology, and medicine (Schmidt and Langberg 2007).

The Russian HE system saw three centuries of complex interplay between political, social, and economic factors, which was much more complicated than in other countries. Kortunov (2009) argues that a specific feature of Russia has always been an excessively strong state (deep systemic crises in the beginning and at the end of the twentieth century notwithstanding) and a profoundly weak society. This imbalance has deeply affected the whole system of HE, and is still one of the key factors influencing HEIs in the country.

Another specific characteristic of Russia is that there has been a relative weakness of the market mechanism, in the national economy in general, and in education particularly. Before the Communist Revolution of 1917, Russia had few universities and a low geographical mobility of the population. The education market itself was absent. The planned economy of the Soviet Union was implemented at all levels of education as well. This is the reason why HEIs never interacted with the private sector as an alternative partner, and why they still have to deal with state bureaucracies both at the federal and local levels to obtain funds.

Even for private institutions, which have never depended on public funds, it has been very important to have good relations with the state because of licensing, accreditation, and other bureaucratic requirements. Dependence on the state has always been a necessity for Russian universities, something that they have tried to avoid. That is why universities have always made the effort to be autonomous from state bureaucracy (Kortunov 2009).

In 2003, Russia joined the Bologna Process, which means that the country has given its consent to reforms in the system of education. The most important development was that Russia had agreed with the Magna Charta, which calls for essential changes, including one of the most important: university autonomy.

Russia adopted this principle in its own way. Under the *Federal Law on Higher and Postcollegiate Professional Education*, university independence was referred to in terms of human resource selection and hiring, and the implementation of academic, scientific, financial, and other types of activity (Federal Law 1996). Later, in the *Model Statute on the Educational Institutions of Higher Professional Education of the Russian Federation*, the autonomy of HEI was referred to as the degree of self-administration the university required to make effective decisions in regard to its charter activity.

In 2000–2008, the years of the economic boom in Russia, the State actively provided educational organizations with financial incentives and administrative regulation. This period was characterized by high competition among students for places in the top Russian universities, more intense integration into the international education system, and transformation of the management system at universities (Latukha 2013).

In the current period, the economic downturn has led to high competition on the labor market. Universities face new challenges, such as demographic pressure, foreign competitors, and demanding training programs. Success in overcoming these challenges depends on how HEIs learn to be independent in solving different issues. The transformation process of HE has started already, and each university has to choose its own way.

One specific feature for Russian HE is the substitution of "notions of autonomy" for "the right to issue degrees/diplomas." For universities, autonomy often means having a license to offer master's and PhD programs, issue their own diplomas, and form their own dissertation committees. However, referring formally to the Bologna convention, HEIs in Russia often attempt to solve problems without taking into consideration the strategic aims declared in the Magna Charta and the consequences of only partially following the Bologna ideology.

University Autonomy in Russia in Practice

To provide a perspective on the autonomy of universities in Russia, we will discuss the most important components of autonomy and discuss their implications for Russian HE.

Institutional perspective: Independence from government

From the outset, academic autonomy in Europe signified limitations on the jurisdiction of secular, church, and judicial authorities over members of the university corporation. Under the influence of the implementation of a universal plan of centralized nation-states, this became substantially transformed (Kalkhun 2006).

The Great Charter regarding universities, signed in Bologna, defines universities in two dimensions, research and education, as being linked to one another. University education is based on long-term, fundamental, free research, which universities share in the educational process. In the words of Dillemans (1989), "Now after years of direct, hard and critical confrontations with society, some of them are finally becoming true centers of excellence in Europe, North America and recently in Japan" (p. 334). At this moment, universities are facing new challenges and new responsibilities to society, which can lead to the development of new techniques and methods of teaching, such as correspondence courses, massive open online courses, or open educational resources (Dillemans 1989).

In the last decade, HE in Russia has become less elitist, more expensive, politically more visible, and economically strategic. Russia's president and prime minister demonstrate and emphasize this through their regular involvement in the activity of top universities (with the most prominent examples being the creation of federal universities and support for state universities in Moscow and St. Petersburg). This was a noticeable tendency in many countries over the last decades, and is now a feature of HE development in Russia. The model of HE in Russia is becoming more or less similar to the one highlighted by Enders, de Boer, and Weyer (2013), which is based on state supervision instead of state control, output control instead of process control, and "market-like" competition among universities. In Russian academic society, there is strong disagreement concerning the state's role in HE. Some academics fear that innovations in HE (such as financial autonomy) will bankrupt many state universities. Other parts of academia support the ideas of university self-regulation, self-finance, and self-development, as were reflected in the national legislative initiatives and in the *Federal Law 122*, which was developed based on the law of 1996 and adopted in 2004. For these "liberal" academics, the less the state participates in HE, the better. Their opponents claim that if HE is released into the liberal market, it inevitably will face failure in an administrative or financial context. Hence, the state should reinforce the HE system and retain control over academic organizations (Gretchenko 2006).

Academic Freedom: University-Academic Staff Interface

Another important issue concerns the professionals employed in the academic sphere. Traditionally, academics' career path in Russia (and previously in the Soviet Union) was less dependent on their professional results, and based more on their administrative achievements and use of political resources. Since the conversion of Russia to the Bologna system, their status, career prospects, and activity have been changing along with reforms to the HE system.

In line with these changes, the aspect of academic freedom has attracted greater attention among professionals in Russian universities. In this sense, academic autonomy was generally defined as the individual scientist's freedom in teaching and research. In the beginning of the reforms, such independence was quite unusual for Russian educators and researchers, but later, the freedom to initiate and participate in research topics, exchange scientific data, and choose research methods was appreciated by many professionals. Having witnessed the Soviet-style research system, professors and researchers in the new Russia recognized academic autonomy as the freedom to search for truth and produce knowledge without fear of being punished or fired for insulting any political, religious, or social orthodoxy (Shpakovskaia 2007).

While one of the concerns of international authors is the prospects of a negative transformation and a reduction in the scope of academic autonomy, as well as problems related to education "massification," commercialization, and globalization (Chiang 2004, Henkel 2007, Yokoyama 2007), in Russia the most important issue is the development and implementation of these features (nevertheless, related threats are also discussed among Russian academics)

In Europe, professional academic freedom has many limitations, which are often imposed by scarce financial resources. Over the two last decades, a sense of crisis in the academic profession has, however, grown (Altbach 2000, Enders 2006, Farnham 1999, Kogan, Moses, and El-Khawas 1994). Academics have traditionally valued their autonomy and academic freedom highly, perceiving it as one of the primary values of the profession (Enders 2006, Langberg 2003). Defining academic freedom, Enders (2006) differentiates between the European and the American tradition. The first is mainly defined as freedom of teaching and research (freedom of academics to choose their topics, concepts, methods, and sources), and the right to contribute to academic communities in accordance with the standards and rules of academia. In contrast, the American tradition incorporates the civil and political freedoms of academics and their right to speak and write outside their area of academic expertise (Schmidt and Langberg 2007). Russia follows the European way, with very limited examples of the American approach.

In spite of the recognition that academic autonomy represents the fundamental basis for the existence of scientific work, the interests of Russian universities' administrations often conflict with the scientific community and academic freedom. Experts emphasize that the limitations of academic autonomy in Russia are a consequence of global changes in the institutional role of HE. Education for the masses at HEIs, the formation of a market for educational services, and the increasing requirements of reporting to the state are occurring because of the bureaucratization of university administration, which consists of rector, vice rectors, deans, and chairs of departments, and the fact that managerial principles of control are making their way into all levels of academic life (Abramov 2012).

In Russia, the roots of collisions in relations between administration/staff and academics at the university arise from differences between professional cultures (Latukha 2011). The number of academic and administrative staff has been growing within the last decade in Russia. As a result, the organizational structure of the university has been becoming more complex. Moreover, more professional groups within the HE system have taken part in the development and application of ideas concerning university life. Administrators and academics have had different priorities: for academics, the main objective is involvement in research projects and scientific work, with the resulting publications in Russian and international journals, while the administration aims to follow procedures and instructions to maintain order in the institution's work. In fact, administrative personnel define themselves as performers of technical tasks, as handed down by an external bureaucratic actor called "the Ministry," and they do their best to carry out the related orders (Abramov 2012).

Educational Autonomy

According to Lyotard (1998), in post-Soviet Russia, universities have been subjected to the requirement to shape competencies rather than ideals: to produce so many

physicians, so many instructors in some particular discipline, so many engineers, so many administrators, and so on. While one key characteristic of autonomy is the right of academic staff to decide independently on the structure and content of curriculum and to select students for all kinds of programs, in Russia this component is under the additional control of other institutional actors such as the state and those employers who supervise particular university graduates.

One of the most important factors defining university excellence is the presence of a critical mass of the best students and highly qualified lecturers. Therefore, an inherently important feature of a university is its ability to select and recruit students with the highest academic scores independently. For example, the University of Beijing accepts every year the 50 best students from each province; Harvard University, University of California, and Massachusetts Institute of Technology accept only students with outstanding grades. All top-ranked universities are highly selective in admitting students to master's programs, which influences the level and the quality of research (Aghion et al. 2007).

Obviously, there are a lot of formalities in this process of admission. First, Russian universities do accept but do not select students with the best scores, which is a more formal and less ideal way of attracting *relevant* students. This is the result of the recent change in preadmission evaluation from universities to secondary schools. It means that the graduates from secondary schools receive certificates with their grades for several exams, with profiles that correspond to a profile of the university they intend to apply to, and they submit these grades to the respective university. Sometimes, formal grades and students' actual capabilities and knowledge do not match. But the university cannot choose between applicants: the only way to select is to rank them and then take the top one hundred, or top two hundred, and then to fill the remaining open places according to the quota received from the state. Second, universities engage master's students in their research, but at the same time this may decrease the quality of the research (concerning issues such as data collection or the quality of other research-related activities, when master's students, instead of more experienced PhD students, help professors with their research projects).

Today, in Russia, universities accept students on the basis of a national exam that students must pass at the end of high school. The quality of this exam system is doubtful. Applicants from more distant regions who obviously had received a lower quality of secondary education, obtained much better results than graduates of high school in central cities such as Moscow or St. Petersburg, which caused observers to raise the issue of exam-related corruption in schools. This problem was discussed publicly many times, even at the presidential level. Only a few universities, including federal universities (Moscow State University and St. Petersburg State University) can arrange their own selection procedure for some specialties, which partly removes this threat.

Financial Independence

A key component of autonomy is independence from only one source of funding (which is the state). As some researchers argue, in the United States, the term "corporation" applies to American universities as effectively functioning business enterprises (Kurakin and Filippov 2006). Another tendency is that HE drifts from a model of a social institution to a model of HE as an industry (Gumport 2000). This is exactly what characterizes the top universities in Russia. In the official speeches of Russian education

administrators, universities are more and more associated with firms, in which "employees" are professors, "clients" are companies/employers, and the "products" are students. This orientation, on the one hand, facilitates the understanding by university administration about how to earn money, but, on the other hand, creates a lot of new challenges and problems related to the quality of education (e.g., curricula that must switch to the expectations of business, and a narrowing of the focus of courses).

Many Russian universities started earning money in the time of perestroika (the end of 1980s to the beginning of the 1990s), when financial freedom was unlimited in the country. Opening "commercial" programs, providing "for-fee" consultations, requiring payment for the admission process, and securing corporate sponsorship and donations were means of attracting additional financial support, both at the organizational and the individual level. Often semiformal, these types of support were of great help for many Russian academics, who have more than modest salaries.

Nowadays, two tendencies characterize the financial independence of universities in Russia. First, it is strong financial discipline, with the control residing at the state (ministry) and interorganizational (university) levels. Second, it is the attractiveness of external funding to support teaching and research, and later develop corporate professional programs and participate in grants competition. It is worth noting that financial support is of critical importance for both the higher and secondary education systems in Russia, as it influences organizational and quality issues in universities and schools (Latukha and Panibratov 2012).

Internationalization of Education: Combining Autonomy and Development Perspectives

One essential component of the transformation of the contemporary system of HE is its internationalization. In universities in which student and academic staff mobility is low, there is a risk of academic isolation. According to surveys undertaken in European universities, schools with a large percentage of lecturers who graduated from the same university show relatively low results (Aghion et al. 2007).

Many authors emphasize that the transformation of HE should be considered in the broader context of globalization, geopolitical reorganization in the world based on the regional integration of markets and the reorganization of the division of international labor. From this standpoint, corporations, governments, and universities collaborate on developing joint projects based on new arrangements of capital, people, and ideas (Kanter 1997, Leydesdorff and Etzkowitz 2001).

Russian academics and practitioners are asking to what extent external (or "global") factors influence HE in the country. After the Soviet closed system ended, in which international exchanges were restricted, Russia started to participate in many bilateral and multilateral programs in HE, which were initiated, and often funded, by Western countries. Kortunov (2009) distinguishes three dimensions of this cooperation:

- Western government programs for technical aid to Russia (university partnership programs and individual academic exchange programs)
- international private foundations working in Russia, with substantial educational projects (mainly from the United States and the European Union)

- "commercial" (fee-charging) international projects in the sphere of HE (preparation of bilateral programs, primarily in the areas of business studies, foreign languages, and applied economics)

As mentioned above, universities in Russia emerged before civil society and democratic institutions were born in the country. This led universities to have additional functions, and they are perceived by society as political and social actors as having the potential to stimulate political and social transformation.

The Soviet legacy for HE can be seen in the popular conception that Russian education is the best in the world and does not require any changes. The opinion that Russian education should not adopt foreign practices and models still dominates in the minds of many officials and education administrators, including the rectors of some universities, and also professors. It became clear following the discussion of whether Russia should join the Bologna Process or not that there is a strong conservative lobby in Russian HE and that the country's integration into the global education system will not be simple.

In spite of the Soviet legacy, and the resulting negative perception of foreign education, a many innovative projects and tendencies to reinvent new schools have emerged in recent years. Several universities have enlisted forward-thinking, innovative rectors who are presenting new management models to the education system. More and more universities from all over Russia are engaged in international research partnerships, student exchanges, dual degree programs, and academic staff mobility programs. Many universities have started to implement new teaching methods.

The internationalization of HE aims at different objectives: the diversification and growth of financial resources through the attraction of foreign students who pay for their education; curriculum enlargement and exchange programs in which Russian students study in foreign universities; enlargement of universities' regional networks for effective use of their resources; and improvement in the quality of education and research in student and academic staff exchange processes, among others. The development of interuniversity partnerships allows the launch of joint research projects, exchange programs for students and staff, and special programs for foreign students. Of course, the internationalization of education leads to different challenges like certification, recognition and evaluation, double degrees, point system, and infrastructure (Garusova and Piginesheva 2013).

Opponents of the internationalization of education in Russia usually emphasize four negative consequences: the switch to "Western" models leads to a lower quality of education (and its accessibility); the displacement of the Russian language by English; the loss of control by the state; and a brain drain to foreign universities.

Nevertheless, more and more researchers are highlighting the importance of the further internationalization of HE in Russia, with many benefits discussed in the literature. For instance, Sokolova, Diuljmanova, and Silantieva (2013) emphasize the following:

- transformation of the training system of staff in accordance with the demands of the world labor market
- enlargement of the variety of educational services
- improvement of education quality and knowledge of foreign languages among students and staff

- expansion of Russian universities in the foreign educational market, including the launch of their own subsidiaries abroad
- an increase in the number of foreign students (and thus increasing financial flows)
- closer ties with foreign HEIs, development of joint programs, attraction of foreign graduates to Russian universities to develop the economy and scientific research in the country
- more intense student and academic staff mobility
- the strengthening of internal competiveness among Russian HEIs

The Case of GSOM as a Successful Model of Implementing Autonomy

Business schools have a particular position in universities' internationalization process. The globalization of business education demands more than just adding international business courses to the curriculum. According to Green and Gerber, "like their corporate counterparts, business schools themselves need to become global institutions with operations in various parts of the world to enable academic staff, students, and executive clients to gain international expertise and to provide regular and diverse global inputs into the educational process. Since most schools lack the resources to achieve a global reach by themselves, the best course generally involves the establishment of strategic alliances with foreign business schools" (Green and Gerber 1996: 89).

It is crucially important for business schools to integrate into the international system for several reasons (aside from gaining international experience). First, as for business firms, it is impossible to be global without some form of operations outside the country. Second, for both students and academic staff, it is desirable to get acquainted firsthand with the dynamic of the global economy while studying abroad.

The internationalization of business schools is often based on strategic partnerships (which is the case for not only European but also Russian schools). Certain factors make strategic partnerships successful. Partners should have common goals and objectives. Graduate school results depend a lot on the personalities of those who are in charge of coordinating the relationships. Below we provide the example of GSOM, the most prominent business school in Russia.

Preconditions and the History of Development of a Typical "Western" School in Russia

The idea of combining teaching, research, and administration was new for Russian universities until the beginning of the 2000s. The previous integration of Russian universities into global academia was quite formal and limited to the exchange of students. At the end of the 1990s, the rising interest in international schools among the Russian audience led to the appearance of several European and United States-based schools in the Russian educational market. The prospect of earning a dual-degree diploma, together with the names of well-known Western universities (mostly in master's programs), attracted the interest of local consumers in this product, which, in turn, made possible the opening of these schools in Russia.

As to the domestic universities, none of them could provide the same level of quality of education (with visiting international scholars and innovative pedagogical techniques) as these newcomers. An exception was the GSOM, which is a joint venture between Saint Petersburg State University (the second-largest university in Russia) and a top Western business school.

From the very beginning of its operations in 1993, GSOM was developed as a typical US business school. GSOM was the first institution in Russia to introduce English-language programs for bachelor's and master's students on a systematic and official basis, to hire international professors on a full-time basis, and to develop its own research centers aimed at a high level of academic research and consequent publication in top-tier journals. GSOM obtained international accreditations and was the absolute leader in this among all other business and management schools in Russia.

GSOM was founded at the beginning of the 1990s, and in the first year of its existence, had fewer than ten professors and only a few dozen students. An International Advisory Board, chaired by leaders of top international companies, supervised the school. The main responsibility of the Board is to support the school in terms of public promotion, and attract all types of resources, including economic and political support.

In the mid-1990s, local authorities built a new facility for the school in the center of the city, which proved the serious interest of university and municipal authorities in GSOM's further development. At the end of the 1990s, GSOM congratulated its first graduates.

In the end of the 1990s, the school greeted its first few dozen master's students and opened an English-speaking European Credit Transfer System (ECTS)-compliant program in international business in cooperation with European business schools. At the start of the 2000s, GSOM became the first school in Russia to launch its own MBA program. At the same time, it opened its new premises in the city center, greeted its first MBA graduates, and launched its first research journal.

Later, GSOM launched its second research journal, created a research institute, and signed an agreement with several European business schools to create an International Executive MBA (IEMBA) program. In the mid-2000s, most programs had shifted to the Bologna model. At the same time, the school joined the Community of European Management Schools (CEMS) and European Foundation for Management Development (EFMD) and launched an Executive MBA program. By the end of the 2000s, the school joined the Partnership in International Management (PIM) and Graduate Management Admission Council (GMAC), and was accredited by the Association of MBAs (AMBA) for executives and the Educational Policy and Accreditation Standards (EPAS) for the bachelor's degree. In the early 2010s, GSOM obtained accreditation from EQUIS, which was considered a great and unique success for not only Russia, but for the Eastern-European academic society as well. At this time, the school had almost 70 academic staff and around 1,500 students in all of its programs.

Effects of Autonomy and of Internationalization for GSOM

The mission of the GSOM project was to create a world-class Russian business school aimed at educating and advancing national managerial elite who are able

to meet the challenges of enhancing Russia's international competitiveness in the twenty-first-century economy.

The school has been developing fast due to three key competitive distinctions: (1) a strong dedication to the university's in-house business school model and further development of St. Petersburg University's high academic reputation; (2) orientation to the international standards of business education: the school was established in a strategic partnership with the Haas School of Business at the University of California at Berkeley, one of the leaders in global business education; and (3) a strong emphasis on relations with the corporate world: the school's International Advisory Board was established already in 1993 (for the first time in Russian business education history) and for ten years was chaired by John Pepper, CEO of Procter & Gamble.

The strategic model of the GSOM was based on two principles. The first principle is a concentrated effort to create its own unique resources and competences. This was evident in the investment preferences toward expanding the highly qualified administration and academic staff, and in branding at home and in foreign markets. The second principle consisted of the choice of external criteria for the evaluation of its own results, which included external evaluators' opinions such as of accreditation committees, top international universities, firms' CEOs, and policymakers. This means the permanent comparative checking of its own work in comparison with the demands of the labor market and the expectations of corporate and academic collaborators in Russia as well as abroad.

Two statements express the essence of the GSOM project: "a Russian business school with a global view" and "leadership through knowledge, innovation, and changes." In other words, the GSOM concept emphasizes both a global character and innovation. The global character of GSOM refers to numerous partnerships, exchange programs, joint research, and international guest lecturers.

Several specific features of GSOM explain its successful path. First, it was very deliberate in choosing its partnerships. By 2014, among more than 50 partners, around half were members of CEMS. Second, academic staff pioneering Russian business education English programs were trained in a consortium with European schools. The master's in international business program, created in collaboration with four leading business schools in Europe, was unique for Russian HE as it set an example of credit transfer following a student exchange program. As a result, it was twice ranked by the *Financial Times* as among the top 70 master's programs in the world, moving from sixty-fifth place in 2013 to fifty-sixth place in 2014. It is worth noting that GSOM was the only representative of Russia in the *Financial Times* list, which was an unprecedented achievement for Russian business education.

Another pilot English-speaking project started in 2005 in cooperation with European business schools: Executive MBA (EMBA). Potentially, the implementation of these gradual efforts toward the conversion of GSOM's educational programs to Bologna process may contribute to the recognition of Russian diplomas of HE.

A significant part of GSOM's work involved developing corporate partnerships with international and Russian companies, which is often argued to be a two-way bridge for universities and business, with positive effects for both (Latukha 2010). Fundraising was an important issue related to GSOM prosperity. That is why the school declared a policy of transparency and responsibility to all stakeholders.

There are five specific features of the GSOM management model that, being rather innovative for Russian HE, may help one understand the reasons behind the school's excellent performance. The first is the principle of multichannel funding of the school. These channels are state funds, earnings from commercial education services, and fundraising. The next feature is the mechanism of administrative supervision and evaluation, and the consequent financial reward for professors at the school. Unlike most Russian universities, GSOM anonymously interviews students to determine the qualitative of teaching of professors and lecturers. There is a motivation system of academic staff bonuses for their good and high-quality work. Another feature is the principle of the financing of operational costs and investment projects. Earnings from commercial education programs cover the annual operational costs of the school. For investment projects like the construction of new buildings, a modern computer center, and library information technology penetration, fundraising is used. Additionally, in the decision-making process, institutional mechanisms were intensively employed, which provided constant feedback from external stakeholders (mostly Russian and international firms and foreign universities). There was a regular interaction with the supervisory board, foreign academic partners, and the alumni association. Finally, from the very beginning, the school was strongly supported both internally and externally. Not only the university administration but also the Russian government played an active role in the rise of GSOM. The university and government representatives championed support for GSOM and participated in official ceremonies, which signaled to potential business and corporate partners the "strategic" importance of the school for the country.

To summarize, concerning GSOM's autonomy, internationalization provided two pillars. The first was more formal: to be "in line" with United States-based partners, GSOM had to provide its professors with much more autonomy than other schools and universities in Russia might have been allowed. This initiated the independence of the school. The second was more practical: to achieve results (in teaching and in research), GSOM professionals had to be significantly involved in the international academic environment, which was impossible unless they had any serious freedom in educating students and writing papers. This involvement supported GSOM's autonomy.

During the continuous internationalization process, the internal GSOM structure has also changed: departments with duties such as the organizing and supervising international exchange programs, participating in visiting professorships, taking part in global events, and undertaking research activities, among others, were established.

Internationalization had a positive effect on the management relations between GSOM and the university. The high "global" visibility allowed the school a more "smooth" governance from the side of university, and the sound achievements of professors became a strong argument for GSOM in financial and organizational negotiations with the university administration. Such visibility led to GSOM's receiving more respect from international stakeholders, making it possible to negotiate higher-than-sector-average wages for high-performing academic staff, and thus keeping these faculty members at the university.

Conclusion

Threats to and Opportunities for University Autonomy in Russia

Autonomy is not only an opportunity but also a great challenge for the HE system, especially for universities from emerging economies. Independence brings not just dividends but also responsibilities, which are not manageable for every university. The above view is in line with (Kronthaler 1999), who argues that, as each person at different ages has different maturity levels, and so different levels of independence, so should universities also reach a certain stage of development to become independent. Based on our observation and evaluation of the Russian experience (which is the case with not only GSOM but also a few other schools in the country), we may conclude that autonomy cannot be planted or awarded. A university should aim for it and earn it, because it always requires a huge effort and all sorts of investment. Even without having any "guarantee" of the success of internationalization, the university has to provide the school with "credit" (consisting of not only funds but also trust), and this credit may turn out to be unreturnable. Moreover, sometimes the ambitions of a university that consists of a few dozen schools may prevent the meteoric rise of only one of them. In this sense, there should be an effort to cope with these ambitions, especially when different university managers generate them.

In Russia, state and federal universities are of a high priority (from the viewpoint of financial support, image, competitiveness, and quality of education). At the same time, an expansion of the independence of state-run universities can entail new risks for them, and this must inevitably require improvement in the quality of the administrative staff of institutes, academies, and universities. Since there is a direct connection between the legal status of a HEI and its administrative system, broad autonomy is often associated with the restructuring of both national institutions and universities' internal management systems. This is a fear of both, and another huge effort is required on the national, or, more exactly, on the government level, to maintain a positive tendency toward autonomy and internationalization by mitigating the sometimes existing university resistance to its individual schools storming into the global educational arena.

Prospects for Internationalization in Russian Higher Education

Internationalization of the educational system is an inevitable path for successful development for top schools and universities, and the tool for optimization of the remaining educational organizations, which include, for example, "institutes" and "academies," which, in Russia, are organizations that have a lower status than that of the university. Universities with higher status will be factually "proved" by international relations: those with a recognizable potential for development will attract the interest of international partners, which in turn will lead to the inflow of resources (financial, intellectual). In our opinion, schools that have no potential for partnering with foreign counterparts will be restructured or reoriented toward the disciplines and research areas that are in greater demand domestically, trying first to attract government support, and next attempting to internationalize.

In combination with autonomy, internationalization provides universities with the chance to overcome major barriers to development. The lack of managerial experience in the education process, and the need to find a focus or niche for topical research, which are obstacles for autonomy, may be compensated for by cooperation with international schools that are able to provide and share their expertise. The deficit of international partners and the high degree of educational and research "localization," which are problems for those schools that are just starting their international involvement, may be decreased by means of a more diverse and faster search for partner schools abroad and by developing joint programs and projects with them. This is obviously easier when no additional institutions and hierarchies are involved. Both implications are especially important for educational units from emerging economies, with Russia being only one of a series of cases.

In this chapter, the authors provide a persuasive case study to demonstrate that internationalization can be an effective route to realizing the potential of autonomy. In this case, it relates to a school within a large university, St. Petersburg, and the thesis is that the university (and the government) has supported the school and allowed it to develop independently and establish strong international partnerships and a global reputation. In effect, the school seems to be effectively autonomous. The chapter points to a number of factors that have contributed to its success, chief of which is the process of high-quality internationalization, which has strengthened its independence. This case study raises a number of questions for future study. While acknowledging the support of an International Advisory Board in the process of internationalization, future research is needed to explore the actual governance structures and relationship with the university or the role played by its leaders and senior management in steering its development. Does the outstanding success and international profile of a school within a university have spin-off effects for the university as a whole? Does this case study suggest that universities seeking to establish an international identity might profit by focusing on the promotion and reputation of a specific school/department rather than the institution as a whole? Do schools that are outstanding and that lead the internationalization process change the overall mission of the university? Do leaders from these schools go on to play a wider institutional leadership role? What is the impact of the success on partners and their institutions and their autonomy? All of these questions point to the need for more in-depth case studies.

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CHAPTER 14

Autonomy and the Realities of Internationalization at Australian Universities: An Institutional Logics Perspective

Mark Tayar and Robert Jack

Toward Greater Institutional Autonomy in Australia

> "Freedom and autonomy will be the hallmarks of the government's approach to universities. As we reduce the burden of regulation on universities, I urge universities to grasp their destinies in their own hands."
>
> —Australian Education Minister, Christopher Pyne, May 2014 (Pyne 2014: 16)

> "We are deregulating higher education—because universities, of all institutions—should be capable of running themselves."
>
> —Australian Prime Minister, Tony Abbott, June 2014 (Abbott 2014)

Recent statements from Australia's education minister and prime minister signal—potentially—a new era in Australian university autonomy. Claims that Australian public universities will be given greater organizational autonomy suggests there will be less dependence on governments to direct strategies but also less government funding and thus greater financial autonomy. Should Australian public universities be given more freedom "to formulate strategies for their future development" (Bleiklie 2007: 397), they may also formulate new trajectories of internationalization. Governments encourage "export" of higher education to encourage alternative revenue sources from overseas student fees (Parker 2013), leading to greater financial autonomy and eventually to an enlarged and more diversified financial base.

Despite recent signals indicating greater "autonomy," the government still plays a significant role in higher education in Australia. As displayed in table 1.1, government funding comprises 59 percent of all funding, and state universities comprise 38 out of Australia's 41 universities. The federal government also plays a significant role in ensuring accountability in the sector such as through the Tertiary Education Quality and Standards Agency (TEQSA), which sets requirements for university governance, mandates compliance to standards, and dictates the appropriate level of operational risk (Baird 2013), including for offshore operations of Australian universities (Shah and Nair 2012). Even though TEQSA is a relatively new government agency, an even newer government (sworn in on September 18, 2013) has instructed the agency to "deregulate" (Pyne 2014) and allow universities greater autonomy in managing their own operations.

As governments relax regulatory requirements, they are likely to increasingly favor output-oriented accountability measures, including accreditation, performance-based funding, and performance indicators (Huisman and Currie 2004). Mollis and Marginson (2002) forecast this and suggest that university autonomy will be reshaped in terms of corporate culture. Indeed, Guthrie and Neumann (2007) describe universities in Australia as "increasingly market driven, operating more like large businesses—increasingly generating their own income and focusing on costs and economic status" (p. 232). However, they are still only "business," and other rationales for action may still exist.

The aim of this chapter is to investigate the extent to which corporate orientations have replaced government-defined goals and programs within the context of the international activities of Australian universities. The international activities examined include international partnerships and programs for international students in the university's home country: Australia, distance education, and branches in foreign countries (Altbach and Knight 2007). In terms of *financial autonomy*, we discuss changing levels of dependence on government funding, and for *organizational autonomy*, we discuss managerial, policy, and governance changes (Enders, de Boer, and Weyer 2013, Turcan and Gulieva 2013). This chapter draws on qualitative evidence, in the form of in-depth interviews with senior managers from a cross section of Australian universities. The structure of this chapter involves a brief discussion of the theoretical foundations, leading to a research question. After an outline of research methods and the data collection process, the results of semistructured interviews are presented. Finally, results are discussed, with conclusions, limitations, and suggestions for future research.

Theoretical Foundations: The Institutional Logics Perspective

Within sociological institutionalism, the institutional logics perspective has been useful in studies of organizational change in higher education (see Bastedo 2009, Dunn and Jones 2010, Frølich et al. 2012, Gumport 2000, Lounsbury and Pollack 2001, Washington and Ventresca 2004). The institutional logics perspective is described by Thornton, Ocasio, and Lounsbury (2012) as a metatheoretical perspective useful for analyzing interrelationships among institutions, individuals, and organizations. Institutional logics are frames of reference that guide sense-making, and are articulated in the vocabulary that actors use to motivate action and define

their identity (Thornton, Ocasio, and Lounsbury 2012). The institutional logics perspective is, therefore, useful for examining how institutional change and culture affect the governance and strategic behavior of organizations (Thornton, Jones, and Kury 2005, Reay and Hinings 2009, Miller, Le Breton-Miller, and Lester 2011).

The institutional logics perspective is also valuable for identifying new rationales for action that may arise with partial deregulation (Sine and David 2003). Scott (2008) explains that institutional logics in higher education or "meta-logics" may include "generalised frameworks such as 'bureaucracy,' 'corporation,' 'non-profit organisation,' 'education' or . . . the 'profession'" (p. 232). With the prospect of increasing deregulation, previous institutional logics and historical norms derived from governments and academic authorities will be challenged by competitive forces (Seers 2007). With a new focus on economic rationality, organizations may adopt new governance modes and high managerial autonomy (Meyer and Hammerschmid 2006). Van Vught (2004) suggests that autonomy and internationalization may be linked through changes in national policy as "deregulation and the increase of institutional autonomy in many countries are assumed to enable institutions to become more responsive to their environment, including international challenges" (p. 5). This leads to our research question:

How do deregulation and autonomy change the motivations and underlying logics for university internationalization?

Research Design

To understand motivations and underlying logics for university internationalization, the institutional logics perspective will be used. Institutional logics are reflected in vocabularies, identities, and rationales for action (see Dunn and Jones 2010, Friedland and Alford 1991, Thornton 2004). Semistructured interviews were conducted with senior managers at Australian universities. These managers had responsibility for the internationalization of their institutions, namely, the operations of offshore branches, the establishment of international partnerships, and international student recruitment. Respondents were selected from the top tiers of management in international offices and chancelleries from a cross section of Australian public universities. This selection process aimed at maximizing valid and reliable information and minimizing distortions, biases, errors, and misunderstandings (see Holstein and Gubrium 2004, Järvensivu and Törnroos 2010).

Using maximum variation sampling, senior managers were invited to take part in the interviews, after which more managers were invited in order to seek negative instances (Miles, Huberman, and Saldaña 2013) in terms of practices that do not align with a particular institutional logic. Sampling ended at a likely point of theoretical saturation when themes were regularly repeated and appeared redundant, which occurred after participants from universities were interviewed. To ensure confidentially, each university was de-identified and numbered "University 1 to 13" for analysis. This was followed by an in-depth single case study selected from one of these 13 institutions. Through undertaking an in-depth case study, our aim was to better understand each international strategy and the rationale justifying it.

Interview audio was recorded and then transcribed to be analyzed with NVivo 10 (by QSR International), a qualitative data analysis software package useful for storing and coding data sources that aids systematic and consistent data analysis (Sinkovics and Ghauri 2008, Tippmann, Scott, and Mangematin 2012, Weitzman 2000). All data was coded using Reay and Hinings' (2009) approach of investigating institutional logics by focusing on the rationale managers give for particular actions.

Analysis of Results—Changing Motives for University Internationalization

Analysis of the interview data revealed that universities used their international activities to fill revenue gaps created by greater financial autonomy from the federal government. As government funding decreases, universities look to corporate practices and international revenues:

> *"in the absence of those strong Commonwealth government revenues or a decline in those revenues, then the question is where will you make up the gap in your funding base? And inevitably, I think the right answer would be—some of that would be international student revenue, some of that should be research revenue, some of that should be corporate education, some of that should be philanthropy." (International Director, University 4)*
>
> *"with the government cutting back on funding in terms of the size of the funding back to Australian universities, Australian universities have to be very careful what they choose to undertake." (Transnational Director, University 2)*
>
> *"the relative share is going to continue to decline and so if the share of government support is going to decline, it has to come from somewhere else." (Deputy Vice Chancellor, University 13)*

Respondents all recognized the importance of international activities for generating revenue and "maximizing profit":

> *"Internationalisation has been a big thing for us because it's the way of bringing new sources of revenue and new research opportunities to a university of our size" (International Director, University 3)*
>
> *"To be a profit-maximiser is I think also part of any organisation's thinking, you want to make sure that you generate enough income that can be reinvested to you, can assure returns and also be reinvested for particular initiatives." (Transnational Manager, University 7)*

However, international activities may simply represent revenue replacement necessary for survival. The motives of corporations are not completely aligned to these public universities because profit is not the only rationale:

> *"You don't have that government telling you, 'This is exactly what you do,' why do people—why do universities still do the right thing? One, I think universities do the right thing because they're not in it to make money." (Deputy Vice Chancellor, University 12)*

For Universities 2 and 9, offshore activities were simply not profitable enough for profit to be the only motive:

"If you're just doing it for profit you'll have to close down half of these. So you really need to ensure that they're doing more than just providing an extra income." (International Director, University 2)

"If you were just focusing on profitmaking, you would focus on undergraduate Chinese business students taught in Australia." (International Director, University 9)

Other respondents suggested that "new" motives involved a more holistic focus. These motives either involved serving the needs of foreign countries in which branches are located or served the needs of students and staff at home campuses:

"I would certainly like to see us do more [offshore partnerships] of those over time but not all being financially driven but actually being driven to support holistic relationships internationally." (International Director, University 4)

"We can become more holistically international through those other aspects, such as student mobility and curriculum and actually a good student experience." (International Director, University 10)

"Our vision to be a global educator is about doing things that are mutually beneficial." (Transnational Manager, University 2)

These motives may not always be altruistic, and were explained by one respondent in terms similar to the rhetoric of many corporations:

"Social responsibility, political responsibility, you know good political citizens, good regional citizens, that's more the kind of image that we're trying to project." (Transnational Manager, University 6)

Case Study—Autonomy Leading to Entrepreneurialism

To enhance our understanding of a shift in institutional logics, and its impact on university internationalization, we undertook an in-depth single case study at University 7. University 7 is a large university with significant offshore operations and has shifted from government-directed international strategies toward more entrepreneurial strategies. University 7 perceived opportunities for greater autonomy as opportunities to pursue "aggressive" export strategies:

"The Labor government was a bit too, I think they were messing with the policy too much and I think there'll be a positive impact on international education and I think it will be even, perhaps even more aggressive than the Labour government." (International Manager, University 7)

"We believe strongly in engaging with governments and I personally do and the university then carries that. So we're innovative but we're also about engaging very dynamically… I think we're aggressively [entrepreneurial]." (Deputy Vice Chancellor, University 7)

This represents a shift from strategies largely directed by the regulator TEQSA toward new self-directed models of internationalization:

> *"TEQSA itself needs to understand how innovative models in internationalization need some flex." (Deputy Vice Chancellor, University 7)*

These models of internationalization may be adapted from the corporate sector:

> *"in identifying market opportunities or business development opportunities internationally or even how to you engage with a particular company around a particular research issue, so the skill set, I think is starting to shift from not just being administrative but more strategy." (Deputy Vice Chancellor, University 7)*

In the case of University 7, institutional change has generated a shift in the dominant logic driving internationalization. With fewer constraints, entrepreneurial and corporate models are encouraged to dominate. The university can follow "new" paths of internationalization and begin to incorporate revenue-centric activities into a carefully aligned portfolio of international programs.

Discussion—Meta-Logics of Internationalization

Respondents emphasized multiple motives for internationalization consistent with earlier studies (e.g, Tayar and Jack 2013). These motives may reflect distinctive meta-logics as they comprise different sets of "standard vocabularies and legitimate accounts that actors can draw on" (Meyer and Hammerschmid 2006, 1005). In terms of their international programs, these universities appear to have "substantive autonomy" in terms of determining their own international goals and programs (see Berdahl 1990) and use multiple logics to legitimize these goals and programs. Reductions in regulations and funding have created a gap for a new meta-logic to become dominant. The logic of corporatization is visible across all the interviews, but an additional logic related to "nonprofit organizations" and community benefit is also present. The shift in these logics is depicted in figure 14.1.

This suggests that university managers' vocabularies of motives reflect a shift away from government-defined goals and programs toward corporate goals and programs. Even so, a corporate logic alone cannot explain the motives for internationalization. The offshore revenue-generating activities discussed by these informants appear to adhere, at least partially, to a business-like institutional logic. As universities become more autonomous, their institutional templates may resemble governments less and corporations more. Despite trends toward corporatization, respondents still emphasize the "service function" of universities. These community-oriented aims were not explicitly linked to any performance outcomes, and instead reflected the potential international development impact of branch campuses offshore (Wilmoth 2004) or the "normative ethos" of academic science (Merton 1968). Reay and Hinings (2009) suggest that even with new institutional logics, previous logics may continue to exist for extended periods. The findings in this study suggest that corporate logics and market principles are evident across all universities studied, but that elements of other logics still exist at the highest echelons of management. The community logic

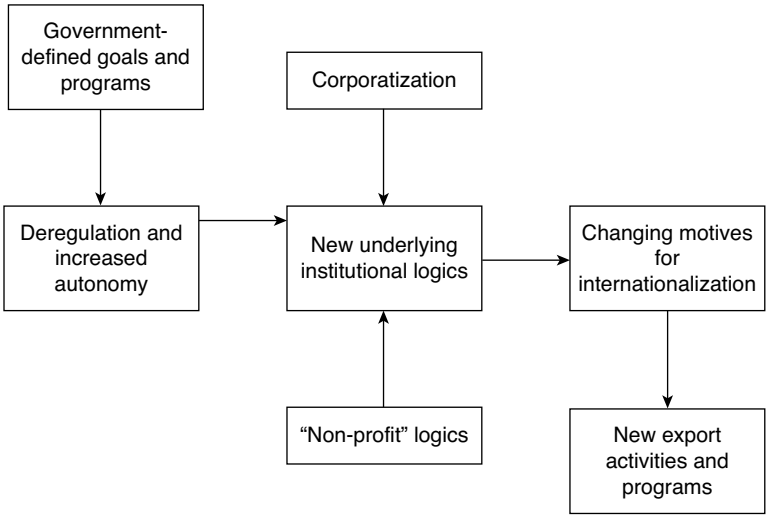

Figure 14.1 The logic of university corporatization

was expressed by each respondent, but in a way that asserted additional motives rather than a clear resistance to corporate logics, thus supporting Townley's (2002) research with public sector respondents who were prepared to accept "business-like" behavior, but strongly resisted actually becoming a "business."

Institutional logics provide underlying justification principles for managers and also provide the basis for frameworks to articulate claims (Leca and Naccache 2006, Scott 2014). For some universities, the underlying justifications sometimes reflect those of corporations and, at other times, reflect previous logics related to community benefit. There was a tendency for corporate principles to take precedence over the other meta-logics identified by Scott (2008) as "bureaucracy," "non-profit organization," "education," and "profession" frameworks. Though the previous logics and frameworks for action are threatened by corporate principles, they appear to still exist and are drawn on by managers to justify their university's international activities.

Our findings reveal that the institutional logic of corporatization has not replaced the traditional academic and bureaucratic logics, at least not entirely. Using the terminology proposed by Gumport (2000), traditional educational and democratic logics have been "subsumed" in the sense that they are incorporated into the new rationalities of action, and the new logics appear to have caused detriment to legacy logics, but there is not yet a "wholesale adoption" of corporatization. These findings may reflect only superficial reflections of older logics and motives related to profit, and revenue generation may be deliberately or unintentionally downplayed by the managers interviewed. Given, though, that some international activities still misalign with corporate principles of efficiency and revenue optimization, it emerges that the legacy logics substantively influence actions rather than only manager vocabularies and rhetoric.

Conclusions

As universities in Australia begin to determine their future, there may be new identities and divergent paths of internationalization available. The financial management imperative and export focus have influenced all universities concerned, but corporate motives fail to constitute the sole driver of university internationalization. Consistent with the findings of Reay and Hinings (2009), these logics require a different set of behaviors from actors within the same field. Durand et al. (2013) further argue that, even though the institutional logics perspective is maturing, "little is known about how firms take positions in the institutional space by embracing more than one logic, and the consequences of this on their performance" (p. 167). Our study contributes initial empirical evidence that the motives of university managers reflect multiple institutional logics. For higher education research, the "entrepreneurial university," "academic capitalism," managerialism, and corporatization appeared to be on the ascendency (see Clark 2001, Deem 1998, Etzkowitz 2003, Slaughter and Leslie 1997) and may fill the void left as governments reduce organizational and financial controls over their systems of higher education

Understanding universities that do not have a "one-dimensional profit-seeking organizational culture" (see Marginson and Considine 2000) may require a determination of how other logics shape strategic activities. The terms "business-like" and "quasi-market" still seem appropriate given that even the more profit-oriented functions of a university such as its export activities still have not reached a fully corporatized and marketized phase of their development. Greater autonomy may lead to entrepreneurial international expansion, but the goals and programs of universities may not match those of corporations.

Limitations and Future Research

There are limitations to this research design. Burns and Scapens (2000) suggest that institutional rules, routines, and institutions in an organizational field may not be completely identifiable given that some institutional pressures may be abstract, difficult, or even impossible to observe empirically. Similarly, Boxenbaum and Battilana (2005) argue that institutional logics may be difficult to observe because "before they manifest in action, institutional logics are cognitive templates of a highly abstract nature" (p. 358). Furthermore, there is a risk of upper-echelon bias as interviews were conducted only with senior managers (see Hambrick and Mason 1984, Park and Harris 2014). A further limitation is that these findings may be specific to public higher education in Australia.

Similar competing logics in higher education in other national settings may lead to unique justifications for export and different international strategies. For scholars of university governance, there may also be future opportunities to use the institutional logics perspective to enhance an understanding of issues such as how multiple competing logics may be reconciled. This could assist in addressing Shattock's (2002) call to rebalance corporate-dominated and academic-dominated university governance to move toward "shared governance." This appeal has not been answered in Australia, and we have not achieved what Caruana et al. (1998) describe as a balance between accountability and autonomy.

Practical and policy implications

As universities become autonomous from governments, they may look internationally for direction, or may embrace models from the corporate or nonprofit sectors. In this process, policymakers may seek to use new incentives, or nonregulatory levers, to encourage institutional diversity and ensure the financial stability of the sector. Further university internationalization triggered by higher levels of autonomy may lead to new forms of autonomy. Universities could align with offshore partner universities or may undergo restructuring to meet the requirements of foreign funding bodies.

Going forward, an appropriate role for government may be to guide universities to adopt models from the corporate sector, or models used in foreign countries. If universities gain financial and institutional autonomy, and then become singularly focused on profit at the expense of teaching quality, governments will again need to at least partially revoke institutional autonomy or use funding structures again to reward for quality.

The proposed changes emerging in Australia in the funding of institutions, and the likely level of increasing autonomy granted to higher education institutions, may potentially influence thinking and policy in other countries. Hence, this chapter is significant for a broad audience of relevant policymakers. Although "internationalization" is one part of a much wider set of university activities, a more "corporate" approach is beginning to permeate the way universities are governed and managed. This chapter should give insight into the response of institutions to the decline in state funding and the extent to which internationalization is perceived to be driven by financial imperatives that are changing the ethos of the university. This chapter also indicates that there are potential conflicts between traditional values and new corporate imperatives. Further case studies might be helpful in providing an understanding of how imperatives are enacted. The views of academics and students, and the extent to which they influence strategy and policy in the universities that have been sampled would also enhance understanding.

An insight into the "logics" of international partners and their impact on their Australian university partner is a dimension of the autonomy equation that needs to be understood. In a future study, an examination of performance indicators or measures of the success of policies might support the thesis that Australian universities are not yet driven solely by "profit" or the reverse. In any event, it is likely to underline the complexity and interplay of competing forces in the realization of autonomy.

This conclusion may serve as a reminder that gradually increasing autonomy brings new types of responsibility. It may also remind governments that if they wish for wider social, economic and political outputs from universities, they need to ensure that there are effective but not restrictive means of delivering their objectives. Future studies might look at the interplay of institutional and government logics.

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CHAPTER 15

University Internationalization and University Autonomy: Toward a Theoretical Understanding

Romeo V. Turcan and Valeria Gulieva

Introduction

The aim of this chapter is to deepen our theoretical understanding of the internationalization of universities. Specifically, we explore the relationship between university internationalization and university autonomy, and argue that the process of university internationalization and its sustainability is dependent on domestic and international university autonomy settings. We conjecture that the process of university internationalization and its sustainability are determined by the structure and exercise of university autonomy settings at home and in the host (target) countries, and that the process itself cannot be successfully achieved and maintained without changes in the autonomy settings.

At the outset of the chapter, it is important to define its scope. University internationalization at the micro-level, such as the arrangement of student and staff mobility, engagement of the academic staff in university internationalization, internationalization of the curriculum, development of a global mind-set, establishment of academic partnerships with foreign universities, and participation in global university networks and consortia (Bartell 2003, Friesen 2012, Horta 2009, Jiang and Carpenter 2013, Pfotenhauer et al. 2013, Urbanovič and Wilkins 2014), is outside the scope of our chapter. Although it is our view that engagement in "partnerships," "networks," and "consortia" has an impact on the exercise and understanding of autonomy, the chapter focuses on advanced—high-risk, high-commitment, and high-cost—internationalization (nonequity or equity) modes, such as branch campuses, franchised academic programs or degrees, or greenfield investments as independent institutions based on foreign academic models (Altbach and Knight 2007). We also limit the scope of our chapter to the internationalization of universities from developed to developing countries.

The chapter addresses a number of current issues and concerns, as well as gaps at the intersection of university internationalization and university autonomy. Advanced internationalization has become an accepted practice: as of today, there are approximately 200 international, degree-awarding branch campuses worldwide (GHE 2014). Such aspirations toward advanced internationalization are not without pitfalls, however. Conventional internationalization wisdom suggests that universities should adapt their strategies, resources, structures, and organizations to international environments (Edwards and Edwards 2001), and adapt to and comply with host country university autonomy (Bartell 2003, Knight 2012). The challenge in pursuing this "wisdom," however, is to address to what degree universities, in embracing new, dissimilar, and sometimes conflicting dimensions of the financial, legal, organizational, staffing, and academic autonomy of the host country, are compromising key aspects of their own autonomy and core mission. This mismatch in institutional autonomy settings may lead to the de-internationalization of universities. Recent examples of university withdrawal from international markets can be found in vignette 15.1.

Vignette 15.1: Recent evidence of university de-internationalization

Within the last decade, at least 11 branch campuses created by well-resourced institutions have closed (GHE 2014). Some others decided against establishing a branch campus abroad. To name the most prominent cases, George Mason University, the University of Waterloo, Michigan State University, and the University of Southern Queensland closed their campuses in the United Arab Emirates (UAE); the University of New South Wales (UNSW) closed its campus in Singapore, and New York University announced withdrawal of its campus there for 2014; Bond University (Australia) and De Montfort University (United Kingdom) withdrew from South Africa; and the Royal Melbourne Institute of Technology exited from Malaysia (Altbach 2011, GHE 2014, ICEF Monitor 2013, Ng and Tan 2010, Olds 2009, Sidhu 2009, Bennett and Kane 2009, Altbach and Knight 2007).

In 2005, after a long evaluation process and a series of debates, the United Kingdom's Warwick University decided against proceeding with its plans to establish a branch campus in Singapore and declined a generous offer made by the local government (OBHE 2007c). After an eight-month feasibility study was undertaken, in addition to issues of financial risks and legal responsibilities, Warwick University raised concerns over the state of human rights and academic freedom in Singapore. According to Burton (2005), "Singapore requires international educational institutions operating in the city-state to agree not to conduct activities seen as interference in domestic affairs." Despite the relatively positive financial forecast for the project, the academic community at Warwick University appeared to be against establishing a branch campus.

The University of New South Wales closed its branch campus in Singapore, which was considerably supported by the local government, after only four months of operation (OBHE 2007a). The unexpected closure was largely explained by weak enrollment projections, which reportedly made the institution financially

unsustainable (OBHE 2007b). The UNSW branch in Singapore was Asia's first foreign comprehensive university, and was originally designed to accommodate 15,000 students by 2020. After enrolling 148 students during the inaugural semester, instead of the planned 300, the stakeholders took a quick decision to close the operation due to lack of demand (Yung and Sharma 2013).

In 2009, George Mason University pulled out of the UAE without producing a single graduate after three years of developing a full degree-granting campus in the Ras-Al-Khaimah province (OBHE 2009). An unfavorable location and poor planning leading to a failure to finish the campus buildings on time, limited curriculum, slow enrollment growth, and poor communication with the local government, causing disagreements concerning the funding levels, are named among the reasons that stimulated the closure of the campus (Becker 2009, Mills 2009a, 2009b).

The University of Waterloo closed its UAE campus in 2012 after three years of operation (Bradshaw 2012, Bartell 2003). The official reasons named are failure of the curriculum to be as lucrative as expected, which led to slow enrollment growth, financial uncertainty, and an unsustainable business model focusing on undergraduate education (Karram 2012). However, despite this closure, Waterloo International has kept looking for opportunities in the UAE and has continued internationalizing through partnerships and foreign offices in China (OnCorp Direct 2013).

The latest case of a university's withdrawal from a foreign market is closure of Tisch Asia (a branch of New York University in Singapore), which was planned for the second half of 2014 (Schlanger 2013). This case was widely discussed in the press, and among the factors leading to the decision for closure were financial challenges and problems associated with the reduction of subsidies granted by the hosting government, reluctance of the branch to hire local academics, slow enrollment growth leading to extra-high tuition fees, lack of supportive (creative) industries, and internal issues, such as disagreements between the headquarters and the branch about operation issues (Hare 2013, Sharma 2012).

News periodicals and reports by the *Observatory of Higher Education* (OBHE) publish some information and condensed reports on branch campus closures; however, empirical analysis of the reasons behind market withdrawals shows a gap in the academic literature on university internationalization (Fischer 2013, Mahani og Molki 2011, OBHE 2007a, 2007b). Most commonly, enrollment issues, changes in operational conditions, and regulatory change are named as the causes of university withdrawals (Altbach 2011).

Source: Turcan and Gulieva (2015)

These issues raise concerns about the erosion of individual and university-wide autonomy (A. Welch 2002), and the sustainability of university internationalization efforts. Recent failures and withdrawals of universities from international markets support the above concerns: for example, George Mason University, the University of Waterloo, New York University, the University of New South Wales, Michigan State University, Central Queensland University, the Royal Melbourne

Institute of Technology, and the University of Wales all closed their international campuses (Sidhu 2009, Olds 2009, Ng and Tan 2010, Altbach 2011, GHE 2014, ICEF Monitor 2013).

This chapter addresses a phenomenon that has received scant attention—conceptually and empirically—in academic research and policy debates, namely the sustainability of university internationalization as viewed through the lens of university autonomy (Turcan and Gulieva 2013). To fill this gap, we have conducted a review of current research published in five top-tier journals in higher education by employing a systematic review method (Tranfield, Denyer, and Smart 2003, Petticrew and Roberts 2006). Drawing on the findings that emerged from the review, we conclude the chapter by discussing the implications for practice and academia. Before the methodology is presented and the findings are discussed, we theorize the intersection and develop a process model of university internationalization.

Theorizing the Intersection

University Autonomy

University autonomy is seen as the main requisite for improving university competitiveness (COM 2005: 152, Piironen 2013). University autonomy represents the value and identity of a university—essentially, what a university stands for. It also defines the relationship between a university and its main stakeholders. Definitions of university autonomy are plentiful (see, e.g., Bleiklie 2007, Clark 1998, Estermann and Nokkala 2009, Gornitzka and Maassen 2000, Salmi 2007). For the purpose of this chapter, we define university autonomy as "the extent to which the institutions are free to make choices regarding their daily management of teaching and research as well as to formulate strategies for their future development" (Bleiklie 2007: 397). Estermann and Nokkala (2009) refer to university autonomy as the process of "constantly changing relations between the state and higher education institutions and the degree of control exerted by the state, depending on the national context and circumstances" (p. 6). This definition acknowledges the institutional nature of university autonomy and the importance of a national context, which in our view has a strong impact on the process of advanced internationalization.

To conceptualize university autonomy, we adopt its four dimensions as set by the Lisbon Declaration (EUA 2007), namely, organizational, financial, staffing, and academic autonomy. Organizational autonomy refers to a university's freedom to decide on its own structures, contracts, election of decision-making bodies, and staff. Financial autonomy refers to a university's freedom to acquire and allocate funding, decide on tuition fees, and accumulate surplus. Academic autonomy refers to a university's freedom to decide on awarding degrees, curriculum and methods of teaching, as well as on areas, scope, aims, and methods of research. Staffing autonomy refers to a university's freedom to recruit, set salaries, and promote its staff.

As university autonomy is a contextually bound phenomenon (Chiang 2004), we differentiate between university autonomy settings in the home country and university autonomy settings in the host, target country. Furthermore, as the chapter focuses on the internationalization of universities from developed to developing

countries, we expect significant discrepancies between these countries' autonomy settings, as well as significant constraints and challenges to university internationalization to emerge.

Advanced Internationalization

Nowadays, universities incorporate internationalization into their mission statements and strategic plans (Bartell 2003, Knight 2003, Stromquist 2007, Horta 2009, Maringe 2009, De Wit 2012, Gallagher and Garrett 2012, Bennett and Kane 2009, EUA 2007)—a trend fueled by the recognition of the global market for higher education, the need to reconcile the conflicting agendas of collaboration and competition, intraregional cooperation, and national governments' agendas to strengthen economic and political alliances. In this chapter, we view university internationalization as "specific policies and programmes undertaken by governments, academic systems and institutions, and even individual departments or institutions to cope with or exploit globalization" (Altbach 2004: 6).

To conceptualize advanced internationalization, we borrow two dimensions of firms' internationalization from the international business field, namely internationalization *pattern* and internationalization *capacity* (Welch and Luostarinen 1988, Petersen and Welch 2003). The internationalization *pattern* of an organization refers to diverse activities, such as franchising, strategic alliances, joint ventures, and greenfield investments, performed outside the home country, and addresses the questions of *what*, *how*, *where*, and *when*. The internationalization *capacity* of an organization refers to the resource base of the organization (e.g., technological, human, and financial), internationalization strategy, and organizational structure and processes, as well as the motivation of the organization's decision-makers to operate internationally.

Process Model of University Internationalization

For the purpose of theorizing, we employ the *internationalization pattern* as a proxy for the *process of university internationalization*, and *university autonomy in the home country* as a proxy for the *internationalization capacity* of a university. We also employ *university autonomy settings in a host country* alongside *host country institutions* (Scott 2013, Peng, Wang, and Jiang 2008) and *institutional voids* (Khanna, Palepu, and Sinha 2005) as a proxy for *institutional autonomy in a host country*. By means of these proxies and the above theoretical discussion, we put forward a process model of university internationalization, as depicted in Figure 15.1.

According to the emergent model, university internationalization is mediated by the internationalization *capacity* of a university (as defined by home country university autonomy) and moderated by the institutional autonomy in a host country (as defined by host country university autonomy, institutions, and institutional voids), and globalization trends, defined as "the broad economic, technological, and scientific trends that directly affect higher education and are largely inevitable" (Altbach 2004: 5). Entry modes, timing, and pace, as well as the product mix of internationalization depict the university's *internationalization pattern*. By *how*, we

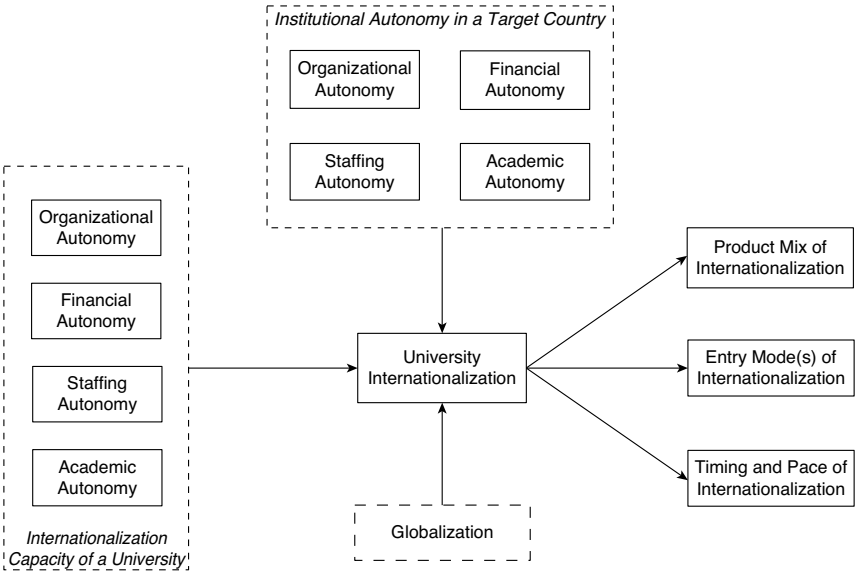

Figure 15.1 Process model of university internationalization

refer to advanced modes of internationalization, such as franchising, strategic alliances, joint ventures, and greenfield investments. By *what*, we refer to academic and research programs (as product mix), for example, BSc, MSc, or MBA programs, single or joint-degree programs. By *when,* we refer to the timing and pace of university internationalization that are affected to a large extent by globalization. By *where*, we refer to the host country or countries being chosen for international entry.

The model is constructed not only to help establish a clearer understanding of the relationships and decision flows but also to provide a practical tool that will be valuable for universities. Although it is premature to discern the directions of the impact, we conjecture that the relationships identified in the model will have an impact on—and will feed back and influence—issues such as student and staff mobility, joint programs, recognition of credits, fees from international students, expectations of governments and other sponsors of foreign students, teaching in English, recruitment of international staff, and research collaboration. Each of these has an impact on the nature and level of curriculum, human resource policy, governance, management, and finance. The model would allow researchers to explore the drivers for internationalization at the level of the institution and the extent to which this may be guided by internal policy and strategy or external—national government policy and funding, including current trends of university corporatization.

Methodology

As we mentioned earlier, empirical research at the intersection of advanced internationalization and university autonomy is scarce (see Shams and Huisman [2011], Yokoyama [2006] for exceptions). Therefore, we reviewed the empirical papers that

integrate theory and concepts related to these two streams of research separately. For the purpose of this exploratory study, we limited our review to five top-tier journals in the field of higher education, namely, *Higher Education Policy*; *International Journal of Educational Management*; *Higher Education: The International Journal of Higher Education Research*; *Tertiary Education & Management*; and *Journal of Studies in International Education*.[1]

We employed systematic review as the review method (Tranfield, Denyer, and Smart 2003, Petticrew and Roberts 2006). The keyword search in the ProQuest database helped identify 230 hits (excluding the overlaps). The empirical papers selected for the final review were screened in two stages: abstract scanning and full paper reading. As a result of the screening process, 35 papers were selected for the final review, of which 16 were on university internationalization and 19 on university autonomy. In Tables 15.1 and 15.2, we provide a summary of our review findings on university internationalization and university autonomy. In the next section we draw on our research findings to discuss the emergent process model of university internationalization.

Discussion and Implications

Internationalization Pattern

Our findings point to an overall agreement on concepts and definitions related to the *what* and *how* of internationalization. People—defined as staff and student mobility—are associated chiefly with exporting activities (Thune and Welle-Strand 2005, Knight and Morshidi 2011, Sidhu, Ho and Yeoh 2011). Strategic resources—strong research/teaching profiles, reputable credentials, knowledge transfer, educational and research facilities such as libraries and laboratories—are associated with joint ventures and strategic alliances (Saffu and Mamman 1999, Heffernan and Poole 2005, Beerkens and Derwende 2007, Sidhu 2009, Sidhu, Ho, and Yeoh 2011, Ayoubi and Massoud 2012). A university internationalizes its home business model mainly via greenfield investment or by establishing a branch campus (Coleman 2003, Wilkins and Balakrishnan 2013), an entry conditioned by the availability and quality of lecturers, availability and quality of resources, and effective use of technology (Wilkins and Balakrishnan 2013). However, it was interesting to learn from the data that, despite being widely discussed and theorized (see, e.g., Van Damme 2001, Altbach and Knight 2007, Healey 2008), the franchising and internationalization of study programs are not the focus of university internationalization research as one may expect. Only one reviewed paper has franchising as part of its research focus (Bennett and Kane 2009).

According to our findings, the reviewed papers (for an exception, see Bennett and Kane 2009) did not address the issue of the *when* of internationalization, that is, the timing and pace of university internationalization. Bennet and Kane (2009) found that gradual, step-by-step internationalization was the most common approach, being driven by the desire to learn from experience and avoid risk. These authors suggest that factors such as the age and size of a university, managerial drive, resource availability and financial situation, employability issues, and reliance on

Table 15.1 Data extraction form—university advanced internationalization

Author(s)	*Year*	*Question*	*Theory and key concepts*	*Findings*
Ayoubi & Massoud	(2012)	Explore barriers encountered by UK universities in developing international partnerships	International partnership strategy; partner selection; barriers and drivers	A process model of obstacles of international partnerships is developed. Two main groups of obstacles are identified: partner selection and partnership arrangements
Fang	(2012)	Explore transnational HE development in China at the institutional level	Research/teaching universities; cross border partnerships; strategic institutional management	Teaching universities aim to increase enrollments, generate revenue, and reduce costs. Research universities internationalize to enhance academic opportunities.
Bennett & Kane	(2009)	Establish methods, benefits and extents of internationalization among UK business schools	Franchising; curriculum internationalization; speed and extent of internationalization	A model explaining speed, extent, and intensity of a business school's internationalization is tested. Gradual internationalization was widely adopted.
Knight & Morshidi	(2011)	Examine university motives and positioning strategies as regional education hubs in Malaysia	University internationalization; cross-border education; regional education hub; collaboration	A typology of three categories of hubs is suggested: student; skilled workforce training; and knowledge and innovation hubs
Sidhu et al.	(2011)	Examine process of HE institutional restructuring in Singapore	Knowledge economy; cluster-based economic development; global norms of best practice	Funding and access to hi-tech equipment are not sufficient to achieve research synergies between institutions with different missions and trajectories.
Wilkins & Balakrishnan	(2013)	Explore student satisfaction at international branch campuses in the UAE	Branch campus; transnational education; customer (student) satisfaction; service quality	Quality of lecturers, quality and availability of resources, and effective use of technology are significant factors in determining student satisfaction.
Wilkins & Huisman	(2011)	Explore student destination choice (UK) and attitudes toward international branch campuses	Higher education hubs; international branch campuses; student recruitment and destination choice	Reputation, quality of programs, and university rankings were found to strongly influence students' choice of an international university.
Cheung et al.	(2010)	Screen target markets and recommend entry strategies for Hong Kong universities	Marketing HE institutions; market entry strategies for education providers; market segmentation	Market segmentation and 4Ps in formulating international marketing strategies and benchmarking against key competitors are seen as success factors.

Sidhu	(2009)	Explore globalization of research-intensive universities and related ethical issues	University internationalization; government intervention; networked knowledge capitalism	Internationalization failure is due to lack of fit in goals and commitment. Ethical considerations are influenced by financial endowments and positional status, leading some universities to practice double ethical standards.
Beerkens & Derwende	(2007)	Identify critical facets of Higher Education Consortia in Europe and Southeast Asia	Resource-based view of the firm; economic sociology; neoinstitutional theories	Four facets emerged: human capital with strategic resources; resource complementarity; strategic coping mechanisms; differences in institutional contexts.
Heffernan & Poole	(2005)	Explore critical success factors between Australian universities and international partners	Entrepreneurial universities; export strategies; franchising; institutional risk; relational exchange theory	Following factors emerged: effective communication structures; mutual trust; commitment between partners; and compatibility in business culture.
Thune & Welle-Strand	(2005)	Discuss the impact of information and communications technology (ICT) on university internationalization at the Norwegian Business School	Globalization; internationalization	ICT is employed indirectly and tied to routine activities in teaching, administration, and research, rather than being a primary internationalization driving force.
Coleman	(2003)	Examine operational relationship between core campus and international branch campuses	Modes of foreign operation: branch campus; intercampus equivalency; quality assurance	Variations across internationally dispersed campuses can be monitored by independent quality-assurance mechanisms.
Poole	(2001)	Explore universities' international entrepreneurial activities in Australia	Strategic management; entrepreneurial university; offshore activities; typology of universities	Internationalization is driven by decentralized leadership; organizational and strategic competencies; executional advantages; and international business competences.
Saffu & Mamman	(1999)	Scrutinize international strategic alliances using the cases of 22 Australian universities	Cooperative strategy; strategic alliance; joint ventures; cooperative arrangements	Cultural differences, bureaucracy, and differences in the goals of the partners are the most important challenges at the initiation of a joint-venture.
Mazzarol	(1998)	Identify critical success factors for education marketing in English-speaking counties	Services marketing; competitive advantage; critical success factors	Image, resources, coalition, and forward integration emerged as significant predictors of market success.

Table 15.2 Data extraction form—university autonomy

Author(s)	*Year*	*Question*	*Theory and key concepts*	*Findings*
Enders et al.	(2013)	Assess the effect of political reforms on university autonomy as exemplified by the Dutch case	Institutional theory; principal-agent theory; regulatory autonomy	A multidimensional taxonomy distinguishes between formal and real organizational university autonomy, with no link between autonomy and performance.
Magalhaesa et al.	(2013)	Explore how governance reform and institutional contexts interact in Portuguese HE context	Stakeholder theory; institutional autonomy	Institutional autonomy and quality assurance decrease during the creation of new study programs. Institutional governance benefits most from governance reforms.
Ramirez & Christensen	(2013)	Compare governance, finance, and resource seeking in Norway and USA HE	Neoinstitutional theory; path-dependency; formalization	Universities are organizational actors and socially embedded; universities' response to autonomy reforms varies, depending on their historical roots.
Nguyen	(2013)	Examine roles of heads of department in university management in Vietnam	Leadership; middle-level academic management; department governance	Main focus on program management, academic staff management, facilities management; strategic management, and budget management are neglected.
Christopher	(2012)	Develop a conceptual model of university governance using an international comparative study	Stakeholder, resource-dependency, and stewardship theories; new public management	Factors affecting governance are government; funding bodies; global competition; autonomy and academic culture.
Arikewuyo & Ilusanya	(2010)	Examine government impact on autonomy in Nigeria	University autonomy; institutional autonomy	The government does not interfere with human resources, education, and academic policies. It does influence university governance, quality and accreditation, student numbers.
Frølich et al.	(2010)	Explore the impact of funding systems in HE on institutional strategies across Europe	Stakeholder theory; performance indicators	Universities are inclined to develop strategies for increasing funding that may compromise quality of teaching and research
Rytmeister	(2009)	Study the relationship between university management and governing bodies in Australia	Social identity theory; agency theory; institutional strategy	Actors' perceptions of management are influenced by cultural norms and social identity that are derived from membership in these groups.
Tammi	(2009)	Examine relationship between university funding, education, and research in the Finnish context	Funding models; institutional-analytical approach	New financing models have negative unintended consequences on research and education, which lead to lower research output measured in scientific publications.

Yang et al.	(2007)	Study the globalization impact on university autonomy in China	University autonomy; political economy; academic capitalism; governance; globalization	A regulated autonomy emerges, with relative freedom at institutional and individual levels (e.g., freedom to teach and research outside sensitive areas).
Yokoyama	(2006)	Conduct cross-country analysis of entrepreneurial universities in Japan and UK	Entrepreneurial university; governance; management; leadership	Application of institutional strategies, entrepreneurial culture, and ways in which an institution relates to the private sector significantly differs among institutions.
Arnaboldi & Azzone	(2005)	Analyze strategic change in universities in Italy	Strategic change; managerial tools; accounting techniques	Strategic shift toward autonomy and accountability is an incremental process, during which new organizational structures and responsibilities are developed.
Chiang	(2004)	Test the relationship between university autonomy and funding in England and Taiwan	University autonomy; funding schemes and models	Diversification of funding bases does not directly enhance university autonomy. Effect of funding on autonomy is conditioned by respective institutional context
Kovac et al.	(2003)	Explore academic staff's perception of university governance in Croatia	Learning organization; self-regulating organization	Autonomous governance is improved by interaction with external environment, academics' involvement in decision-making, and change in university governance structures.
Larsen	(2001)	Examine the role of governing boards in Norwegian universities	Instrumental perspective on organizations; neoinstitutional perspective; political perspective	Governing board combines instrumental (control and policy, strategy development), institutional (relationship with administration and faculties), and political functions.
Sporn	(2001)	Explore how adaptive capacity of universities can be enhanced using international case studies	Organizational theory; adaptation; entrepreneurial university	Critical areas emerged: mission and goals; entrepreneurial culture; differentiated structure; professional university management; shared governance; committed leadership.
Dee et al.	(2000)	Examine relationships between institutional and academic staff autonomy in Taiwan	Self-determination; academic freedom	Academic staff members work within the constraints of "regulated autonomy," in which their individual behaviors are delimited by government and management.
Askling et al.	(1999)	Understand the requirements for self-regulating institutions in the Swedish HE context	Self-regulation; institutional autonomy; state governance models	Self-regulation calls for more pronounced institutional leadership, and at the same time encourages academic staff members to mobilize their own capacities.
Brock	(1997)	Study the impact of strategy and autonomy on effectiveness in North American business schools	Organization theory and strategy; prospector and defense strategy; institutional autonomy	High autonomy is associated with high effectiveness; higher education contexts in which low autonomy is associated with effectiveness may be rare.

foreign students all influence the speed and scale of university internationalization. We also learned that none of the reviewed papers on university internationalization addressed the issue of the *where* of internationalization, that is, the institutional or university autonomy in a target country.

Internationalization Capacity

Our data point to a number of generic ownership advantages as part of the internationalization capacity that universities possess: unique educational programs/know-how; research/teaching capacities and experience; being Western; teaching in English (the lingua franca of transnational education); having "world-class" status; financial resources; high position in the world university rankings; well-reputed faculty members; and international experience (Mazzarol 1998, Shams and Huisman 2011, Wilkins and Huisman 2011). In addition, our data further identified a number of ownership advantages with each type of autonomy, with the exception of staffing autonomy.

At the level of *organizational autonomy*, the following advantages emerged: professional leadership and management, shared governance and multiple board functions, efficient goal setting and strategy planning, entrepreneurial organizational culture, adaptive capacity and market orientation, sensitivity and response to local demand, openness to enter partnerships, high level of commitment, and effective communication (Arnaboldi and Azzone 2005, Brock 1997, Heffernan and Poole 2005, Larsen 2001, Rytmeister 2009, Yokoyama 2006). The data further suggest that, in order for the above advantages to be effective, they should be supported by effective internal communication and mutual understanding between management and academic staff (Poole 2001, Sidhu, Ho and Yeoh 2011). Poor internal communication between university management and academic staff may lead to staff *im*mobility (Turcan and Gulieva 2015) or to a failure to develop planned educational programs that may jeopardize university internationalization activities. Following from the above, we maintain that the central thrust of organizational autonomy is increased strategy-building capacities and proactive leadership that make internationalization a feasible task. We further conjecture that universities that are autonomous in their decision-making process are more willing to enter partnerships and strategic alliances.

At the level of financial autonomy, the following ownership advantages emerged: advanced funding models (e.g., incentive-based funding, external funding, and multiple stakeholders), and accountability mechanisms, performance indicators, and quality assurance (Askling, Bauer, and Marton 1999, Frølich, Schmidt, and Rosa 2010, Wilkins and Balakrishnan 2013). These advantages contribute to global standards and the quality of educational services, and thus are regarded as critical for successful internationalization. The data further suggest that the capacity of universities to generate additional income relates to the degree of autonomy granted by the regulatory framework in which they operate (Frølich, Schmidt, and Rosa 2010) and to an entrepreneurial and competitive environment and leadership. Universities that have such a degree of autonomy constantly look for new sources of funding (e.g., from businesses) and innovate with their funding generation strategies, which may compromise and lower the quality of teaching and research output (Frølich,

Schmidt, and Rosa 2010, Tammi 2009). We argue that a financially autonomous university will tend to diversify its income sources, and is more likely to invest in advanced internationalization activities.

The following advantages emerged at the *academic autonomy* level: support for creativity and innovation, performance indicators, flexibility of educational content, cultural embeddedness, and sensitive areas of research and research ethics (Askling, Bauer, and Marton 1999, Dee, Henkin, and Chen 2000, Kovač, Ledić, and Rafajac 2003). These advantages reflect a university's freedom to define its academic profile. Academically autonomous universities tend to be more innovative (Dee, Henkin, and Chen 2000), with a more motivated academic staff (Askling, Bauer, and Marton 1999), leading to more proactive behavior at the foreign sites. Active participation of academic staff in decision-making and strategy development help in the setting up of realistic internationalization goals (Askling, Bauer, and Marton 1999). Creativity and innovation may contribute to university differentiation as having unique teaching and academic environments. We argue that the flexibility of a university to define the content of its academic programs enhances its adaptability and responsiveness to the local environment and is conducive to advanced internationalization activities.

It was interesting to learn that none of the reviewed papers studied the relationship between *staffing autonomy* and advanced internationalization. This might be because the internationalization posture of academic staff is taken for granted, a belief that is overturned by our findings from the review of the institutional capacity literature discussed in the next section. We conclude this part by conjecturing that *universities with a higher degree of internationalization capacity will tend to prefer equity modes of entry*.

Institutional Autonomy

We were surprised to find that none of the reviewed papers on university internationalization studied the effect of institutional autonomy in host countries on university internationalization. However, the review of the university autonomy literature and data on university withdrawal from the international markets (Turcan and Gulieva 2015) revealed a number of issues and challenges that emerge as a result of differences and incompatibilities between the internationalization capacity of a university and the institutional autonomy in a host country. Eight categories of issues emerged: low student enrollment, wrong assumptions, lack of adaptability, staff immobility, bandwagon effect, financial issues, branch campus identity, and ethical dilemma. *Low student enrollment* is generally named as the primary and official explanation of a university's withdrawal from a foreign market. For example, George Mason University's, Michigan State University's, and University of Waterloo's exits from the UAE, and the University of New South Wales's exit from Singapore were explained by the low student enrollment (Becker 2009, Mills 2009a, 2009b, OBHE 2007a, 2007a, OBHE 2009). Indeed, low student enrollment might be the visible cause for university withdrawal from an international market. However, the data point to low enrollment as being an effect of *wrong assumptions* about the selection of a target market, concerning the level of tertiary education (there is quite often

the provision of a bachelor's-level education), language proficiency and high entry standards, the paying abilities of the local population, and the high level of tuition fees (OBHE 2007b, 2007a, Sharma 2012, Yung and Sharma 2013). Therefore, the quality of the offer is at times not satisfactory or does not address the "needs" of the country. It emerges that universities that are unsuccessful in internationalizing do not differentiate between education approaches at home and at the branch, drawing upon familiar assumptions and ignoring substantial differences on the ground, which compromises the quality of teaching and research, and affects enrollment procedures (Tammi 2009, Frølich, Schmidt and Rosa 2010).

Lack of adaptability is another finding that emerged in the data analyses. There emerged an issue related to the curriculum taught at the branch and its irrelevance for the local industry (Schlanger 2013, Sharma 2012, Sidhu 2009). The presence of local industries that are able to employ the new graduates is an important condition for teaching a particular program/subjects at a branch; however, this condition is not always fulfilled (Sharma 2012). *Staff immobility* emerged as another issue that influences universities' decisions to de-internationalize (Sidhu 2009). For example, in several cases, like those of Michigan State University in the UAE and Tisch Asia in Singapore, universities realized, upon opening a branch campus abroad, that their own academic staff were reluctant to relocate and/or travel to the branch for reasons such as family or moral beliefs, and that the branch administration opposed the hire of local academics (Schlanger 2013). Hence, staffing issues undermine the value/quality of the study experience at the branch and cause difficulties in running the branch institution.

The *bandwagon effect* is a result of host countries' attractive incentives, modern infrastructure, and friendly environment that attract universities to enter these countries (Karram 2012, Redden 2012). Entering these markets—jumping on the bandwagon—creates highly saturated international educational hubs as in the UAE and Singapore. However, the high concentration of branch campuses in a country leads to growing competition and the cannibalization (from the state point of view) of new educational offers, and the inevitable failure of weaker/less competitive institutions.

Financial issues are another often-cited cause of university failure to successfully internationalize (Lewin 2009, Redden 2012, Reisberg 2012, Schlanger 2013). Equity entry strategies such as branch campus establishment through greenfield investments are associated with high costs. In relying on student tuition as the major source of income, the universities that experience low enrollment numbers run into budget deficits. However, sharing the cost and entering through a joint venture with the local government or accepting subsidies from the state is also tricky terrain. On the one hand, support from the local government and the covering of start-up costs seem promising, while on the other hand, it is a potential danger as there are incidents of serious disagreements concerning post start-up funding, heightened requirements for commitment, and unrealistic expectations (Bradshaw 2012, Sharma 2012, Teng 2013).

Branch campus identity is another factor that influences the success of the international efforts of universities (Bradshaw 2012, Karram 2012, Reisberg 2012). It emerged that, on the ground, stakeholders expect authentic delivery of higher education products and services on the assumption that the branch, bearing the name

of the foreign university, is not inferior to the mother organization. Factors such as financial resources allocated for the branch development, staff immobility, and the time factor do not allow an authentic full-scale study experience at a branch to be developed and nurtured from day one. This leads, as in the case of George Mason and Michigan State Universities' closures in the UAE, to limited options for courses and extracurricular activities, as well as limited capacity for providing an array of academic programs and student services at the branch (Reisberg 2012), jeopardizing the authenticity of the study experience.

When internationalizing into developing institutional settings, universities may find themselves faced with an *ethical dilemma*. That is, should they develop a different set of ethical standards for the target country or should they insist on deploying their own ethical standards in that country? Sidhu (2009137) suggests that one way to deal with differences and incompatibilities between internationalization capacity and institutional autonomy is for an internationalizing university to "hold two sets of ethical standards—one for its domestic stakeholders and the other for the rest." Essentially, Sidhu advocates that universities should compromise their autonomy in favor of international entry. Although this ethical dilemma is omnipresent, we strongly disagree with such a line of argument. In fact, we suggest that internationalization into a (developing) country is unethical if a university cannot fully exercise its autonomy.

Concluding Remarks

We conclude the chapter by discussing the implications for practice and academia. In this chapter, we draw on a wide range of research publications on internationalization and identify factors that may contribute to success or failure, citing a number of "failures" or withdrawals from the international scene and the reasons for these. The novelty of this chapter lies in its focus on a phenomenon that has received scant attention in academic research and policy debates, namely the sustainability of university internationalization as viewed through the lens of university autonomy. The study identifies the need for more effective analysis, market research, engagement with key local stakeholders (especially employers), an effective risk management strategy, and development of rigorous business plans focusing on sustainability.

We call for future research that blends the two research streams—university internationalization and university autonomy—by borrowing more actively from each and from other disciplines in order to advance our theoretical understanding of the intersection. Among other things, this blending will help identify and operationalize the theoretical constructs of the university internationalization-university autonomy intersection, and develop respective measurement instruments. To aid researchers in this process, we put forward a process model of university internationalization, recognizing that the most successful countries and universities will in the future be those with a truly global perspective and output. An enhanced understanding of this intersection of university internationalization and university autonomy has the potential to drive a paradigm shift when it comes to university internationalization and public policy toward university internationalization, and would have major practical and policy impacts and contribute to a deeper understanding of factors that lead to success and failures.

It would be useful for future research to juxtapose the examples of "failure" with "success" stories and possibly develop new, effective indicators of success that may not always be easily quantifiable. We argue that internationalization, in the context in which we use the term, will inevitably have an impact on the autonomy of the home university. It would be valuable to have detailed case studies that might investigate this. As we underline "quality" as an important factor in failure, it would be valuable to have studies on the impact of internationalization on quality at the home institution and the extent to which national quality agencies monitor the quality of the international partnerships described in this chapter. A key factor in making and sustaining effective international partnerships is the "matched" reputation of the respective partners. Here, it seems that international league table positions may have become increasingly influential. Insofar as research is a dominant factor in the scoring in these tables, successful international partnerships may be determined by research success, and this has implications for the way in which the university exercises its autonomy in another sphere and indicates the interdependency and complexity of strategic goals in an autonomous university.

Note

1. Due to space limitations, a detailed description of the methodology is available upon request.

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PART VII

Conclusions

CHAPTER 16

(Re)Discovering University Autonomy

John E. Reilly, Romeo V. Turcan, and Larisa Bugaian

The idea for this book has arisen out of a major in-depth review of university autonomy in Moldova funded by the European Commission (EC) (www.euniam.aau.dk). Classically, university autonomy has been understood to relate to four pillars: organizational autonomy, financial autonomy, human resource autonomy, and academic autonomy, and studies, research models, and political statements on university autonomy have focused on understanding and measuring autonomy under each of these headings.

The Moldova project (EUniAM 2015), while appreciating the central role of these four dimensions of university autonomy recognized that exploring each of them independently tends to obscure the complexity of the topic and their interdependence. Moreover it disguises the fact that not only do these four elements interact in a complex way, but there are a range of other forces that shape, determine, and influence the form and implementation of autonomy.

Therefore, a holistic view (see figure 1.1) has been developed to gain a fuller understanding of university autonomy. This holistic view, which we call institutional university autonomy, brings together the traditional four pillars—organization, finance, human resource, and academic—and five interfaces:

- government-university
- university management-university staff
- academic staff-students
- university-business
- university-internationalization

Each of these interfaces that characterize external and internal points of interaction between modern universities and their key stakeholders not only map on to the four pillars but also relate to and influence one another, hence reinforcing and equally pulling in opposite directions. For purposes of this study, we adopted this

holistic view of university autonomy (figure 1.1) as the conceptual framework of the book. To explore it, we contacted a large number of academics throughout the world and invited them to contribute case studies exploring aspects of institutional university autonomy. Following a review of abstracts that we received, the case studies presented here were selected.

A number of unexpected aspects in the selection and eventual production and analysis of the case studies have emerged. The first was perhaps the most surprising. Many contributors whose abstracts promised genuinely new insights subsequently had to withdraw because of a measure of direct or effective censorship or recognition of the sensitivities of colleagues, institutions, and/or governments to what they might say. Here are some statements from the correspondence we had with some of the contributors: *"I can't send you my contribution due to the formal organizational reasons"; "my [university] senior management informed me that they did not wish me to go ahead with the chapter I had proposed"; "the material was planned to be quite critical, but it can't be approved by my [university] administration"; "I am being held up by the need for others to check what I send out and what I make public and/or keep private"; "there would have been nothing of any significance left"; "the rules in my [university] dramatically changed since I agreed to contribute, and now . . . it must be approved by the administration"; "I was strongly advised not to proceed"; "[the administration] may not be happy about everything I write becoming available in the public domain."*

These responses were surprising and disappointing, but they underline the fact that full academic autonomy may be limited in ways that are not always overt and may involve background, subtle, political, and social pressures that may, nevertheless, exert a powerful influence. The examples quoted above ostensibly relate to the academic freedom of the individual, but there is also a hint that the limitations experienced by the individual may arise because the institution or a senior manager is sensitive or feels under pressure and is not confident enough in the exercise of autonomy to allow a "publish and be damned" culture to pervade the academic institution.

Limitations of this sort had been anticipated in relation to the nature and type of research that might be carried out. The reduction in state funding, more directive government research policies, the emphasis on applied, impact research, direct funding from business and industry, and the need to recover full costs have all placed effective limits on the autonomy of institutions, departments, and individuals in their research, and this is illustrated in the case studies in this publication.

The other outcome of the review of abstracts and the case studies, which should perhaps have been anticipated, is the extent to which academic colleagues working in a range of disciplines and not directly engaged with research on university autonomy do not always perceive or engage with the autonomy implications or outcomes of their work, and as a result, their own case study may not fully identify the autonomy impact – real or potential. It emerges that many academic staff take for granted university autonomy without questioning its sometimes contradictory assumptions and impacts. Perhaps this should not have been surprising since classically, academics are focused on their own research, and their own subject area and department insofar as these impact on their work and they interact with colleagues in their wider national and international subject fraternity.

Nevertheless, it is a matter of concern since effective autonomy can only be realized if there is a fuller engagement and understanding of the implications for the

operation of the university in the wider community among students and staff. It may be, therefore, that an important lesson from these case studies, for governments, institutions, leaders, and senior managers, is the need for more effective staff development and training in understanding and implementing autonomy.

Although there has been an increasing chorus from governments, universities, and international organizations such as the EC and the Organization for Economic Cooperation and Development asserting the need for greater institutional autonomy, our review has revealed a lack of in-depth research or evaluation of the impact of university autonomy on performance, that employs all four dimensions of autonomy—organizational, financial, staffing, and academic. The introduction to the book indicates the basic concepts of "autonomy" on which the study is based, and a number of the case studies explore their understanding of the term. It is evident that, in practice, autonomy is never absolute.

Using the case studies to develop a wider understanding of the concept of institutional university autonomy as an intersection between the four pillars and the five interfaces revealed another interesting finding, namely the paradoxical nature of institutional university autonomy. As is evident from a number of the case studies, measures of autonomy can be misleading, since they tend to be unidimensional and miss the subtleties, complexities, and uncertainties of implementation. The paradoxical nature of institutional university autonomy is evident not only in its complex and interdependent nature but also in different, often contradictory, assumptions about the relationships between the four autonomy pillars and the interfaces. These are observed in the case studies presented in this volume.

A number of the studies focus on factors that can mediate or indeed militate against autonomy. In chapter 10, the Lithuanian example provides the starkest illustration of cultural and historical factors that have frustrated government attempts to grant universities greater autonomy by choosing to use state funding to engender a more entrepreneurial approach in institutions through a voucher system. The case study illustrates how such government initiatives may lead to unplanned and unintended outcomes that may be manipulated in ways that can effectively limit the autonomy of institutions. The study underlines the challenges that governments face in their relations with Higher Education institutions in seeking to implement institutional autonomy, while controlling the purse strings and not necessarily having all the levers to ensure effective delivery of their objectives. In this case, the problem for the government may be not only the way in which the universities respond to new financial incentives but also the response of the students who "vote" (opt for programs) in ways that do not correspond with the government's view of the needs of the economy. This approach to economic planning may owe something to history and cultural heritage, but it has wider lessons for the subtle, complex, and incongruent interaction of all the stakeholders in the operation of autonomy.

The way in which a conservative, historical, and cultural background may function as an effective brake on modernization, reform, and change is evident in other studies presented here. An example is the Russian case study in chapter 13, which also presents a paradox. This study reveals that, notwithstanding countervailing forces, with effective leadership and the strength and motivation provided through high-quality international partnerships, it is possible to overcome these forces. However, future research is needed to explore to what extent such success may rub

off on other schools within the university or may have an impact on university governance and strategy, or may have become a national beacon for change.

Although a student-centered approach to learning is not a new concept, another finding that emerged is that research on the impact of a student-centered approach on a university's autonomy is scarce. It might be argued that the more effective and changed relations in the partnership implied by the student-centered focus might enhance university autonomy. However, the increasing empowerment of students may have unexpected consequences for governance and management. Governing bodies may be more susceptible to the exercise of student power, which may be manifested in a number of ways, not simply as direct political power, and at the same time be less responsive to academic staff. Although released from some aspects of the formal teaching role, staff may find the role of facilitator and mentor more personal and demanding, if not distracting from their research commitment. The emphasis on employability also affects the dynamics of relations between the university and academic staff with the employment market, potentially giving a stronger voice to employers in curriculum development, with the need to demonstrate the acquisition of competences for employment. It is to be hoped that, in future research, some of these issues will be explored in more detail.

An interesting outcome of the review is the concept of "networked autonomy" that emerged from the implementation of problem-based learning in Denmark (see chapter 11). The concept of "networked autonomy" is seen as a more satisfactory approach to the topic of autonomy, reflecting the nature of the cooperation involved between industry, students, and staff. The networking and effective dialogue and collaboration required between industry, students, and staff in the problem-based project makes clear the nature of shared responsibilities and argues that both the concept and the reality of the "network" inevitably mean that autonomy has to be thought of more as a 'cooperative' of mutual dependence and independence.

Future research is needed in this area as it is less clear how the "network" concept feeds into and changes attitudes and structures in the wider university and how the university responds to its schools. Do university policies and practice impact on the "network" autonomy? What regulations does the university need to establish to protect itself, students, and staff from the potential legal, health and safety, intellectual property, and ethical issues that may arise? How does the pervasive implementation of "problem-based learning" impact on human resource policy in the recruitment of staff, job descriptions, terms and conditions of appointment, and their training and development? How has the cohesion, content, and professional recognition of the curriculum been affected? Are there national quality codes and/or guidelines that have to be respected and that need to be incorporated into and modify the autonomy of the network? These are some of the questions that would benefit from more detailed studies, preferably on a transnational, multisubject basis.

The case studies demonstrate the contribution of universities to regional development. They highlight that university autonomy is critical for success in regional economic and policy engagement. An example of this is provided in chapter 12 from Japan. Here, autonomy is presented as a more complex relationship in which the interests of the government and the university may coincide, but the means collide. Prima facie, the university's autonomy has been compromised by government edicts on "relevant" qualifications that provide students with appropriate competences for employment. This is

coupled with a *requirement* for engagement in the local and regional economic development, to which the university has had to respond; otherwise, it will be penalized.

However, this chapter argues that the university and, in this case, the business school, has accepted the challenge and is itself running with the policy in a way that manifests its autonomy in the academic world and also increases its influence and power within the region. It has done this through student projects directly related to the economic life of the immediate region. An area for future research would be to investigate the new power that these projects have given to students. In effect, the students have taken on new roles and made a direct contribution to local industry and commerce, no doubt facilitated by academic staff. They have become the direct interlocutors with local industry and created the innovative ideas that have been implemented. A subject of further inquiry would be to explore whether this changes fundamentally their relationship with the institution and whether this is feeding into governance and management, and the exercise of autonomy.

Resource funding—recurrent and capital—is still fundamental to the autonomy debate. A response to financial imperatives is illustrated in chapter 5 by the UK study in which there is a cri de coeur over what the authors perceive to be the damaging impact on university and academic values of marketization and a more corporate approach. This chapter reveals a gulf between the perspectives of academics and senior managers that is echoed in other case studies. Less obviously, however, the chapter hints at, but does not discuss in detail, the extent to which, what the authors describe as the marketization of higher education, may have fueled the growing stratification of universities, with an elite group that, in terms of funding, student selection, international reputation, and influence on policy, might be said to have benefited from "marketization." Is it likely that an outcome of autonomy in other countries will be a greater stratification of higher education, with elite institutions taking an increasing share of research funding and attracting the highest-quality domestic and international students? Or will governments intervene to limit competition, curtail autonomy, and seek to maintain a level playing field? In practice, it seems possible that, with the growth in international league tables, governments will wish to ensure that some of their universities are represented in the tables, and this will be achieved either through encouraging more competition or higher levels of funding and other differential resources for some institutions.

Autonomous Universities become increasingly concerned about their status, competitivity and ranking, nationally and internationally. While it may be fashionable to deride the ranking tables those Universities which are highly ranked are quick to quote their ranking position in their publicity. Indeed the need to secure high national and international profile could be argued to be a feature of autonomy., the EC has responded to the world rankings by developing an alternative form of ranking that seeks to be more sensitive, while acknowledging the importance to students and the public of ranking. As the Commission website (European Commission 2015) describes it,

> U-Multirank is a new user-driven, multidimensional, world ranking of universities and colleges covering many aspects of higher education: research, teaching and learning, international orientation, knowledge transfer and regional engagement.

> Why is it being done? The potential of European higher education institutions to fulfil their role in society and to contribute to economic and social development is underexploited. More transparency is needed so that different stakeholders—students, institutions, businesses, policy makers—can deepen their understanding of how higher education institutions are performing. U-Multirank is a key tool for this: it is more comprehensive and user-driven than any existing ranking, showing more clearly the performances of a much wider range of universities and their potential to contribute to growth and jobs. It includes much-needed information for policymakers, for students and for institutions themselves.

As may be observed, the word "competition" is not mentioned here nor is autonomy, but the potential impact of this new ranking, if it proves a success, will be to fuel competition precisely because it will provide more detailed information, and this in turn will be reflected in the autonomy interfaces.

Striking differences emerged regarding the impact of financial policies at macro and micro levels. While the United Kingdom (England) case in chapter 5 explores the impact of a new financial policy at the macro level, chapter 8 on Denmark examines the impact at the micro level in discussing financial autonomy as perceived from a departmental point of view. It is always difficult to know how typical such an example is, but here, the perception is that autonomy has pushed the university into a more regulatory mode that is having an inhibiting, stultifying effect at the departmental level in relation to research and contract work. It emerges that autonomy is not seen as liberating or granting independence at a subject level, but rather, making the department (subject) more dependent on university policy, university funding allocation models, and above all subject to, what is perceived to be, inappropriate and unnecessary regulations. No doubt the university might respond that autonomy carries with it a requirement for effective and transparent accountability and clear strategic and policy objectives at an institutional level. That it is not perceived in this way within a subject or a department is perhaps to be expected, but it does reveal the need for effective mediation in the autonomy interface, because institutional goals will not be achieved if departments are not rowing in the same direction and, equally, departments will be constantly frustrated if they are not engaging with the university to secure flexibility and accountability.

In emerging and developing countries, the level and nature of resource allocation is manifested most acutely. In chapter 6, Moldova provides a stark case study of a situation that is exacerbated because limited funding is being distributed to a large number of institutions in comparison with the size of the country and the economy. Furthermore, it is not simply the quantum of funding but the way in which it is allocated to universities and subsequently within the university that reveals whether autonomy is actually working. In Moldova, there are also other structural problems, for example, the channeling of virtually all research funding through one institution, the Academy of Science. This not only deprives universities of a key source of research funding but also has an impact on their ability both to appoint and to retain high caliber staff and on staff morale.

The impact of staff evaluation has emerged as a potentially rich topic for further research. Chapter 7 on Finland and the Czech Republic explores models of

University staff evaluation, making it clear that "evaluation" is an important feature of the management of an autonomous university that can be addressed in different ways. It would be valuable to complement this review with in-depth case studies of actual evaluation systems and an assessment of their impact over time. Future research may also delve into how the process itself might be influenced by different power structures and interest groups. Senior distinguished staff may use the process to strengthen their own position, and, indeed, if they are particularly successful, show a measure of independence from the formal evaluation process. This suggests another avenue for future research namely an examination of the evaluation of senior members of the university—the rector and the executive team—, which could be an important test of the effectiveness of the governing body. It may be difficult to obtain case studies at this level, but they would contribute to an understanding of how autonomy operates.

The revised European Standards and Guidelines for Quality Assurance in the European Higher Education Area (ESG, 2015) approved by the Ministerial Conference in Yerevan, in May 2015, state in *Part 1: Standards and guidelines for internal quality assurance*: "Institutions should assure themselves of the competence of their teachers. They should apply fair and transparent processes for the recruitment and development of the staff." Although the Standards (ESG, 2015) do not explicitly mention staff evaluation (appraisal), this is implicit in the wording of the Standards; hence staff evaluation becomes an integral aspect of institutional quality assurance and autonomy.

A key factor in the evaluation of academic staff in a reformed and modernized institution will be a review of student feedback and the part that this plays in the overall appraisal of staff. Student evaluation and feedback is a further illustration of the way in which the autonomous university needs to respond to different and sometimes conflicting interests. Experience in the United States (see Chapter 2) suggests that student feedback may develop a "political" dimension, which may also influence university governing bodies and management practices. Experience from Denmark (see chapter 9) stresses the new paradigm relationship between the academy and students, with the academy becoming a facilitator and students taking increasing responsibility for their own learning and personal development. Future research might investigate how this paradigm shift is feeding back into the autonomy interfaces at the institution, as well as what the impact of the changed "power relationship" means in practice in the process of curriculum development and university governance and management. Overall, staff evaluation and the varying emphasis placed on research, teaching, and student feedback illustrate the way in which the exercise of autonomy can be seen as a process of mediation between different interfaces.

In *University Autonomy in Europe I: Exploratory Study*, by Thomas Estermann and Terhi Nokkala (2009: 7), academic autonomy is defined as

> the capacity to define the academic profile, to introduce or terminate degree programmes, to define the structure and content of degree programmes, roles and responsibilities with regard to the quality assurance of programmes and degrees and the extent of control over student admissions.

In other words, it is viewed very much from an institutional perspective, and it defines relationships between the university and the community. It is perhaps

difficult to see in this definition an echo of the philosophical stances of Alexander von Humboldt and John Henry Newman, which assert the need for universities to be free in the pursuit of knowledge, but inevitably, at least in Europe, their view of the nature of academic autonomy continues to influence thinking about the fundamental nature of a university as a "community of scholars" in free pursuit of knowledge. However, most contemporary writing on the nature of university academic autonomy tends to reflect and measure academic autonomy on the broad basis of the Estermann and Nokkala (2009) definition quoted above. This institutional perspective leads directly to the university-academic staff interface and how the individual academic views academic autonomy.

Insight into the university-academic staff interface and how autonomy can be understood emerges in the case study from the United States (see chapter 2)—in this case emphasizing the role of the individual academic as teacher and researcher—and the social, cultural, political, and economic contexts that may diminish individual academic autonomy and, by extension, the academic autonomy of the institution and its ability to sustain its role as a knowledge business. The chapter adopts a "fundamentalist" approach, which emphasizes that the essence of academic freedom (autonomy) is encapsulated in the freedom of the individual to pursue knowledge, which, subject to peer criticism and the exercise of "responsibility," should not be restricted in any way. Only in this way, the chapter argues, will universities realize their true mission to be in the "knowledge business."

The authors identify a series of "enemies" to academic freedom within and outside universities, which seriously undermine the role of the university as a knowledge business. Since academic freedom is perceived to be fundamental to the nature of a university, developing a critical understanding of what that should mean in the contemporary world is of primary importance. Simply to assert the absolute primacy of academic freedom may not be an adequate response. International research and public debate are needed to identify and monitor the reality and extent of the "threats," to develop a wider, shared understanding of the concept of academic freedom and design evidenced-based policy for responding to the forces that might undermine this freedom. Here, it is possible to see the direct opposition of two views of academic autonomy: the absolutist focus on the freedom of the individual academic, and what might be described as the more prosaic and pragmatic institutional perspective that works to attempt to satisfy a diversity of stakeholders. Each needs the other. In spite of the "fundamentalist" rhetoric, in the contemporary world, academics require effective, well-governed and well-managed institutions, and institutions rely on the quality, innovation, knowledge development provided by academic staff. Understanding what structures, modes of governance, leadership, and management would be optimal for fostering the most fruitful, developmental, and sustainable symbiotic relationships should be the subject of continual review, research, and case studies.

Chapter 12 on India appears to pose distinctly different perspectives and questions. Everything is dwarfed by number—population, growth in the number of higher education institutions and of students, the need for further dramatic growth in student participation and increased system capacity, coupled with the scale and nature of the obstacles to reform and modernization, all seem overwhelming. Elements of the endemic problems—poor external governance, inadequate

resourcing, shortage of highly qualified staff, low quality of institutions and staff, corruption, resistance to change, irrelevant non-student-centered curriculum and learning and teaching methods, inadequately regulated private institutions—are present in all countries that need reforms and are echoed in other chapters, but although they are also experienced in other countries as intractable, they seem, potentially, to be more manageable in smaller countries. For India, the problems are daunting and seem to evade solution because the numbers are so formidable, and, as the authors argue, the democratic process impedes the urgent implementation of radical reform and modernization.

In the Indian context, it may seem that institutional autonomy is peripheral, if not irrelevant, as an answer to the multiple, large-scale challenges that the country's system of higher education faces, and it does not feature in the list of immediate solutions proposed for the reform of higher education. There can be no doubt that there is a need to tackle the reform and modernization of the external governance of higher education, including the roles played by central and state governments, the rationalization and modernization of regulatory bodies, the securing of adequate funding and other resources, corruption, and improvement in access opportunities for poor deprived communities. However, external governance reform alone is insufficient and cannot achieve reform. As with other countries, the higher education institutions must be fully engaged to deliver reform and modernization, and the size (number of institutions and students) and geography of India dictate, perhaps more than in any other country, the urgent need to develop sound institutional autonomy. To deliver profound and sustainable change, institutional university autonomy must be comprehensive and based on a commitment to effective institutional governance structures, good leadership and management coupled with a clear articulation of the responsibilities and powers of the university that accompany genuine financial, human resource, organizational and academic autonomy, coupled with real accountability and transparency.

The realities of power and the associated responsibilities can be transformative. They require institutions to engage with the autonomy interfaces in order to realize their mission and objectives and to be seen by government as their partners in reform and modernization, and to recognize that only with and through strong autonomous institutions can their goals be reached. The operative word is "partnership," government and universities need each other, and this entails mutual, transparent, accountable responsibilities, and performance indicators This is not a novel concept, but it seems to be missing from the India debate, and yet India possibly offers the ideal context for implementing accountable institutional autonomy, incorporating innovative approaches to the autonomy interfaces, on a grand scale, which will provide considerable material and opportunity for continuing research and evaluation, and lessons for other countries.

University internationalization remains an area of increasing interest and importance to university leadership, management, and policymakers. Our introduction and the case studies stress the significant implications university internationalization has for autonomy. Internationalization, as revealed in the Russian case study (see chapter 13), may provide a major impetus in helping the university overcome the forces of a conservative institutional and cultural heritage. In chapter 14, the Australian University reaction to reductions in state funding illustrates another way

in which autonomous institutions can act entrepreneurially to improve their financial independence and how this helps to shape their implementation of an international strategy. It creates a need for different frames of reference, categories, and vocabulary, the establishment of innovative actions and the redirection of existing international activities. Future research is needed to identify the measures of success and whether financial returns from internationalization contribute to wider goals and actually enable the university to reinvest to support the development of higher education.

University internationalization has further autonomy implications, as exemplified in chapter 15. In embracing the, dissimilar, and sometimes conflicting requirements of financial, legal, and organizational staffing, and the academic expectations of the foreign country, to what degree are universities, compromising their core mission and key aspects of their autonomy (as defined by home country institutional and cultural reference frames)? These questions suggest the potential erosion of individual and university-wide autonomy, and raise doubts about the sustainability of university internationalization. The recent withdrawal of high-profile academic institutions from international markets support these reservations. Research which juxtaposes the examples of "failure" with "success" stories could help to identify and develop effective indicators of success, which may not be easily quantifiable and indicate whether and to what extent autonomy is compromised even in success. The impact of internationalization on quality and the extent to which national agencies monitor the quality of international partnerships is a further field for research on how autonomy interfaces operate.

We hope that the range of case studies in this book and the different insights that they provide on aspects of autonomy will help illustrate that autonomy cannot be reduced to a series of simple equations or examined solely under the four key pillars: organization, finance, human resources, and academic (although as one of the case studies identifies, there is hardly any research that studies the impact of *all* these four key dimensions on university performance). The realization of autonomy is always compromised by competing and conflicting interests and power relationships. The introduction of autonomy can lead in unexpected directions, to unexpected institutional changes, and governments rarely have a horizon that allows growth and development over time. Growing maturity, adaptation, and learning are fundamental processes by which institutions become autonomous and sustain their autonomy. Time will allow institutions to resolve challenges, but governments may not consider that they have this luxury and feel compelled to intervene to temper the exercise of autonomy in the directions that they require.

Although the university-government relationship may be perceived as the primary source of and limit on autonomy, because, in most countries, governments provide the main source of revenue and have the levers and political instruments to achieve their objectives, it would be a mistake not to recognize that there are other powerful forces or interfaces that contribute to shaping the way in which autonomy operates in practice. In this book, we draw attention to and explore a number of these interfaces and argue for a holistic view of autonomy for which we have 'coined' the term 'institutional university autonomy', which incorporates the four pillars and the five interfaces. We have indicated areas for future study and research, and hope

to encourage a dynamic scholarly and policy dialogue about the range and complexity of contemporary higher education and how internal and external interfaces may support, modify, undermine, and/or limit institutional university autonomy.

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