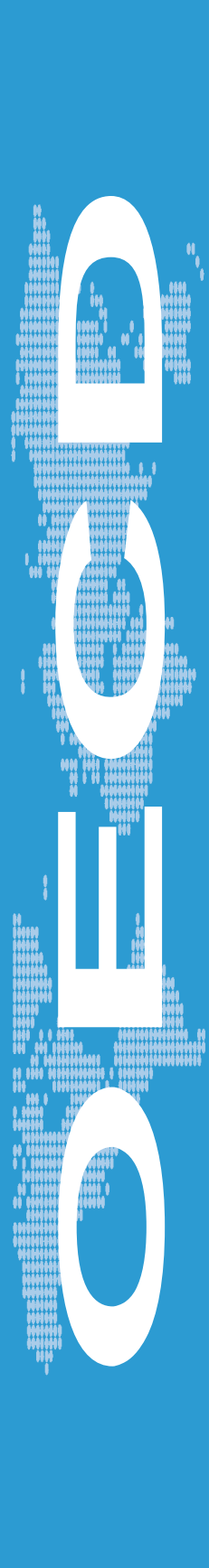


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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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MANAGING THE UNIVERSITY/REGIONAL INTERFACE

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ABSTRACT

The paper seeks some commonality between three hitherto separate research and policy agendas relating to the management of companies, of regions and of universities. This is found in an emerging common concern for thriving locally in the global economy which is pointing to the need for partnerships between universities, companies and agencies concerned with promoting regional development. For each of these partners interest has moved on from the direct local economic impact of universities and technology transfer/spin out to the idea of the "learning region" as a fundamental underlying concept. The core of the paper examines how universities in the United Kingdom manage their relationships with local and regional partners, drawing on a survey of Vice-Chancellors and Principals and highlighting the differences between older universities and new universities (the former polytechnics) which began life as local institutions. The topics surveyed include variations in the place of regional concerns in the institutional mission, how regional relationships are handled, local access to university facilities and courses, inputs into economic and community development and the engagement of universities with local and regional governance.

INTRODUCTION

There are three agendas that have to be brought together to achieve a better understanding of the university/region interface thereby leading to its better management. First, the agenda of those concerned with regional development. For this group the university is a major asset which has to be realised for the benefit of the region – as a source of direct employment and skills enhancement in other sectors, of technology, of global linkage, as a benign user of urban space and as a contributor to cultural and social vitality and lifelong learning. The challenge for development agencies is often represented in terms of the need to mobilise the University as part of a ‘regional growth coalition’. Second, there are the concerns of industry and commerce itself. Here the pressure to become world class is placing greater emphasis on the importance of deriving maximum benefits from the local operating environment, with universities becoming a key locational asset. Finally, there is the agenda of the universities who are increasingly looking towards the local arena as a source of new students, research contracts and sponsors for development projects.

In spite of the overlapping policy agendas, it is surprising how little commonality can be found in the academic literatures addressing the development of regions, of companies and of universities. However, there is an obvious common ground in changing notions of governance. Cities, companies and universities are each being subjected to similar managerial pressures – for example, to downsize/outsource and to engage in networking and partnership building. Such pressures are only just beginning to reach universities, but as they do how universities interface with the outside world, including the local city and region, will come to matter more and more.

However, for effective partnerships in the economic development process to come about it is important that the changing nature of the university itself and how this impacts on the nature of its relationship with the locality is well understood by all. While the pressures for change may be global, universities have historically been shaped by national systems of higher education and any discussion must inevitably focus upon national differences. Within the United Kingdom, the expansion of higher education in the late 1950s, in response to rising prosperity and demographic pressures, effectively de-localised and nationalised higher education. New universities were established to meet national demands and located in country towns away from the mainstream of urban industrial life. In contrast, local demand was met by locally controlled polytechnics. The position of the older universities has been neatly summarised by Gray.

“Universities were largely perceived as fulfilling a deferred role: a future rather than a present need. Indeed it was less Universities that contributed to social development and economic growth than their graduates; somehow the institutions themselves were thought of as ‘outside time’, certainly detached from current economic responsibilities. This was largely because they were funded by central government as part of the command economy of education and were held to be passive rather than proactive in their performance.” (Gray, 1994.)¹

A further expansion in the late 1980s and the incorporation of polytechnics into the university system, but with a different model of governance, have brought the local dimension to the fore again. The reality of mass higher education in which one third of the 18-21 year olds now participate, the requirement for lifelong learning coupled with the greater feasibility of distance learning, have begun to challenge the nature of universities as discrete institutions. Having said this, as Court² points out, it is difficult to identify a strong territorial dimension to higher education policy. Nevertheless, there is much rhetoric in support of a regional role for higher education. A recent Under Secretary of State for Education stated “serving the needs of the economy, both locally and nationally, is one of its [higher education’s] central objectives”. The 1991 White Paper, *Higher Education: A New Framework* acknowledged the contribution in meeting “local and regional needs”; the White Paper established separate funding councils for England, Scotland and Wales “to take account of each particular set of territorial circumstances” and recognised “the importance of maintaining the general diversity of (...) institutions”, presumably the local and regional engagement of polytechnics. These concerns have been reflected in statements from the Higher Education Funding Council for England which recognises “serving local and regional needs” as one of the six purposes of higher education. To date this concern has not been incorporated into the Council’s funding formula.

In recognition of the gap between rhetoric and reality the United Kingdom Government Inquiry into the future of higher education includes the consideration of the following in its terms of reference:

“The contribution [of universities] to local and regional [as well as] national economic growth and regeneration and distinctive features [of higher education] in different parts of the country.”

Other items in the terms of reference suggest that the local and regional perspective can throw into sharp relief the consequences of a number of important trends in higher education. These include: the growing number of stay-at-home 18-21 year old students, mature students and life-long learners; the engagement of universities with the training and economic development system (Training and Enterprise Councils, Urban Development Corporations, Government Regional Offices, European Regional Development Fund, Local Authorities) such that multiple sources of funding is now the norm; competition/collaboration between universities and further education colleges and between the old universities and former polytechnics; the development of transferable skills through student work experience within local companies and the people based transfer of know-how to those companies; the de-localising potential of IT based distance learning which could undermine the “map filling” coverage sought by new universities (*e.g.* University proposals for Lincoln, Highlands and Islands, etc.); the highly differentiated situation in relation to the above issues from city to city, region to region and institution to institution.

Against this background this paper will first provide a university dimension to some of the management literature which links corporate governance to territorial development, specifically the work of Kanter summarised in her recent book *World Class: Thriving Locally in the Global Economy*,³ the work of Porter on the *Competitive Advantage of*

*Nations*⁴ which he has recently extended to a consideration of the competitiveness of the inner city,⁵ and finally the writings of Lundvall on “the learning economy” which can be linked back to the educational role of universities in “learning regions”.^{6,7} The core of the paper will then describe the results of a survey of arrangements within United Kingdom universities for managing the interface with the local community undertaken for the Committee of vice-chancellors and principals and which focuses upon the distinction between established universities and the former polytechnics.⁸ Finally, in addressing the regional development agenda, the paper will provide some early findings from a project on Universities and Economic Development being financed by the Department for Education and Employment which focuses on local Training and Enterprise Councils and Central Government Regional Offices.

CORPORATE GOVERNANCE

There is a well developed academic literature on the implications of changing forms of corporate governance for local economic development.⁹ Only recently however have management scientists begun to discover that geography matters. This discovery is important as their work is likely to directly influence corporate decision making.

According to Kanter, future success will come to those companies, large and small, that can meet global standards and tap into global networks. And it will come to those cities and regions that do the best job of linking the businesses that operate within them to the global economy. She argues that forces of globalisation are so powerful that communities must connect the global and the local and create a civic culture to attract and retain or “embed” footloose investment. The challenge is to find ways in which the global economy can work locally by unlocking those resources which distinguish one place from another. The essential argument here is that universities can provide a vital locational asset within the global economy. At the same time, as corporate entities, universities cannot be immune from the same global forces.

Kanter highlights four aspects of globalisation – simultaneity, multiple choice, pluralism and resource mobility. Simultaneity refers to the fact that we can no longer rely on the temporal and spatial lags that were associated with the diffusion of new products, processes and services in the past. Today many new technologies and educational services can be designed for world-wide use immediately. Companies, universities and places can no longer hide between the barriers of time and space. Multiple choice or by-pass refers to the way in which local or territorial monopolies are broken down. The classic example of by-pass is in the field of telecommunications services as selected users are able to choose new entrants who by-pass local suppliers and cherry pick or cream skim the market. By implication, distance learning means that universities can no longer rely on local or regional monopolies.

The counterpart of by-pass is pluralism, a process by which old centres of power are continually challenged. Rigid hierarchies, necessary when organisations relied on inter-

personal communications to pass messages between a single centre and a periphery, are being replaced by multi-centred structures. Such fluidity clearly creates both threats and opportunities for individual places. Within higher education older universities can no longer guarantee their dominant positions as students and firms exert consumer choice.

The final dimension of globalisation is an increasing mobility of capital, people and ideas. Just to concentrate on people, it is clear that the elites or so-called “cosmopolitans”, who carry ideas around in their head, and possess global networks of personal contacts are shifting place of residence more and more frequently during their lifetime. The globalisation of leading edge higher education partly explains this process. Universities compete for graduates world-wide using the World Wide Web as an advertising medium. For example, by the early 1990s, nearly 60 per cent of PhDs in engineering awarded by American Universities were to non-US citizens; many of these will return to their country of origin after completing their studies.

In the face of these globalising pressures, organisations have no alternative but to continually improve and attempt to become world class by paying attention to what Kanter calls the three Cs – concepts, competence and connections. She links this to geography by suggesting that places can provide companies with one or more of these resources.

Concepts refer to the incorporation of the best and latest knowledge and ideas into goods and services. Some regions can be superior development sites for concepts because innovative people flourish there by coming into contact with new ways of thinking. They find local support for turning new ideas into viable business opportunities. These are the thinking regions. Within these places universities clearly have been a major asset in developing the local economy. **Competence** refers to the ability to produce goods and services to the highest standard anywhere. Some regions can be superior sites in terms of production competence through maintaining consistently high quality standards and investing in appropriate skills and training. In such areas universities can play a major role in producing the necessary skills for the producers. **Connections** refers to maintaining relationships which provide access to the resources of other people and organisations around the world. Some regions, particularly global cities, provide superior sites for maintaining connections by providing gateways to global networks. The contact networks of academics in metropolitan universities is clearly one way regional economies can tap into global resources.

In order to realise these place based assets Kanter suggests that world class companies should seek to become “stakeholders” in the localities within which they operate. At the same time localities need to support local businesses in order for them to become or sustain world class status. Just as companies need to continually benchmark themselves against best practice, localities need to hold up a mirror to themselves, by acting as a magnet to attract a flow of external resources which renew and expand local skills and broaden horizons. The flows can take the form of customers, inward investors, business travellers, migrants and, information. In particular students – attracted to the region from outside and the contact networks of academics – are an important element of this flow of resource into the region. For these flows to have an impact, regions also need a local glue

bringing together internal and external resources to create common goals and develop strategies that benefit a wide range of organisations.

It is helpful to complement such perspectives from a management scientist with that of an institutional economist such as Porter to arrive at an economic rationale for business involvement in places. The key point in Porter's analysis is that the competitive advantage of firms derives not only from the characteristics of the firm itself or how it is managed or indeed the general economic climate, but from the specific characteristics of the supporting infrastructure that leading firms develop to underpin their area of business. These include the skills of suppliers, the demands of customers, formal and informal information networks and the structured support of public bodies. These relationships become institutionalised through repeated interaction, for example between firms and public institutions. Thus skills required by a specific industry are communicated to universities who then invest in special programmes with the knowledge that there is a market for their graduates. Academics also invest in facilities to undertake research which is relevant to user needs. Findings are passed on to students or directly through collaborative research ventures. Similar practices apply to the relationship of leading companies with their suppliers.

These sets of relations Porter defines as "industrial clusters" composed of firms and supporting public institutions like universities, local authorities and development agencies. All members of a cluster then derive external economies from their participation. And because success depends on frequent interaction between members, clusters are often highly localised within the world economy. Porter quotes numerous examples to support his thesis such as the German printing industry, Italian textiles and clothing and Japanese robotics.

Lundvall's notion of the learning economy provides a useful way of linking these ideas back to the educational mission of universities. Lundvall defines the learning economy as one where the success of individuals, firms and regions reflects the capability to learn new (and forget old) practices; where change is rapid and where old skills get obsolete and where new skills are in demand; where learning includes skills and the building of competencies, not just increased access to information; where learning is going on in all parts of society, not just high tech sectors; where net job creation is in knowledge intensive sectors (high R&D, high proportion with a university degree) and job prospects for the unskilled deteriorate.

Within a learning region, four different types of knowledge can be identified: know what (*i.e.* facts), know why (*i.e.* principles and laws), know how (*i.e.* skills and capabilities), know who (*i.e.* social capability to link to others to draw on their expertise). Each of these forms of knowledge is derived by a different communication channel: know what and why from formal learning, know how from practical experience and tacit learning, and know who through social interaction and professional networks. It is these networks, which are neither completely public nor completely private, that are a quintessential characteristic of a learning economy – one that depends not only on the skills of individuals but on the transfer on knowledge from one group to another to form a learning system.

Since network knowledge is highly dependent on interpersonal relations it can most readily be developed within a region. Learning regions therefore effectively communicate to the education and training system, the knowledge to support the appropriate skills and competencies required of the work force. Thus according to Florida:⁷

“To be effective in this increasingly borderless, global economy, regions must be defined by the same criteria and elements which comprise a knowledge intensive firm: continuous improvement; new ideas; knowledge creation and organisational learning. Regions must adopt the principles of the knowledge creation and continuous learning; they must in effect become knowledge-creating or learning regions.”

UNIVERSITY GOVERNANCE

In the light of these pressures this part of the paper examines the ways in which universities manage the interface with their local communities. It draws chiefly upon responses to a questionnaire addressed to vice-chancellors and principals, together with supplementary documents provided by them. The analysis covers university strategies, the organisational structures put in place to implement these strategies, relationships with local authorities and other bodies, policy towards community use of university academic, sporting and cultural facilities, university inputs into local economic and community development initiatives and policies concerning student access and continuing professional development. The analysis pays particular regard to the differences between old and new universities. The former polytechnics were essentially creatures of their local authorities and also have very different structures of governance; both considerations are likely to influence the nature of community links and the way these are managed.

Strategies towards the local community

There is little doubt that relations with the local community are regarded with some importance by universities. Only four of the 65 universities responding to the survey did not refer to their region in their plans – the locality is clearly of increasing relevance to both old and new universities, with 81 per cent of all universities having seen an increase of involvement over recent years. However, the priority attached to this element in institutional plans does vary significantly – 74 per cent of new universities regard links with the locality as a high priority compared with 47 per cent of old universities.

The majority of plans refer to “links with local industry” (the most frequently cited activity), “access to university facilities”, “provision of services to the community” and “support for local institutions”. In relation to each of these categories, the topic is more likely to be considered in the plans of new universities as compared to old indicating a greater depth of treatment and a higher priority attached to each topic. For example, 32 per cent of old universities mention “support for regional institutions” in their plan, compared with 75 per cent of new universities. In the case of the university’s “contribution to the cultural life of the region”, old universities score higher with 71 per cent mentioning this topic in their plan, compared with 44 per cent of new universities. Such

differences reflect the more significant endowments of old universities with cultural facilities such as theatres, museums and art galleries, as well as contrasting institutional value systems.

Some institutional plans refer to specific local communities. In the case of old universities these may be laid down in the statutes. For example the statutes of the University of Southampton refer to the five counties of Dorset, Hampshire, Isle of Wight, West Sussex and Wiltshire. Several of the new universities were created as multi-site institutions and the distribution of these sites has determined their regions. For example, Anglia University has sites in Brentford, Colchester, Chelmsford, Norwich and Great Yarmouth. Other new universities are staking out their regional turf's through the creation of new sites. For example, the University of Northumbria in Newcastle is establishing new facilities at Longhirst Hall in rural Northumbria and at Carlisle in Cumbria. De Montford University in Leicester is also seeking to service an area in the south Midlands, embracing Milton Keynes and Bedford where there are non locally orientated universities (the Open University and Cranfield). Most new universities are also establishing franchise arrangements with further and higher education colleges and by implication defining their own catchment areas; indeed Oxford Brookes University's plan refers to the "travel to study area".

Many universities have a two tier definition of their localities. For example, Warwick identifies the local area as embracing Coventry, Warwick and Solihull and its region as comprising the West Midlands; Sunderland University identifies Wearside as its locality and the North East as its region. Such distinctions may map into the tiered structure of central local government from districts and counties through to the standard regions defined by central government. A particular complication here is provided by the Training and Enterprise Councils which are increasingly important for some universities but which have their own geography, a geography which is poorly related to local government boundaries.

Regional as distinct from local identity is a particular feature of universities north of the Severn/Trent axis. Here 79 per cent of universities refer to the local as a sub region or region compared to 59 per cent to the south of this line. In contrast 36 per cent of universities in the south see the county as the locality compared with 17 per cent in the north. In their institutional plans, more universities in the north regard local linkages as a high priority and more place emphasis on supporting local institutions and serving their community. So not only is locality more narrowly defined in the south, but the strength of commitment is also weaker.

There are urban as well as regional differences in the nature and extent of university commitments to the locality. In this respect higher education institutions in London accord the lowest priority to their city; their plans are also less likely to record support for local institutions – 54 per cent of the plans of London HEIs mention this compared to 92 per cent of those located in large metropolitan areas outside of the capital. London institutions clearly have a problem because of such factors as: the geographical and administrative structure of London; metropolitan boroughs which inadequately reflect catchment areas for students; the absence of a metropolitan authority; the dispersed

structure of the metropolitan periphery confronting institutions such as Middlesex, Kingston and Brunel universities; and last but not least, multi-site working.

These differences in definitions and priorities in part reflect how institutions perceive their own role. In the questionnaire, vice-chancellors were given a list of statements about the university strategy towards the local area/region and asked to select the one which most appropriately described their own institution (Table 1). Not surprisingly there was a marked contrast between old and new universities in these perceptions. Fifty-five per cent of old universities regarded themselves as “international institutions seeking to provide local support”. No new universities see themselves in such terms. Seventy-four per cent of new universities rather see themselves as “seeking to serve the local community and develop international strength”. Significantly 18 per cent of old universities also see themselves in these terms.

These contrasts clearly reflect the possibilities old universities have to provide a link for the local community into the global arena, with new universities striving to reach upwards and outwards. But whilst old universities have a potential for developing stronger local links, a higher proportion do not adopt a pro-active strategy towards the locality. Asked to rate their strategy towards the locality, 53 per cent of old universities regarded it as “pro-active” compared with 78 per cent of new universities. Nevertheless, a significant number of old universities are now taking community involvement seriously; arguably it will be easier for them to develop these local linkages than it will be for new universities to go global.

Table 1. Local orientation strategies of types of university

| | “Old” Universities % Identifying with Strategy | “New” Universities % Identifying with Strategy | All Universities % Identifying with Strategy |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|
| A community-based institution serving the needs of the local area/region | 0 | 11.1 | 4.6 |
| An institution seeking to contribute to the local area and also develop international strengths | 18.4 | 74.1 | 41.5 |
| An institution seeking to contribute equally between international research and support to local area | 18.4 | 14.8 | 16.9 |
| An international research institution seeking to provide support to the local community where it does not conflict with international research excellence | 55.3 | 0 | 32.3 |
| An international research institution with no particular ties to the local area/region | 2.6 | 0 | 1.5 |

Source: Goddard *et al.*

STRUCTURING UNIVERSITIES/COMMUNITY RELATIONS

Universities adopt a wide range of organisational structures and procedures for handling their interface with the local community. Again there are important differences between old and new universities reflecting different constitutions, inheritances and managerial style. In general new universities are more likely to have clear and well documented policy statements, officer responsibility at the centre and formal reporting procedures; in contrast older universities are likely to have more diffuse responsibilities and to rely on informal mechanisms. Put another way, the structures adopted by old universities might be regarded as supporting a tactical engagement with the local community while those adopted by new universities reflect a more strategic approach.

The importance attached to community links and the fact that these spread across most of the functions of the university is reflected in the fact that prime responsibility is vested with the VC or VC supported by PVC in 62 per cent of universities. Given his/her other responsibilities and the great diversity of local interactions, the critical question is how VCs are supported by other officers and academic staff in meeting this responsibility for community linkage. In old universities supporting responsibilities may include a Director of Adult/Continuing Education, an Industrial Liaison Officer, a Public Relations Officer and a Careers Officer. If any officer has a lead role it is most likely to be Public Relations – in Southampton for example, the PR Office is “the only office where a specific community relations policy has been designated”. New universities are more likely to create specific positions with designated responsibilities for drawing together links with the local community generally under the umbrella of a title such “Director of Corporate Affairs”. But old universities are also experimenting with new structures and positions. In Exeter University a Regional Advisory Group has been established reporting to the Policy and Resources Committee and this group has its own budget for pump priming regional initiatives. In Sheffield University a dedicated Regional Office has been created to stand alongside its Commercial and Industrial Development Bureau, Careers Advisory Service and Schools and Colleges Liaison Service. Whatever the formal structure the key issues for some universities is best reflected in the response of the University of Central Lancashire “the mission statement commitment to the region is firmly embedded in the consciousness and responsibility of all staff”.

RELATIONS WITH LOCAL BODIES

Representation of the community on university committees and of university staff on outside bodies is one way of managing the interface. Here the very different constitutions of old and new universities have an important bearing on how this representation is structured. The statutes of old universities often require formal (*ex officio*) representation of outside bodies such as local authorities. In contrast the new universities in the words of

the survey respondent from Coventry have “deliberately moved away from the representational model of formal membership of committees”. Thus 68 per cent of old universities have city and 60 per cent have county representatives on committees. The comparable figures for new universities are 31 per cent and 11 per cent respectively. New universities have therefore tended to turn their backs on their parent bodies, to involve individuals rather than organisations in their governance structures and to give these individuals more authority. So while the Courts of old universities will include wide ranging community representation (*e.g.* the churches, local authorities, trade unions, the voluntary sector, other higher education institutions), the role of the Court is largely symbolic. In contrast governors of new universities are individually responsible for major aspects of the institution’s work. Such distinctions reflect the different political climate and legislative context in which the old and new universities were established. But do such distinctions make any difference in the practice of university-community relations?

In terms of interaction with local authorities, 57 per cent of universities have regular meetings, with a similar proportion reported for old and new universities.

However, the topics under discussion do differ – new universities are more likely to be concerned with the well-being of the locality and to consider economic development matters, urban regeneration and labour market matters with the local authority; they are also more likely to be involved in joint projects with their local authorities. However, top priority for discussion by both old and new universities is student accommodation; it is the main source of conflict mentioned by 42 per cent of universities. Equal weight is also attached by both classes of university to planning and traffic management. Public access to the campus is a most important issue for discussion between new universities and local authorities possibly reflecting the much more difficult space constraints under which the former polytechnics operate. So, notwithstanding very different formal positions, 81 per cent of new universities regard their relations with local authorities as “very good” or “quite good” relations with local authorities compared with 43 per cent of old universities.

Similar contrasts apply to university relations with other local bodies. For example, old universities have been slow to develop working relations with new agencies such as the local Training and Enterprise Councils – 50 per cent of new universities meet regularly with TECs compared with 38 per cent of old universities. Forty-5 per cent of new universities regard their relations with other bodies as “good” compared with only 26 per cent of old universities.

Given that these relations are mostly concerned with issues of local economic development, it is not surprising to find that links with other bodies are strongest in universities located in the north as compared with the south. For example, more regular meetings occur with TECs, Economic Development Agencies and Urban Development Corporations in the north than in the south. Similar differences arise between universities located in large metropolitan areas as compared with elsewhere – that is with the exception of London where universities are poorly linked into local economic development agendas. Industrial and trade union representation on university committees is also more likely in the north.

For some universities these links with other bodies are particularly important; for example, the Tyne and Wear Development Corporation is funding the building of a new campus for Sunderland University in an area abandoned following the collapse of the shipbuilding industry on the River Wear, and the new Northumbria TEC is funding the building of an extension for Northumbria University based on a large country house in a rural part of the county.

Another distinctive sphere of interaction is the Health Service. Unsurprisingly, given the long established nature of Medical Schools, which are all in old universities, links with Health Authorities and Trusts are stronger here. However, the position is being challenged through the increasing capabilities of new universities in fields such as nursing education. In addition, the shift of priorities in health policies towards prevention, better community care and better resource management is leading to stronger links between the training facilities of new universities and purchasers and providers in the health services market.

A further way in which the university interacts with the local community is via the appointment of university staff to local public bodies. Fifty-eight per cent of new universities and 32 per cent of old universities actively encourage this involvement. Most old universities have statutory appointment responsibilities such as governorships of independent schools. The growth of local quangos has rapidly increased the number of such positions, and staff from both new and old universities are also filling them in their individual capacity. For example, at least two VCs sit on TEC boards. Some universities actively encourage membership of school governing bodies. However, only ten old and two new universities keep a full record of all participation in local bodies. Whilst this form of activity is monitored through staff appraisal systems it is not intelligence that is centrally gathered as part of the monitoring of university involvement with the community. Table 2 shows the extent to which members of staff of two universities, Warwick and Sheffield Hallam, which do keep records of community links, are involved in community affairs; this pattern is probably repeated in a large number of

Table 2. Examples of university staff representation on community institutions/private companies

| | Warwick University | Sheffield Hallam University |
|----------------------------------------|--------------------|-----------------------------|
| | Number of Staff | Number of Staff |
| District/County councilors | 4 | 20 |
| Training and Enterprise Council boards | 2 | 5 |
| Health Authority/Trusts | 5 | 2 |
| School governors | 25 | 12 |
| Company directors | 10 | 20 |

Note: These are examples from the twelve universities which claim complete staff records on community participation.

Source: Goddard *et al.*

other universities and localities. Some universities are therefore becoming a resource in terms of the functioning of local “civil society”.

COMMUNITY ACCESS TO UNIVERSITY FACILITIES

Universities sometimes possess a number of physical facilities than can be of benefit to the local community. These include libraries, sports grounds and halls, theatres and concert halls, historic buildings and museums; the campus itself, university grounds, parks and gardens are also potential community amenities. Possession of such facilities varies between universities as does policy towards access. Table 3 shows it is generally the old universities which are most well endowed and which have the most liberal access policies.

Referring to specific examples, 29 per cent of universities provide free public access to their libraries and 56 per cent limited access; only 15 per cent charge for this access. 56 per cent provide access to sports facilities on a charged basis. Similar figures apply to theatres and concert auditoria. A fifth of student unions provide limited access to their facilities. Eighty-seven per cent of old and 59 per cent of new universities provide free public lecture programmes. Around three quarters of old universities provide access to

Table 3. **Public access to university facilities (majority responses)**

| | “Old” universities | | | “New” universities | | |
|----------------------|--------------------|---------|------|--------------------|---------|------|
| | Free | Limited | None | Free | Limited | None |
| Library | | • | | | • | |
| Departmental library | | • | | | | • |
| Sports facilities | • | | | • | | |
| Parks | • | | | | | • |
| Gardens | • | | | | | • |
| Campus | • | | | • | | |
| Grounds | • | | | • | | |
| Historical buildings | | • | | | | • |
| Theatres | | • | | | | • |
| Concert halls | | • | | | | • |
| Student unions | | • | | | • | |
| Public lecture | • | | | • | | |
| Cinema | | | • | | | • |
| Exhibition space | • | | | | | • |
| Conferences | • | | | | • | |
| Catering | • | | | | • | |

Note: None = no facility and/or no access.

Limited = restricted and/or paid access.

Source: Goddard *et al.*

their campus and grounds compared with two fifths of new universities reflecting the more restricted space and amenity value of their estates.

Some of these facilities were inherited by universities from other public bodies, some were endowed, some were established for the benefit of staff and students. For all universities the cost of continuing maintenance is a major problem. Some of these costs can be partially offset by charging. Many joint arrangements are being established with local authorities and other local consortia for the management of community facilities. For example, the University of Newcastle has handed over management of its Natural History Museum to the North of England Museum Service and is collaborating with Newcastle City Council and Northern Arts in the running of its Playhouse Theatre. Universities such as Oxford, Southampton, Sussex, Stirling, Warwick, Nottingham and Ulster run arts centres or theatres in conjunction with their local authority or regional arts board. A number of universities such as Durham, Keele and Stirling are developing major sports facilities in conjunction with local authorities and the Sports Council, for joint use by staff, students and the community. Portsmouth shares facilities with the Royal Navy.

An important additional way in which many universities make their space available to the community is to provide accommodation for the offices and/or meetings of professional and voluntary associations. Some of these are relevant to industry, for example the West of Scotland Institute of Quality Assurance based in Paisley University and West of England Employers Federation at Bath; others are related to cultural and social groups such as the Leeds Literary and Philosophical Society based on the Leeds campus and the Warwick Nature Conservation Trust on the Warwick campus. Many universities provide venues for the meetings of regional branches of national/professional associations. In short, universities provide an additional focus for cultural and professional life outside of the London/Oxford/Cambridge triangle.

UNIVERSITY INPUTS INTO LOCAL ECONOMIC AND COMMUNITY DEVELOPMENT

The direct contribution of universities in support of local economic development through technology transfer, development of skills in the local labour market and support for the attraction of new mobile investment is well documented. Here the focus is upon the university's contribution to the less tangible aspects of the development process, such as building social networks that link key actors in the local community and feeding intelligence into these networks. With the rolling back of the boundaries of the local state, central government is placing more and more emphasis in the process of local economic development on the formation of coalitions of actors and agencies; in particular it is seeking greater involvement of the private sector. Additional funding for some localities, such as the City Challenge scheme is indeed conditional on the formation of such coalitions. Other bodies like Business in the Community and a host of *ad hoc* business leadership teams have been established in numerous cities.

European Regional Development Funding is also predicated on the existence of well developed partnerships between central and local government, including trade unions and higher education. Funding under European Community programmes such as Science and Technology and Regional Industrial Development in Europe (STRIDE) also requires a linkage of R&D capacity in universities to local industry. In most instances of these urban and regional policy initiatives, senior staff from universities have played a key role in launching and supporting leadership groups and providing strategic inputs into European initiatives. Table 4, culled from responses to the questionnaire lists some of the examples.

Whilst some of the initiatives highlighted in Table 4 might be described as ‘local boosterism’ or ‘gentlemen’s dining clubs’, university participation can inject an element of informed realism into such networks. A key role for universities in such situations is to provide independent analysis of local and economic, social and environmental circumstances in their national and international context. Most universities included amongst their departments and academic staff expertise in economic and social analysis which they make available to local development agencies and growth coalitions. For example, CURDS, in association with the Department of Social Policy at Durham University publishes the Northern Economic Review and undertakes a wide range of studies for local as well as national and European bodies. Similar work is undertaken by the Institute of Local Government Studies at Birmingham University which has strong links with Birmingham City Council. Leeds University, in conjunction with other universities in the area, runs the Yorkshire and Humberside Regional Observatory which monitors developments in the regional economy. In Sheffield a key role for the Regional

Table 4. Examples of university participation in local growth coalitions

| Initiative | University/Locality |
|-----------------------------------------|-----------------------------------|
| Bradford Business and Environment Forum | Bradford |
| Coventry is Making It | Coventry |
| Dundee City Pride | Dundee |
| Euromotor | Birmingham |
| Huddersfield Regeneration Forum | Huddersfield |
| Leeds the Intelligent City | Leeds |
| The Newcastle Initiative | Newcastle/Northumbria |
| Nottingham Towards 2000 | Nottingham |
| Portsmouth Forum | Portsmouth |
| Sheffield Technopole | Sheffield |
| Snowdonia Technopole | Bangor |
| South Coast Metropole | Bournemouth |
| Sussex Academic Corridor | Sussex/Brighton |
| Swansea City of Literature | Swansea |
| Tayside Economic Forum | Dundee |
| Wearside Opportunity | Sunderland |
| Western Development Partnerships | University of the West of England |

Source: Goddard *et al.*

Office is to encourage students from a wide range of departments of the university to undertake collaborative research projects with local companies and public bodies as part of their degree programme. Its scheme, which is entitled Project Link University of Sheffield (PLUS) is a unique experiment at harnessing the analytical knowledge base of the university for the benefit of local organisations.

A further way by which the knowledge base of universities is mobilised in several universities is through the contribution of academics to the local media. University public relations officers provide lists of experts in a wide range of fields and these are used by the local press, radio and TV to provide comments on local, national and international events; local events can also be put into their national international context and the local implications of national and international developments highlighted.

Successful economic and social development, we would argue, depends on all of the actors in local networks having a realistic understanding of the way their local community functions. Common Purpose, a national initiative which aims to foster that understanding has established local educational programmes in several United Kingdom cities to which universities such as Newcastle, Coventry and Durham make important contributions by providing lecturers and venues. Through these and other initiatives universities are contributing to more self aware and knowledgeable local communities.

FACILITATING ACCESS AND CONTINUING PROFESSIONAL DEVELOPMENT

The responses to the questionnaire reveal a rich network of informal relations between the universities, local professions, local industry and commerce, local authorities and further education colleges. Universities support these networks by providing accommodation and meeting rooms, undertaking analysis, bringing together different interest groups and generally acting as an ‘honest broker’.

These informal relations are being increasingly formalised and encompassing collaboration between universities within an area. Many universities now run regular Dining Clubs for local businesses which are being supported by regular newsletters and other information services, operating under formal titles such as ‘The Portsmouth Forum’, ‘Brunel Business Partnership and Research Club’, the ‘Renfrew Education and Business Partnership’, ‘Manchester Business Links’. Some of these arrangements focus on particular professions such as a legal practice centre at Exeter University and a similar centre at Cardiff. Collaboration between universities is increasing with initiatives like Higher Education in Support of Industry in the North East (HESIN) embracing five universities (Newcastle, Northumbria, Sunderland, Durham and Teesside).

Within this wide spectrum of activities there are areas where the universities do have clear vested interests, particularly in relation to initial education and training as this can influence the recruitment of new students, the placement of existing students for work experience with local organisations and opportunities for the provision of courses in relation to continuing professional development. The proportion of students who are local

and the proportion who are mature students in new and old universities recorded in response to the questionnaire is shown in Tables 5 and 6. Not surprisingly new universities have a higher proportion in these categories. Seventy-seven per cent of new universities have a policy towards access compared to 55 per cent of old universities. However, an equal proportion of old and new universities have formal relations with gateway colleges. Both types of university are involved in local access consortia. A prominent example of such a consortium is CONTACT in Manchester, which embraces all five institutions in the city. Although competing for students, universities clearly recognise that they will collectively benefit for the raising of the educational aspirations of the population in areas where there is a weak tradition of staying on in higher education or seeking it later on in life.

Access is also being achieved by increasing use of distance learning technology. The role of the Open University, although not covered in this survey, is important here. In addition, a number of universities are developing their own broadcasting initiative. Several are developing relationships with local cable TV companies who are eager to make use of spare capacity. Already radio is a widely used media with several universities running radio stations, chiefly through student unions for entertainment purposes. A particularly interesting example is WEAR FM which is run from the campus of Sunderland University. The service operates 24 hours per day 7 days a week. It provides training opportunities for Media Studies students, as well as acting as a channel of communication for distance learning for a number of courses. Last but not least it is a commercial venture generating income for the university.

In conclusion, reviewing the responses to the questionnaire and the supporting material provided by universities reveals wide variation in the way in which relations with local communities are handled. These reflect different interpretations of the university's mission, in others differences in the mix of mainstream activities (for example whether there is a Medical School or other professionally orientated departments) differences in the local context (for example the presence of an Urban Development Corporation and related Inner City problems). Amongst those universities that have hitherto not had a strong local orientation (the majority of old universities) there is a growing recognition of the importance of the community and a desire to improve

Table 5. Estimated proportion of students from local area/region

| Students (%) | Universities (%) | |
|--------------|------------------|-------|
| | “Old” | “New” |
| Less than 20 | 47.4 | 11.1 |
| 20-39 | 26.3 | 18.5 |
| 40-59 | 5.3 | 29.6 |
| 60-79 | 5.3 | 14.8 |
| Over 80 | 2.6 | 11.1 |
| Non response | 13.1 | 14.8 |

Source: Goddard *et al.*

Table 6. Estimated proportion of students who are mature access entrants with non-conventional qualifications

| Students (%) | Universities (%) | |
|--------------|------------------|---------|
| | ‘‘Old’’ | ‘‘New’’ |
| 10.0 | 29.7 | 11.1 |
| 10-19 | 43.2 | 29.6 |
| 20-29 | 58.1 | 11.1 |
| Over 30 | 5.4 | 14.8 |
| Non response | 13.5 | 33.3 |

Source: Goddard et al.

relations with it. At the same time there are a wide range of outside bodies seeking to tap into the human and physical resources of universities. Last but not least, national policies in such fields as vocational education, urban policy and planning, and technology transfer all have differential implications for universities and their links with their local communities. In consequence, we are witnessing a system which is undergoing rapid change.

LOCAL AND REGIONAL GOVERNANCE

A growing number of public agencies concerned with local and regional development are looking to universities to play a key role and, more importantly, have financial resources at their disposal to encourage the localisation of universities. This section of the paper focuses on local Training and Enterprise Councils and government offices which bring together central government departments within each region.

The primary concern of TECs in relation to universities is in terms of the contribution of universities to the supply of higher level skills within the local labour market and the development of SMEs. Government Regional Offices not only embrace a number of TECs within their region but also the Department of Trade and Industry which is primarily concerned with inward investment and firm performance and the Department of Environment which focuses on physical aspects of urban regeneration. Significantly, the recent merger of the Department of Employment, previously represented in the government offices, with the Department for Education which was not, has now provided a regional presence for the central government department responsible for universities. In those parts of the country eligible for assistance from the European structural funds – funds which now embrace universities within the eligibility criteria – the Government Offices which control these funds have now acquired a major lever over universities.

Table 7 describes some schemes currently sponsored by TECs in the North East of England. A number of preliminary observations can be made about this system in terms of its effectiveness in engaging universities in the local economic development agenda. First, TEC initiatives are beginning to tap into a growing concern within universities about the employability of graduates. A range of initiatives has been introduced into undergraduate programmes including the development of transferable skills through workplace learning with the point of entry to universities being the Careers Service. Second, TECs are seeking to influence the employment of graduates by a range of initiatives focused on their retention in the local area through subsidies to initial employment by SMEs, employers who have traditionally not recruited graduates. This focus on SMEs in part recognises a concern within universities that large employers who are downsizing are significantly reducing their recruitment of graduates; the focus

Table 7. North East graduate schemes 1995/96

Graduate Into Enterprise North East (GIENE)

The programme aims to increase the flow of graduates and highly qualified people into businesses in the North East Region. The programme can run for up to six months with 8-10 weeks (depending on subject) directed practical training in-house, followed by a supervised company-based project. Graduates from any discipline are eligible, but they must have been unemployed for over six months.

Teaching Company Scheme (TCS)

A comprehensive scheme where one or more graduates carry out a detailed project for the company over two years. Academic supervision and support is built into the programme, 10 per cent of the graduate's time being devoted to training. Graduates, who need a good honours degree, frequently work towards a higher degree during the project.

Shell Technology Enterprise Programme (STEP)

The programme consists of an 8 week placement during the long vacation for students at the end of their penultimate year at university. The majority of time is spent working in a small or medium sized business on a well defined project with 3-4 days training during the programme. Students receive £100 per week. The scheme is sponsored by Shell, British Steel and the Local Training and Enterprise Councils.

Mature Student Bursary Scheme

Aimed at assisting local, mature students from Teesside to continue their studies towards an HND or degree at Teesside University. Local companies are encouraged to pay a small bursary (matched by TEC funding), to offer student mentoring and possibly vacation work experience. Bursaries are for one year, but companies are encouraged to continue support for the duration of the course.

Gradstart

The scheme provides employment for about eight months for a number of unemployed graduates who reside on Teesside. Graduates receive training in a range of topics and will progress to an occupational NVQ qualification.

Graduate Associate Programme (GAP)

To provide small and medium sized enterprises with the opportunity to recruit, as an employee for at least one year, a quality graduate who has recently qualified. Graduates are paid a normal salary, carry out relevant and valuable project work and perform a range of other duties. The graduate receives an extensive training programme and works towards a "Diploma in Enterprise Management".

Source: Author.

on graduate retention reflects a concern amongst development agencies to enhance the local skills base in support of indigenous industrial development. Third, partnerships and networking between the universities and various local actors and agencies is being encouraged, for example, through the establishment of regional fora involving vice-chancellors, TECs and the government offices.

Alongside these skills based and essentially local initiatives are a range of quite separate measures sponsored by the Department of Trade and Industry which focus on the contribution of universities to the technological development of manufacturing industry and supporting inward investment at the regional level. Significantly, these initiatives plug into different parts of the universities, particularly engineering and related departments, and different senior level university officers. Table 8 describes the university-based technology development centres, linked to key sectors of the north east of England economy and supported through the European Regional Development Fund. The contrast with the diversity of people-based measures outlined in Table 7 could not be more striking.

Table 8. North East England technology support mechanism

European Process Industry Competitiveness Centre (EPICC)

Teesside University

- to improve competitiveness within the process industries via people and organisational development, R&D and industry services
- ICI and British Steel

Centre for Achievement in Manufacturing and Management (CAMM)

Sunderland University

- research and consultancy that looks beyond engineering aspects of manufacturing to include business process analysis, product design, manufacturing logistics, cost and performance measurement and supply chain management
- Nissan, Electrolux, Black and Decker, Thorn EMI

Centre for Low Volume Engineering

University of Newcastle upon Tyne

- development and dissemination of new design technologies in the made to order industries where design processes dominate production (marine, offshore and sub-sea, power and energy).
- Rolls Royce industrial power group, AMEC, SME in the Northern Offshore Industry Federation

Knowledge House

Regional Technology Centre/Universities

- first point of access to all North East Universities for SME

Northern Informatics Application Agency

Newcastle, Northumbria, Sunderland, Durham and Teesside

- to promote, co-ordinate and develop the use of information services, technology and networks
-

Source: Author.

CONCLUSION

Universities, like companies and regions, are having to fundamentally re-appraise their role and the way they govern themselves; in this process they cannot ignore their engagement with the regions within which they are located. As in the other spheres, globalisation and localisation are complimentary not competing logics. The challenge is to move the university agenda on from an exploitative relationship with the region – in it, but not of it – to a resource development/stakeholder/ investment model which highlights the mutual interdependency of the region and the university. Universities need to see the local arena of people and firms as having needs that can be turned into opportunities on which their own world class activity can build competitive advantage.

The realisation of such aspirations does require a fundamental re-alignment of the perspective of many academics of their universities. On the point of academics it implies a greater sense of commitment to the institution as a whole, to teamwork and to management. Engagement with the region is one way of beginning such a re-alignment. If this re-alignment does not begin, public support for universities may be further undermined as we enter the 21st century.

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**THE REGIONAL UNIVERSITY:
ISSUES IN THE DEVELOPMENT
OF AN ORGANISATIONAL FRAMEWORK**

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ABSTRACT

The paper traces factors which have led to the establishment of regionalism as a firm element in the agenda of higher education institutions: the European element; the drive for regional economic development; decentralisation from central government; and access, participation and equity. The implications of the differing characteristics of regions and sub-regions are considered, together with the range of strategic questions which are posed for institutions embarking on a regional mission. Different categories of relationships between institutions cohabiting the same regional setting are discussed: overt competition model, regulation model, collaboration mode, vertical integration model. Finally, five dimensions of interaction are analysed: political co-ordination, operational co-ordination, professional co-ordination, market co-ordination, and cultural convergence.

PREAMBLE

The aim of this paper is to focus primarily on organisational questions associated with the regional activities of universities.

“Region”, in this context is taken to be a particular cultural historical or economic area which is a subdivision of a national state, and which has a specific heritage or identity. Regional development as an issue for higher education has been on the agenda since the 1960s as Neave graphically illustrates (Neave, 1979). Governments have made

the assumption that higher education can assist regional economic development, by creating new regional institutions, and by giving them a specific remit as part of their overall mission (*e.g.* the French university institutes of technology, the British polytechnics, the Irish regional colleges of technology, the Dutch HBO institutions, etc.). In other countries, new foundations on more traditional lines were created in order to mobilise the talent which would otherwise leave the region (as in Finland and Sweden) and remove some of the regional inequalities in access which affect many peripheral regions. However, many established universities in latter years have come to adopt a regional mission also, both in terms of their own education and research activities, and also in relation to joint provision with other similar or dissimilar institutions within their regions.

SOME FACTORS IN REGIONALISM IN HIGHER EDUCATION

The canvas is thus vast, but a brief indication of some of the pressures towards a regional role for higher education institutions will provide a backcloth for the discussions on organisational questions which follow.

The European element

McNay (1994) observes that the Maastricht Treaty brings education within the remit of the European Commission and points to some of the outcomes to date:

- The vision of Europe from Brussels as a ‘Europe of the Regions’ – a Committee of the Regions.
- Significant funding for the provision of further education and skillt training; European Social Fund contributions within a framework of regional partnerships.
- Introduction of structures for higher education in some nation states which correspond to the European regions.
- Community Support Frameworks (CSFs) for the structural funding of vocational training related to ‘sustainable development’ of regions. Landaburu (1993) provides comprehensive analyses of these objectives and some of the outcomes, and Feuchthofen (1993), Brusco (1993), Artiles (1993) and Durand-Prinborgne (1993) provide case studies of these programmes in operation.

In these pieces of evidence, we see peer-pressure towards shared perceptions of appropriate roles; funding incentives; planning instruments; and all manner of incentives to lateral co-operation.

Regional economic development

As McNay (1994) and Neave (1979, 1993) observe, a series of pressures are at work:

- As governments reduce their contribution to university funding (Davies, 1995), universities in return need to look elsewhere for other sources of revenue: overseas students, industry research, continuing and contract education, technology transfer, joint use of facilities, etc. Since many of these sources will be regionally located, it inevitably means that many universities will enhance their regional missions and activities accordingly. Studies of university entrepreneurship in a regional context which are illustrative of this are Gulbrandsen (1995) on Nordic Universities, Dill (1995) on North Carolina and Keast (1995) on Alberta.
- Considerable attention is being paid to the demonstration of how universities make a significant economic impact on their local and regional communities, in terms of employment, student expenditure direct purchases, the bringing in of non-regional income, building investment, and various multiplier effects therefore, including induced migration of population. The studies of Felsenstein (1995) on Evanston, Illinois, the Liverpool John Moores University Trust (1993) on Liverpool, McNicholl (1995) on Scotland, Dell and Rainnee (1996) on Hertfordshire, and Kot and Hardy *et al.* (1996) on Cracow are particularly convincing in these respects.
- Governments are increasingly active in encouraging clusterings of regional networks of higher education and employees, especially via employees' confederations and chambers of commerce, *e.g.*, the so-called "Manufacturing Challenge" initiative in the North East of England (HMSO, 1994), and the widespread support infrastructures for small businesses. The "regional card" is one which, it is thought, will be highly significant, in current budget reduction discussions in Australia.
- The development of the so-called regional university is also a matter of some considerable civic and regional pride, that is, the feeling that certain regions are devoid of a major institution, and this is a slight on their self-esteem. Thus, recently in the United Kingdom, development groups have been created for new universities for Dumfries, the Highlands and Islands of Scotland (with a strong communications technology emphasis) and Gloucester, often sponsored by neighbouring large universities such as Glasgow.

Decentralisation from central government

It is also possible to link the development of a regional university dimension with a devolution of some authority from central government. In Switzerland and Germany, for instance, this has traditionally always been the case, but in other countries, a devolution can be discerned. In the United Kingdom, McNay (1994), witnesses a slow, reluctant devolution, piecemeal and sporadic, and accomplished not through any regional elected

government (in an accountability sense), but through regional governmental offices, regional committees and administrative clusterings of institutions under Funding Council aegis. Moscati (1993) records a devolution movement designed to enhance regional economic development, and in so doing, increase the diversification of university mission. The possible consequences of increasing the diversity of wealth between rich and poor regions is not lost on Moscati.

Access, participation and equity

Neave (1979) demonstrates that regions are unequal in their economic robustness, and therefore in the opportunities they are able to offer young people for basic education, life long learning and employment. The regional movement is thus connected to the development of mass HE as distinct from elitist HE, and this has to be placed in the context of other factors such as mid-career development, distance learning and communications technology generally. In many cases, non university institutions have positive characteristics in this setting: they provide potentially far more access points than universities, they are often viewed as more consumer friendly, they offer alternatives to a stern academic culture in the form of so-called practical programmes containing marketable skills.

It thus follows that there is a logic in developing regional consortia arrangements (based on co-operation rather than competition) which:

- Provide a core curriculum in geographical reach of every student (especially at a time when student loans are in the ascendancy in some countries). This is important for students from lower socio-economic groups.
- Distort the traditional differentiation between full and part-time modes of study.
- Link programmes via credit recognition and transfer arrangements thus facilitating local specialisations, progression, and study at more than one institution. The G/NVQ movement in the United Kingdom is relevant here.
- Provide the potential of linking research to teaching over a wider field.

A wide variety of organisational possibilities follow from the above – franchising, regional compacts, quasi-mergers and full mergers with vertical integration, and these are considered later (Scott, 1996). All these factors taken together create a formidable set of agendas, and create a prospectus for a wide range of services which the regionally oriented university should be providing, singly or collectively with other players. The UK Committee of Vice Chancellors' Study *Universities and their Communities* (Goddard *et al.*, 1994) provides a comprehensive overview of what is possible.

Differing characteristics of regions and sub-regions

Regions, of course, are not identical, in terms of their level of per capita wealth, their geographical configuration, and their growth rate (actual and potential). Neave (1979)

develops a most helpful typology along these lines, which is adapted and extended in Figure 1. This is significant in terms of this discussion, because the actual and potential role of higher education institutions is likely to be significantly conditioned by the character of the region in which they have their being, and also by the nature of other institutions with which they co-habit these regions. Thus, referring to Figure 1 for example, it is probably not likely to be productive for an institution to expand much effort in developing sophisticated science park capability in the LSR Quadrant, where other priorities are far more urgent.

Many large regions, of course, may well encompass subregions with characteristics derived from LSR, HSR, LGR and HGR, which constitutes a formidable challenge, but a remarkable opportunity, especially if taken with a regional consortium of other providers, as the papers in this Conference excitingly demonstrate.

Implications for higher education institutions

The challenge for HEIs arising from these regional developments is complex. Among the issues which need consideration are the following strategic questions:

- What should be the place of the region and its development in the mission of the university, compared with other elements such as research and the advancement of knowledge, teaching, and the national and international dimensions of its work?
- Is the regional dimension simply a bolt-on element, or does it infuse the whole being, life and ethos of the institution?
- What actually is the institution: is it the traditional core or the extended regional family?
- Is there any tension perceived between the core activities and the regional ones, and how is the tension resolved?
- How does the institution use the regional and international dimensions to be mutually reinforcing?
- What portfolio of activities does the institution need to develop and emphasise to give full effect to its regional role?
- What devices does the institution need to balance the potentially contradictory forces of regional competition and regional collaboration, and what ground rules should it seek to introduce between itself and other players?
- What is the most useful category of institutional relationship it could adopt with other players, and what forms of regional integration in organisation terms are likely to be both the most effective and politically acceptable?
- What means does the institution adopt to enlist the commitment of regional stakeholders, and those who are capable of funding regional initiatives and enterprises (including European Union)?

Let us now examine some of these questions.

Figure 1. **Characteristics of regions**
Regional growth rate

| | | STAGNANT | GROWING |
|--------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| INCOME LEVEL PER CAPITA | Low | <p>Backwaters: population outflow Primary industry: Vulnerable subsidies Reliance on public sector Limited employment prospects Social impoverishment Role of HE: – Escape of Elite – Parking lot – Continuing education – General education – Economic stimulation via SME?</p> <p style="text-align: right;">LSR</p> | <p>Contrary flow of emigration and immigration Urban development: new industry Service industry growth Government planning and incentives Agricultural share-out Role of HE: – Resource base for industry – Manpower training and retraining, e.g. Administration, Business, Electronics, Services, Materials – Research expertise?</p> <p style="text-align: right;">LGR</p> |
| | High | <p>Decline of historical prosperity often due to heavy industry Brain-drain of qualified manpower Well endowed educational system and active media Search for replacement industry: Influx of low-skilled workers Role of HE: – Research base – Intellectual think-tank – SME development – Management training – But... self-preservation and "Academic Drift"</p> <p style="text-align: right;">HSR</p> | <p>Well balanced regional economy Stable old industry Hi-tech new industry Service industry Social pressures with worker influx Role of HE: "Growth Pole": – Close links with product sector – Research and technical transfer – Cooperative education – Continuing education and lifelong learning – Training and management development – Culture: Quality of life – Brain park – Strategic alliances</p> <p style="text-align: right;">HGR</p> |

Source: Adapted from Neave, 1979.

ORGANISATIONAL RELATIONSHIPS IN A REGIONAL SETTING

The above developments and factors pose some interesting questions and alternatives regarding the relationships between higher education institutions geographically situated within the same or adjacent regions. For historical reasons, regions usually contain interesting mixes of HEIs: those of considerable status and international standing who do not conceive of themselves as having a regional role of any significance; those of significant international standing who do see their role encompassing regional service and contributors; university institutions with some international and national standing, but who see the regional role as being of substantial importance for differentiation and for survival; and those institutions commonly referred to in the United Kingdom as “mixed economy” colleges, whose focus is primarily local and regional, and which offer degree and sub-degree programmes. The precise mix, of course, will differ, and so will the nature of the relationships between the institutions.

At least four categories of relationships may be discerned from international experience.

Category A: overt competition model

Here the assumption is that there is a limited volume of regional business to go around (whether it be in number of under- and postgraduate students, research contracts with regional interests, consultancy, continuing education, etc.), and institutions will compete for market share, both in terms of quality and quantity of business. Thus, the competition will be waged on matters of market niche and specialisation, marketing strategy, strategic alliances with corporate clients within the regional market, price sensitivity where appropriate, added inducements to potential client, attention to customer care.

This model of course, does not preclude self interested alliances between providers within the region in terms of tacit or overt agreements on market segmentation or pricing policy, or possibly mutual assistance. Alliances with providers outside the region which may be beneficial in terms of market penetration (*e.g.*, with a national distance learning provider) are not uncommon, neither is the incursion into a specific regional market of an institution many kilometres away (either by distance learning or off-campus delivery points).

Ground rules for competition usually exist if only at a covert level, and the breach of these by a player will often result in a form of anarchy.

Category B: regulation model

In several systems, this model has been a traditional feature of long standing, notably the state systems of higher education in the United States, and the *Länder* in Germany. Here, it is usual to find more or less precise definitions of the status of HEIs;

their role in the system; the functions or services which they are licensed to deliver under state law or regulation; the conditions under which they are expected to provide these services; and mechanisms for the validation, approval or accreditation of such services. Thus, for example, two year colleges in the United States are a different form of institution to land grant universities, etc. These arrangements will tend to reinforce a hierarchy of institutions, and will also be connected to resource allocation mechanisms relating to the agreed profile of the particular institutions. Not all the possible range of provision will necessarily be covered by these regulations – consultancy and industry related services, for instance, may be left to competitive market forces, but the capacity of some institutions may be restrained because of prior regulatory restrictions which limit the scope of their research base and activity.

It has also been evident in several systems that university status institutions may be outside regional regulation of this kind, whilst non university institutions undertaking higher education might well be included. In this event, it is not uncommon for a certain destabilisation to take place, with the latter type of institution exploiting its market potential to the full, especially in contract work, continuing education etc.

It would be usual in the case of this model for the regulatory bodies and mechanisms to be governmentally driven or inspired, often for reasons of perceived optimum resource distribution, political agendas, bureaucratic good order. The regional bodies may also come to see themselves as a surrogate for market forces, which may be potentially difficult for all concerned.

Category C: collaboration or horizontal integration model

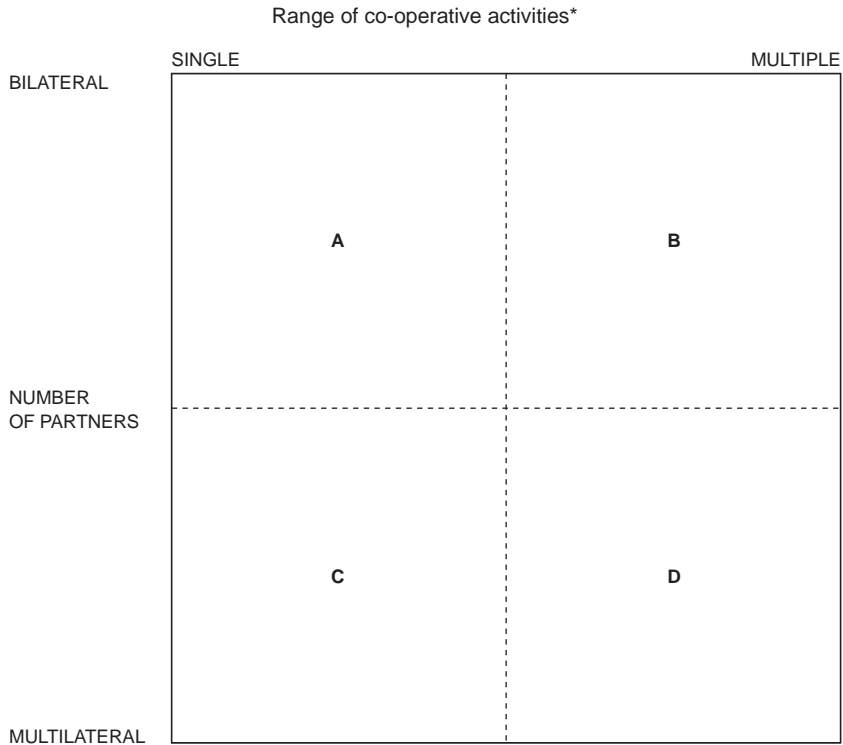
Notwithstanding the attitudes and practices associated with categories A and B, institutions may well find the need to collaborate for a range of reasons: encouragement by government, self-interest, genuine belief in co-operation, desire to use scarce resources effectively and in complementary fashion, and a realisation that some regional market opportunities may only be accessed through concerted effort and the deployment of joint resources. Whilst there may be forces external to the institution however, the decision is freely made by the institution itself.

Broadly, forms of collaboration may be discerned along two dimensions, as indicated in Figure 2, namely:

- the number of partners, ranging from a simple bilateral arrangement to a more complex multilateral network;
- the number of activities on which collaboration takes place, *e.g.* industry training, technology transfer, credit transfer, library and IT network, etc.

Clearly, Quadrant A is easier to bring into being and sustain on an ongoing basis assuming the partners have reasonable relations, and given this, the single function co-operation can extend into other domains, as in Quadrant B. However, this may well serve to create a long standing political coalition in a region which has several other players of significant, and thus may well be a source of regional instability – or possibly enrichment

Figure 2. **Inter-institutional co-operation at regional level**



* For example:

Credit recognition, continuing education, technology transfer, research, resource sharing (Libraries, IT).

Source: Author.

to the consumer if it stimulates other players to provide good services to a competitive market, and assuming the ground rules are sensible. A Quadrant C type relationship may be the test bed for something of longer lasting significance, in that, if multilateral partners can establish good working relationships on one area of co-operation, many more may follow, and we end up with a region containing a series of mature networks consisting of a wide range of institutional types. Mulrone (1992) describes such a Quadrant D situation in North Melbourne, Australia with networks encompassing combinations of universities, TAFE colleges, local councils, support schools and industry for education and training links, entry to post-secondary study, technology transfer, credit transfer, sharing of laboratories and equipment, etc.

To sustain a Quadrant D situation on a network basis over a very long time is difficult, since despite formal agreements and goodwill, partners have their own self-interest and this will differ according to the particular field of collaboration. This is particularly exposed in times of budget reduction and possible over-provision of services. There is a tendency for multi-lateral networks to be volatile and potentially unstable, and whilst flexibility is highly commendable, a certain base stability is essential in the creation of a sound regional provision. Where they work well, one can see an evolution to something integrated and semi-permanent.

Category D: vertical integration model

This may well be the next logical step to the Quadrant D position described in Category C, and to the challenges referred to earlier in this paper by Scott (1996). The further/higher education partnership (FHE) in UK higher education is analysed by Scott, in terms of a partnership between the two sectors in the middle-ground of educational programmes, typified by portable credit arrangements and the so-called NVQ qualifications. This has evolved into access type arrangements between HE and FE and by franchising the foundation years of degrees, or the whole degree itself. As FE staff have been accepted as more active collaborators, franchising has given way to validation by HE of degrees proposed by FE, and in some cases to a next stage of development – strategic partnerships or alliances.

It seems that there may be of two forms:

- “Tied”/“exclusive” links, rather than open networks, but where the institutions preserve their own legal autonomy. Policies in key areas, such as IT, staff development, programme development, marketing, costing and pricing, etc. will need to be jointly developed and “owned”, which involves a commitment to joint planning, a joint planning and resource mechanism capability, and common management systems which may be difficult to deliver. This is, as Scott observes, a sort of “quasi-federation”.
- A full institutional merger, not only of management systems, but common legal title, mission merge, and evolving common cultures. This eventually will inevitably raise questions of “mergers of equals”, “take-overs”, etc., and fundamentally, whether the resulting institution is solely conceived of as operating at the level of first degree and above, or whether it becomes a comprehensive post-secondary institution, with a variety of levels operating at each campus in its region. The merger of La Trobe University with Bendigo CAE and similar campuses at Albany-Wodonga and Shepparton has been on the former lines. Those at Salford, RMIT and Ulster have been more on the latter lines.

The second case of full institutional merger is, of course, a big step, and likely to be political at state and institutional levels, involving as it does, assumptions about the nature of higher and further education, changes in legal status, institutional mission, ramifications for institutional funding and funding formulae, implications for the delivery of programmes and other services, and for the structuring of the organisation itself. The

involvement of government is thus inevitable at some stage, and it may, of course, be that government is the prime motivator in bringing partners together, either:

- directly, as in the case of the polytechnic mergers in the United Kingdom, and the HBO mergers in Netherlands; or
- indirectly, by setting minimum criteria for institutional status or survival, exposed in numbers of FTE students, which has certainly been a factor in encouraging institutions to merge.

Equally, institutions themselves may be the prime motivators, and the contemporary case of the Derbyshire Regional University Network (Waterhouse, 1996) demonstrates a most interesting case study of voluntary integration.

It should be emphasised that these categories are broad typologies, and that particular situations may encompass varying combinations of elements from several categories.

DIMENSIONS OF ORGANISATIONAL INTEGRATION/CO-ORDINATION AT REGIONAL LEVEL

Arising from the above, it is possible to identify a number of dimensions on which institutional partners in a regional arrangement tend to focus in order to give expression to the regional purpose. The setting will inevitably be that of a dispersed, widely distributed multi-campus operation, whichever of the above categories A-D is employed. Five dimensions are identified below, but the precise emphasis on each will certainly vary with the particular regional context, and with the cultural and political flavour of the actors involved.

Political co-ordination

This refers to the process and structures which are designed to develop policy for the conduct of regional business over a whole range of domains, including the educational purposes and the financial underpinnings. As opportunities for regional integration become more evident, the macro political agendas assume higher priority, and the legitimacy and effectiveness of mechanisms for regional policy formation become a key issue. Attention has to be particularly paid to:

- deepening political involvement of a range of interest groups: the major academic leaders; external stakeholders – employers, industrial patrons, government; and of course, the academic rank and file;
- the danger of the regional ‘‘activists’’ moving too fast for their respective constituents in the quest for integration;

- demonstration of the “value-added” elements of inter-institutional collaboration on a continuing basis, and the benefits to all parties;
- devices to mediate potential and actual conflict.

The precise nature of these arrangements will obviously vary with the category of relationship in question, and it follows that the effectiveness of the above structures of representation and processes of mediation will determine the speed and scope of any evolution from Category C to Category D. In short, it should not be overlooked that the process of regional co-operation at its most basic is essentially an assembly process of interest groups.

The effectiveness of the political co-ordination is related to the effectiveness of the planning capacity of any regional effort, and the extent to which it can, not only be proactive in its own right, but also respond creatively to emerging opportunities.

Operational co-ordination

As regional partnerships develop, as policy initiatives become settled, and as implementation of projects commences, it is normal for a supporting administrative infrastructure to emerge, a reflection of the jurisdictional expansion – additional responsibilities, new tasks, more information demands, more committees to support, and more accountability. This trend may well be reflected in some of the following manifestations:

- the creation of new offices designed to administer functions such as a regional students scheme, regional planning, regional compacting and franchising, etc., which, in itself, may lead to...
- a new branch of administrative specialisation, and...
- an expansion of rule-making;
- as confidence increases through variants of Category D, we may very well see the vertical integration of administrative functions, such as personnel, marketing, academic administration and finance across the various campuses of the regional partnership, as the Derbyshire Regional University Network in the United Kingdom readily demonstrates.

A series of interesting issues may well follow from these developments, including:

- the pressures to establish a genuinely regional capability without unnecessarily bureaucratising what may well need to be an opportunistic or entrepreneurial effort;
- the need to ensure that regional co-operation between partners does not become a heavy regional centralisation with resultant stresses.

Professional co-ordination

It is one of the features of academia that individual academics collaborate informally across institutional boundaries as a matter of course and expectation, and this is true of regional co-operation also. However, to give effect to some of the strategic aims of academic regionalism quote earlier, more formalised mechanisms will normally emerge over time, the extent of which is related to the particular category of relationship discussed earlier. The range of co-ordinating arrangements will include:

- vertical integration of programme structures and curriculum for particular disciplines across regional providers, including common sets of modules within a stable credit framework, and integrated programme management and assessment;
- subject groupings of colleagues across the regional teaching particular disciplines for purposes of course, materials and staff development;
- possible subject leadership roles which, whilst normally residing in staff located at the pivotal university, may also be distributed according to expertise: a sensitive move;
- the expansion of collegial bodies for academic standards and policy making, quality review, etc.;
- a possible re-alignment of bodies which represent faculty interests – academic unions with an interest in work conditions, salary, etc.;
- electronically based delivery and learning materials.

These are difficult things to bring off, given the historic autonomy of academics as individuals, the desire of partner institutions to retain their independence, and issues of intellectual property.

Market co-ordination

This is a particularly difficult area since in a deregulated, competition situation, various institutions will develop their own market intelligence and contacts over a long period, and will be reluctant to share these. Nonetheless, a regional confederation offers the possibility of multiple delivery points for the collective expertise of the whole especially in a very geographically dispersed region.

The policy issues evident in this domain include the following:

- the design of a programme portfolio which whilst generic in structure and titles, and offers considerable scope for local variation to tap part-time and local market demand;
- the scope for agreement on product differentiation/niche markets and pricing of courses and other services;
- the exploitation of a credit framework;
- the scope for agreement on and respect for territorial rights of partners;
- the possibilities of a joint marketing and publicity strategy, and financial arrangements relating thereto;
- marketing the regional expertise as a whole to international markets for students, research, etc.

It should also be borne in mind that the regional confederation itself constitutes an internal market, where the units interact with each other in exchanges of expertise, resources and influence. Among the issues worthy of consideration here are:

- incentive structures to facilitate exchanges;
- the ground rules for these exchanges;
- contractual/conventional underpinnings.

Not unconnected with the above is also the question of how government funding enters the confederation – does it go directly to the parts or does it arrive at the “centre”, to be redistributed to the parts, with or without a top-slice for “central services”? This again is related to the category of organisational relationship adopted.

Cultural convergence

Implied in all the above four manifestations of regional co-ordination is the convergence, to some extent, of differing cultures, again depending on the category of relationship present. Different institutions will, by nature, have different cultures anyway with distinctive mixes of particular leadership styles, the entrepreneurial, the collegial, the bureaucratic and the corporate. What regional collaboration throws up is the possibility of an evolving convergence between the traditional higher education/university culture (more closed, knowledge oriented, discipline based, elitist tendency) and the further/technical education culture (more open, student oriented, egalitarian), as posited by Scott (1996) in a UK context.

This tendency may also be observed elsewhere, given the development of access policies, credit systems, core skills, academic drift on the part of FE and the drive for progression, programme market attractiveness and the opening up of new outlets on the part of HE. As Scott observes, the early manifestation of this may be the creation of a third zone of activity – FHE, between the FE and HE zones, but with the strong possibility that, given the right conditions, this middle zone is likely to expand considerably, as the distinction between traditional university education and traditional further education grows fuzzier. It is in a regional setting where this drama is likely to be played out.

CONCLUSION

The above frameworks are put forward in the hope they will be helpful in the continuing analysis and evaluation of the regional dynamic in higher education, as events and experiences unfold over the next decade, and hopefully as a means of conceptualising developments of policy and operations at institutional level.

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**THE DEVELOPMENT OF A REGIONAL ROLE
FOR UK HIGHER EDUCATION INSTITUTIONS
WITH PARTICULAR REFERENCE
TO THE SOUTH WEST REGION OF ENGLAND**

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ABSTRACT

Many higher education institutions (HEIs) in the United Kingdom, including those in the South West of England, are increasing their regional involvement. Paradoxically, the UK government has increased the centralisation of higher education. The methodology of the UK higher education funding councils has increased competition among HEIs. Lifelong learning and the increasing amount students have to contribute to the cost of their higher education have created a greater demand for more regionally based teaching by HEIs. There is a strong drive, encouraged by the government, towards linking research with the needs of the regional and national economy. A range of networks has developed involving HEIs in the economy of the South West. HEIs in the region have been active in plans to establish new HEIs, but this has led to further competition. In conclusion, the article considers three issues – centralisation, the competition-collaboration dilemma, and academic autonomy – and suggests that greater regional dialogue and co-ordination, with financial support, is needed between universities and other organisations to defuse conflict and avoid duplication of activities.

INTRODUCTION

Increasing importance is being given by HEIs in the United Kingdom to their links with the region in which they are situated. This is evident, for example, in the mission statements of universities. The University of Exeter, which lies in the heart of the South West region of England, says its goal is to provide research and scholarship of “international repute”, and teaching and learning sufficient to produce competent graduates. Alongside these aims, the university ambitiously pledges itself “to act as a major resource for the South West of England, forming effective links with regional communities and organisations and offering a range of services based on the academic activities of the University” (University of Exeter, 1995*a*). The mission of another South West institution, the University of Bournemouth, includes engaging “in a close partnership with local communities to enhance cultural and economic opportunities” (University of Bournemouth, 1995). Another South West university, Plymouth, talks of “Contributing to the well being of our region and nation” (Plymouth, 1995).

Not all universities are so explicit. The University of Bristol says it is committed to “academic excellence at the forefront of international research and higher education”. It does not refer to its region in its mission statement; neither does the University of Bath. This concentration on a national and international role does not necessarily mean a lack of involvement in their region. Bristol, for example, plays a considerable role in the South West, in the provision of medical training, prison education and scientific research. The University of the West of England maintains (though not all HEIs would agree): “A regional emphasis need not conflict with national and international reputation and student recruitment” (UWE, 1995).

While there may sometimes be a gap between the rhetoric and the actual achievements of HEIs in relation to their region, there is no doubt about their growing regional focus. This raises a number of questions about the nature and implications of links between universities and their regions. How far does an increasingly regional focus lead HEIs into competition with each other? What are the implications of increased regional links for university autonomy and academic freedom? How healthy are these links? How far is a regional role for HEIs determined by government and funding council policies? The aim of this paper is to outline the regional development of HEIs, and try to answer these and other questions, referring where possible to the South West region. The paper is not intended to be a comprehensive survey of higher education in the South West.

THE SOUTH WEST: FUNDING AND STUDENTS

Altogether, there are six universities in the counties (Gloucestershire, Wiltshire, Dorset, Somerset, Devon and Cornwall – since April 1996 Avon has been split into unitary local authorities) of the South West region of England. Three of the universities,

Bournemouth, Plymouth, and the West of England, are former polytechnics which gained university status in 1992. The other three received their royal charter earlier this century, as follows: Bristol (in 1909), Exeter (1955) and Bath (1966). The South West also has two colleges of higher education, Bath, and Cheltenham and Gloucester, and three smaller specialist HEIs: the College of St Mark and St John, Dartington College of Arts and Falmouth College of Arts. The Open University, with some 13 000 undergraduate students in the South West, has 19 centres in the region. The relative size of the South West's main HEIs is indicated in Table 1.

The universities of Plymouth and the West of England dominate the region in terms of undergraduate student numbers. Bristol and Exeter are particularly strong in provision of postgraduate education, and their staff student ratios are lower than in the "new" universities of Plymouth, Bournemouth and the West of England. The incomes of Bath, Bristol and Exeter, relative to their student numbers, show the comparative wealth of the "old" universities. Table 2 further analyses the income of the South West HEIs. Note how Bath, Bristol and Exeter have relatively less income from Higher Education Funding Council grants and academic fees, and more from research grants and contracts – an indication of their strength in research.

Table 3 takes a closer look at income from the Higher Education Funding Council for England. Again, Bath, Bristol and Exeter stand out in terms of the proportion of their government funding which is spent on research. Unfortunately, available published statistics do not indicate the geographical source of funding for HEIs, so it is not possible to see the proportion of funding, from industry or government bodies, which originates in the South West.

Table 1. **Students, academic staff, income and expenditure 1994-95**

| | Student f-t u/g | Student f-t p/g | Student p-t u/g | Student p-t p/g | Staff f-t | Staff p-t | Income £ m | Expenditure £ m |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------|--------------|---------------|--------------------|
| Bath CHE | 2 044 | 199 | 18 | 474 | 126 | 31 | 13.5 | 13.1 |
| Bath University | 4 798 | 835 | 0 | 1 697 | 754 | 33 | 63.7 | 61.9 |
| Bournemouth University | 6 982 | 456 | 1 013 | 532 | 458 | 76 | 36.2 | 36.0 |
| Bristol University | 8 706 | 1 863 | 35 | 2 234 | 1 750 | 128 | 148.9 | 148.8 |
| Cheltenham and Gloucester CHE | 5 468 | 351 | 1 989 | 209 | 262 | 47 | 31.7 | 30.1 |
| Exeter University | 6 341 | 1 374 | 1 615 | 1 849 | 738 | 90 | 72.7 | 71.0 |
| Plymouth University | 1 3543 | 586 | 1 500 | 1 782 | 724 | 89 | 73.0 | 71.4 |
| University of West of England | 12 171 | 888 | 4 221 | 2 028 | 817 | 186 | 78.8 | 75.2 |
| South West | 60 053 | 6 552 | 10 391 | 10 805 | 5 629 | 680 | 518.5 | 507.5 |
| United Kingdom | 946 919 | 129 711 | 285 069 | 205 614 | 102 701 | 12 020 | 10 038.5 | 9 790.6 |
| South West per cent share of United Kingdom | 6.3 | 5.1 | 3.6 | 5.3 | 5.5 | 5.7 | 5.2 | 5.2 |

Note: CHE: College of Higher Education; U: University; p-t: part-time; f-t: full-time; u/g: undergraduate; p/g: postgraduate.
Source: HESA 1996a, b.

Table 2. **Income received by each institution – 1994-95 in £ thousands**

(Figures in brackets indicate percentage of South West funding/row %)

| | Funding council grants £000 (%) | Academic fees and support grants £000 (%) | Research grants and contracts £000 (%) | Other services rendered £000 (%) | Other general operating income £000 (%) | Endowment income and interest £000 (%) | Total income £000 (%) |
|-------------------------------|------------------------------------|----------------------------------------------|-------------------------------------------|-------------------------------------|--------------------------------------------|-------------------------------------------|--------------------------|
| Bath CHE | 7 983 (3.3/59.0) | 2 830 (2.3/20.9) | 21 (0.0/0.2) | 0 (–/–) | 2 413 (3.5/17.8) | 291 (3.5/2.2) | 13 538 (2.6) |
| Bath University | 26 909 (11.3/42.3) | 11 572 (9.4/18.2) | 12 701 (20.2/20.0) | 3 775 (22.5/5.9) | 7 757 (11.4/12.2) | 931 (11.3/1.5) | 63 645 (12.3) |
| Bournemouth University | 16 666 (7.0/46.0) | 15 087 (12.2/41.7) | 787 (1.3/2.2) | 905 (5.4/2.5) | 2 661 (3.9/7.4) | 100 (1.2/0.3) | 36 206 (7.0) |
| Bristol University | 56 156 (23.5/37.7) | 26 233 (21.2/17.6) | 34 654 (55.1/23.3) | 6 833 (40.8/4.6) | 20 705 (30.4/13.9) | 4 370 (53.1/2.9) | 148 951 (28.7) |
| Cheltenham and Gloucester CHE | 16 428 (6.9/51.8) | 10 347 (8.4/32.6) | 501 (0.8/1.6) | 416 (2.5/1.3) | 3 685 (5.4/11.6) | 358 (4.4/1.1) | 31 735 (6.1) |
| Exeter University | 32 043 (13.4/44.1) | 15 561 (12.6/21.4) | 8 554 (13.6/11.8) | 606 (3.6/0.8) | 15 354 (22.6/21.1) | 539 (6.6/0.7) | 72 657 (14.0) |
| Plymouth University | 40 420 (16.9/55.4) | 20 314 (16.4/27.8) | 2 834 (4.5/3.9) | 2 267 (13.5/3.1) | 6 789 (10.0/9.3) | 381 (4.6/0.5) | 73 005 (14.1) |
| University of West of England | 42 243 (17.7/53.6) | 21 820 (17.6/27.7) | 2 800 (4.5/3.6) | 1 950 (11.6/2.5) | 8 701 (12.8/11.1) | 1 258 (15.3/1.6) | 78 772 (15.2) |
| South West | 238 848 (46.1) | 123 764 (23.9) | 62 852 (12.1) | 16 752 (3.2) | 68 065 (13.1) | 8 228 (1.6) | 518 509 |
| United Kingdom | 4 374 054 (43.6) | 2 248 615 (22.4) | 1 453 122 (14.5) | 461 071 (4.6) | 1 261 473 (12.6) | 240 193 (2.4) | 10 038 527 |
| South West % – United Kingdom | 5.5 | 5.5 | 4.3 | 3.6 | 5.4 | 3.4 | 5.2 |

Source: HESA, 1996b.

Table 3. **Higher Education Funding Council grant allocation 1994-95**

| | Recurrent grant ¹ | | | Capital grant (%) | Further Education provision (%) |
|-------------------------------|------------------------------|--------------|-----------|-------------------|---------------------------------|
| | Teaching (%) | Research (%) | Total (%) | | |
| Bath CHE | 72.7 | 6.4 | 90.6 | 9.4 | 0 |
| Bath University | 48.5 | 29.9 | 84.5 | 15.5 | 0 |
| Bournemouth University | 87.1 | 1.5 | 92.6 | 7.4 | 0 |
| Bristol University | 53.2 | 31.5 | 86.2 | 13.8 | 0 |
| Cheltenham and Gloucester CHE | 80.6 | 3.7 | 89.5 | 8.1 | 2.4 |
| Exeter University | 60.7 | 26.9 | 93.6 | 6.4 | 0 |
| Plymouth University | 81.8 | 6.0 | 91.6 | 8.3 | 0.1 |
| University of West of England | 81.9 | 3.2 | 91.7 | 8.3 | 0 |

1. The data for recurrent funding for teaching and for research were from the HEFCE (these separate figures are not published by HESA); the HEFCE totals for recurrent grants differ slightly from the HESA totals.

Source: HESA 1996b; HEFCE Circular 31/94.

The South West has 60 053 full-time undergraduate students – 6.3 per cent of the UK total – and 87 801 students in all. For undergraduate entry to university in 1995, there were 30 903 applicants living in the South West, 20 261 of whom – or 65.6 per cent – were accepted to degree courses (UCAS, p. 126). Of these successful applicants, 6 574 – or 32.5 per cent – were accepted to degree courses in the South West. The UK figures for degree applicants accepted to a course in their home region ranged from 16.4 per cent in East Anglia, to 91.3 per cent in Scotland; only the East Midlands (28.8 per cent) had a lower home region acceptance rate than the South West. For the whole of the United Kingdom, nearly half (44.5 per cent) of the accepted home applicants joined an institution in their region of domicile in 1995 – an increase of 2.0 per cent on the previous year (UCAS, p. 124). From the viewpoint of the institutions in the South West, they had 18 127 places for new undergraduates in 1995; 36.3 per cent of these places were given to students from the South West.

In terms of first degree graduates obtaining full-time employment in the United Kingdom, 59.9 per cent of those graduating at an institution in the South West left the region. Of the 48 786 UK first degree graduates finding full-time employment in 1995, only three per cent of them found work in the South West (HESA, 1996c, pp. 214-5). Of the 3 453 UK graduates originally from the South West who found full-time employment in 1995, only 21.7 per cent of them found work in the South West. Only graduates from the East Midlands (15.3 per cent) and East Anglia (17.3 per cent) had worse employment rates in their home region. These data on graduate employment should however be treated with caution because of the large number of Higher Education Statistics Agency survey respondents whose region was unknown.

GOVERNMENT HIGHER EDUCATION POLICY

The UK government's intentions for higher education are clear. According to former under-secretary of State for Education, Tim Boswell: "... serving the needs of the economy, both locally and nationally, is one of its [higher education's] central objectives" (Boswell, p. 14). The education legislation of 1988 and 1992 had contrasting effects on the links between HEIs and their regions. The Education Reform Act 1988 removed the polytechnics of England and Wales from local authority control. It also increased the amount of centralisation in higher education, by setting up a national body, the Polytechnics and Colleges Funding Council, to administer their funding. The University Grants Committee, which allocated public funding for the universities, whose chairman and majority of members were academics and were "independent of ministerial and departmental control" (Robbins, p. 235), was replaced by the Universities Funding Council. Neither funding council had a built-in statutory majority of academic members; both bodies were obliged to "comply with any directions given to them by the Secretary of State" (ERA, Section 134:8).

The 1991 government White Paper, *Higher Education: A New Framework*, laid the basis for the reorganised structure of UK higher education in the Further and Higher Education Act 1992. The White Paper acknowledged the role of the polytechnics in meeting "local and regional needs" (Department of Education and Science, p. 8). It proposed the establishment of higher education funding councils for England, Scotland and Wales, to "take account of each particular set of territorial circumstances" (p. 22). The White Paper said: "The Government recognises the importance of maintaining the general diversity of ... institutions" (p. 14), with the implication that the polytechnics (now the "new" universities) should maintain their local and regional focus while the "old" universities maintained their national and international profiles. The government's belief "that the real key to achieving cost effective expansion lies in greater competition for funds and students" (p. 12) may well have had the effect of making regional developments in higher education much less likely. Institutional rivalry has been encouraged by competition for a greater share of research funding from the funding councils on the basis of the Research Assessment Exercise, and by competition in England and Wales for additional funded student numbers. In a system in which to collaborate might mean the loss of resources, the possibility of intraregional co-operation is made less likely.

The Further and Higher Education Act 1992 duly established the Higher Education Funding Councils for England, Scotland and Wales, as successor bodies to the polytechnics' and universities' funding councils (funding for Northern Ireland is allocated directly by the Department of Education for Northern Ireland). In addition to their task of allocating recurrent and capital funding to institutions, the funding councils are responsible for monitoring the quality of teaching and research at subject level in each institution. The allocation of the bulk of government research funding to HEIs is directly linked to external assessment of quality. Funding for consistently poor teaching is withdrawn by the funding councils; in Scotland and Wales, teaching assessed as excellent is financially rewarded. In terms of regional policy, the Higher Education Funding Council for England

recognises “serving local and regional communities” as one of its six purposes of higher education; this local and regional focus “has become increasingly important” because “the presence of an HEI has a significant impact on the development of a region” (HEFCE, 1995a). Recognition of the regional role of universities has not yet translated into specific funding policy, and the funding council has not been actively involved in plans to develop new HEIs in England. However, in its consultation paper *Funding Method for Teaching*, published in July 1996, the funding council proposed that “regional need in geographical areas poorly served by higher education” should be one of the criteria for determining the allocation of extra student numbers – and therefore extra funding – to existing HEIs (HEFCE, 1996). The Scottish Higher Education Funding Council does not have an active role in higher education developments that have a strongly regional focus, such as the University for the Highlands and Islands project. Professor John Andrews, the chief executive of the Higher Education Funding Council for Wales, says “enthusiasm to link HEIs with the Welsh economy continues to be a strong element of Welsh Office policy” (Andrews). The Welsh Office has also provided £2 million extra funding to promote the quality of research in Wales. The funding council’s promotion of part-time higher education in Wales, particularly in areas of economic and social deprivation, has increased HEIs’ regional links.

Overall policy directions concerning the size, shape and quality of the UK higher education sector are established by the relevant government ministers (the Secretaries of State for Education and Employment, for Scotland, for Wales and for Northern Ireland). Paradoxically, the three new funding councils – although their establishment recognised regional differences – are also indicative of a greater centralisation of control: they cover the whole range of higher education institutions, their membership does not have a built-in statutory majority of academics, the Secretaries of State have power to impose their own requirements. This centralising trend is in contrast to developments in a number of other OECD Member countries, where control of higher education has to varying degrees passed from central government to regional authorities (Enders and Kehm; Garcia Garrido; George and McAllister; Mora and Villarreal).

The UK government’s tendency to centralise is counter-balanced to some extent by the policies of the European Union. The commitment of the Maastricht Treaty to subsidiarity was seen by most of Europe as “intensifying the devolution of decision-making to a regional level” – with the exception of the UK, which saw it as devolution to the national level (Harvie, p. 3). Education is now within the remit of the European Commission (McNay, p. 329). The Committee of the Regions, set up under the Maastricht Treaty, has emphasised the importance of the regional input of higher education, for example, in its support for the renewal of the TEMPUS programme (Committee of the Regions). Large amounts of funding to support less developed parts of the European Union – including parts of the South West – are now available for regional projects involving higher education through European Structural Funds (see below).

There are indications that the government might be giving greater thought to HEIs as regional actors. The terms of reference of the National Committee of Inquiry into Higher Education in the United Kingdom, which were published by the government in May 1996, include recognition that “higher education is a major contributor to local, regional and national economic growth and regeneration” (Department for Education

and Employment). The inquiry, which does not report until 1997, has a separate sub-committee for Scotland. Academics and other experts who have been involved in studying the regional impact of higher education institutions are to be co-opted onto the inquiry (Tysome).

A REGIONAL ROLE IN TEACHING

There is a range of factors which have increased the importance of the regional provision of teaching by HEIs in the United Kingdom. Decreased maintenance grants and the growing use of student loans mean students are now having to bear a greater part of the cost of their higher education. This has increased the number of students who are living at home, because this is generally cheaper than travelling away to university and staying in a hall of residence. As a result, there is a demand for more accessible provision of higher education. The trend towards lifelong learning, and the increase in the numbers of mature students, many of whom would be unable to leave their home area because they have children, a house etc., has added to the demand for locally-based higher education. The entry requirements of HEIs have changed. In addition to two or three passes in the traditional university entrance exam (A-levels), HEIs are accepting – especially for mature students – vocational qualifications, professional qualifications, access courses and Open University credits. There is also a much wider range of qualifications available from HEIs, including certificates of higher education available after one year of full-time, or two years of part-time, study.

The method of delivering higher education has changed. Modular degree courses, and credit-based learning systems, are now widespread. These make it possible for parts of courses to be studied at different times and places, which facilitates learning and training through life, rather than for three years full-time immediately after leaving school. Nevertheless, the use of credit accumulation and transfer among HEIs is still in its infancy (HEQC, p. 87). To date the universities of Bournemouth, the West of England and Exeter, and Cheltenham and Gloucester College of Higher Education, belong to the South East England Consortium for Credit Accumulation and Transfer, which – despite its name – is one of the largest academic credit organisations in Britain, with 37 full members. The consortium provides information, consultancy, training and staff development in the use of credits. It is aiming to develop inter-institutional credit transfer with other consortia, but this is still largely in the future.

Educational and training organisations in the South West have combined to form the South West Access Federation, which is based at the University of Plymouth. The federation provides accreditation for adult education, and enables wider access to higher education. In the north of the region, Cheltenham and Gloucester College of Higher Education, in partnership with five further education colleges, operates a course validation agency. Most of its courses last a year, and include study skills, English, numeracy, information technology and an introduction to the subjects to be studied at an HEI. There

is another validation agency in the South West – the Western Counties Access Partnership – which includes the universities of Bath, Bristol and the West of England. Although these partnerships exist at an institutional and sub-regional level, the South West does not have, or plan to have, an overall system of credit accumulation and transfer, a situation which perhaps conflicts with mission statement aims of promoting higher education in the region as a whole.

The growing use of information technology in providing distance learning materials and interaction with academic staff and other students has important implications for the regional role of HEIs in teaching and training, particularly in enabling them to reach students in less accessible areas. In 1996 the RATIO (Rural Area Training and Information Opportunities) programme has been established with the help of funding from the government and the European Union. The programme, lasting three years, is based in parts of Cornwall, Devon and Somerset which have been designated as a 5b Area (an under-developed rural area) by the European Union. RATIO is run by the University of Plymouth and Plymouth College of Further Education, and is supported by regional employers, county councils and training and enterprise councils, as well as the Open University and the Workers' Educational Association. The aim of the programme is to set up 40 regional information technology centres in existing buildings, such as community centres, colleges, libraries and village halls, using networked computers, satellite communications, and video conferencing, providing information and access to further and higher education courses, with the help of staff at the centres.

One response to the demand for more locally-based higher education has been to increase provision of higher education at further education colleges through franchising arrangements – a development which the Higher Education Funding Council for England has in general welcomed: “In many cases collaborative arrangements reflect the long term and firm commitment of the HEIs and further education colleges to the real and potential synergies of linking further education with higher education. However, in some cases there has been a rapid and often unrestrained growth in establishing links” (HEFCE 1995*b*, p. 29). Franchise links provide a range of university courses, including the first year of a degree. For example, the University of Plymouth – in addition to its four campuses at Plymouth, Newton Abbot, Exeter and Exmouth – has links with a network of 11 “partner colleges” in Devon, Cornwall and Somerset, offering some 80 courses, “so that wherever you live in the South West, it is likely that you will be able to gain access to some of our courses not too far from your home” (Plymouth, n.d.). Students who complete the first year of a franchised degree course are then normally required to continue studying at the university for the second and third years. Such links may, however, be affected by plans – sometimes competitive – to establish new HEIs in the region (see below).

The method of funding teaching has encouraged competition among neighbouring HEIs to recruit students – within certain limits – by linking financial rewards to higher student numbers and lowered costs of teaching. Despite these tensions, some HEIs in the South West are managing to collaborate in student recruitment initiatives. For example, Plymouth and Bournemouth universities are members – together with Southampton, Portsmouth and Brighton universities – of the Channel Islands Universities Consortium. This aims to encourage links between prospective students in the Channel Islands and

these five mainland HEIs, by providing information about courses and other services. It is interesting to note the effort put into this consortium by these five HEIs, despite the relatively small numbers of students from the Channel Islands actually studying with them. It is also worth noting how HEIs in the South West have formed wider links across the South of England. In another initiative, two universities – Exeter and Plymouth – and four further education colleges – Cornwall, East Devon, Exeter and Plymouth – are members of the South West England Education and Training Consortium, which provides pre-degree, degree and postgraduate or professional courses in 45 subjects for students from abroad.

One issue which might need further consideration by HEIs in the South West is the provision of places for university applicants from the region, and the destination of graduates who study in the region – whether or not they are originally from the South West. The data on students (see above “Funding and students”) show how relatively few higher education applicants in the South West actually get a place at one of the region’s HEIs (about one in five). Should HEIs in the region operate “positive discrimination” in favour of South West applicants? Should HEIs in the region make it a greater priority to provide courses meeting the needs of regional students? A further concern is the proportion of graduates from South West HEIs who subsequently find work outside the region – about three in five. Should the HEIs be more concerned to provide higher education which will equip graduates to find work with companies in the region?

A REGIONAL ROLE IN RESEARCH AND THE ECONOMY

The impact of HEIs on their locality’s economy has been recognised recently in a number of studies. *Universities and Communities* – perhaps the most influential of these studies – affirmed the importance of universities as a “growth element in regional economies” (Centre for Urban and Regional Development Studies, 1994, p. 1). Concerning the South West, it said higher education was responsible for employing 14 308 people in the region, or 0.8 per cent of total regional employment (the UK total was 1.1 per cent). In its local labour market area, the University of Plymouth was responsible for 1.4 per cent of employees. Although these percentages are low in overall terms, universities are nevertheless among the largest single employers in their regions, and spending by HEIs, their staff and students, is responsible for creating further employment. For example, a study by the University of Exeter has demonstrated its impact on the local economy (local is defined as the Exeter travel to work area). The university employed 1 669 full-time and 623 part-time staff in 1992-93, and spent £42.5 million in the area (Coates, 1994). Using a multiplier, the study calculated that the university’s expenditure created an additional 1 819 jobs locally.

Research carried out by HEIs is one of their actual or potential contributions to regional economic development. Research by South West HEIs covers a wide range of activities, including scientific research of international calibre, and applied research of

direct relevance to the local economy. HEIs have links with companies, providing facilities such as research, consultancy and technology transfer; they are involved in developing science parks (the universities of Bristol, Bath and the West of England are planning a large science park in the region); they also set up their own spin-off companies. It is, however, difficult to quantify the effectiveness of such links. Available statistics do not indicate the regional origin of universities' income from companies and other users of their research expertise. Table 2 shows some HEIs receiving large amounts of income from research work, but the amount of this from the South West is not published. There is a need for research to investigate the value of these links, and how justifiable it is for HEIs to invest staff and financial resources in the development of the regional economy.

Many academic-industry links have been promoted by the government. In its 1993 White Paper, *Realising Our Potential*, the government said its aim was to "harness strength in science and engineering to the creation of wealth in the United Kingdom by bringing it into closer and more systematic contact with those responsible for industrial and commercial decisions" (Office of Science and Technology). One result of the White Paper was the establishment of the Technology Foresight Programme. This is a UK-wide initiative, aimed at co-ordinating a strategic approach to the allocation of public money for research in the sciences, and developing better communication between higher education and industry, the professions, commerce and public services. The programme has identified a number of areas in the South West which are priorities, including agriculture, defence and aerospace, financial services and leisure. In the region, four universities – Plymouth, Exeter, the West of England, and Bournemouth – are involved as "enablers", whose task is to promote the findings of the programme through workshops, publications and events.

The government's Teaching Company Scheme has been developed to assist technology transfer. Under the scheme, graduates work for a local company for two years in projects to enable technology transfer between HEIs and companies. There are a number of such schemes in the South West; in 1994-95, HEIs in the region received more than £2 million income from them. Not all technology transfer initiatives have been successful. For example, the South West's Regional Technology Centre – set up to help businesses, particularly small and medium-sized enterprises, to use and exploit technology, and to enable technology transfer, has closed. As Kirkland has warned: "... technology transfer has normally been regarded as a relatively long-term, high-risk business" (Kirkland, p. 24). HEI staff are also involved in the Business Link network – a network of "one-stop shops" organised by training and enterprise councils to provide small companies with information and business development services, including training and consultancy. The Link scheme, which was launched in 1986, is intended to promote collaboration between industry and science institutions "in support of wealth creation and improved quality of life" (President of the Board of Trade, p. 141).

One of the most significant developments linking business and HEIs in the South West has been the establishment of a regional education and training network. The network started with a government project, initially involving the universities of Plymouth and Bournemouth, and Cheltenham and Gloucester College of Higher Education. Following a series of conferences, it was decided to expand the network.

Membership in 1996 included the six universities and two colleges of higher education in the South West, the Open University, the three specialist HEIs, training and enterprise councils, two development agencies, the Government Office for the South West, further education college representatives, and employers' representatives. The network now aims to concentrate on developing links between HEIs and businesses which can "foster economic development in the South West region and make a contribution to higher level skills" (Fryer, p. 6). The network also aims to share relevant information and to advise the Government Office for the South West. Work is currently in progress on auditing HEI resources relevant to business; this information is being fed into the Business Link network (Fryer, p. 17). It is probably too early to discern what impact the network is having on the South West's economy, and how effective such a large and wide-ranging body can be.

At a sub-regional level, there are many links between HEIs and other organisations, either singly or in groups. Some HEIs are represented on development agencies and individual training and enterprise councils. Devon and Cornwall Training and Enterprise Council, together with Exeter and Plymouth universities, and the Government Office for the South West, have a project called 'Employer Access to University Training Opportunities', funded by the Higher Education Funding Council, which aims to "Promote the development of higher level skills for employers in the region (Fryer, p. 17). A number of HEIs have staff to facilitate such links. For example, the University of Exeter has a Business Relations Officer with responsibility for regional economic development matters, and for liaison with a range of organisations. The University of Plymouth has a "Services to Businesses Directory". The University of Bristol makes its facilities known through its Research Support and Industrial Liaison Office. Fryer concludes: "HEIs in the South West region are making a very strong contribution to regional and local economic development in a rich variety of ways" (p. 27).

However, Fryer says there is a greater need for the region's main development agencies (the Westcountry Development Corporation, and the West of England Development Agency) to develop their plans for how they want to work with HEIs; there could also be more cross-representation at senior levels between HEIs, training and enterprise councils, and development agency boards. In addition, the audit of HEI resources for business was "patchy"; there was a need for the regional government office to lead and support the network; and HEIs and training and enterprise councils should consider setting up sub-regional networks. The problem of funding for activities in support of economic development emerged at the network's conference in January 1996 – in particular, whether the Higher Education Funding Council should do more to fund these activities. This underlines the observation by Humphreys: (...) "the contribution of a university to the economic and social well-being of its region requires long-term investment of resources, both human and financial" (Humphreys, p. 12).

Recent government initiatives in developing the economy of the South West – which HEIs have been involved in – have been dominated by the theme of competitiveness. This year the Government Office for the South West has started setting up a South West Competitiveness Network. Its objective is to "encourage debate in the South West as to how we [government, companies and others] should all work together to improve our overall competitiveness in this international environment", and that the network

should “make the most effective use of resources in the South West and achieve things in the region which would not otherwise have happened” (GOSW, p. 5). The network is, at the time of writing, setting up a number of “focus groups” in the region. There are 19 such groups, in areas such as Innovation and Technology, Finance for Business, Education and Training, Higher Education and Business, Tourism/Leisure. According to the government regional office, each group is “open to anyone who can contribute to its objectives” (GOSW, p. 19); people with a business background are particularly welcome. So far, there are representatives from HEIs on nine of the groups.

Although the government regional office refers to a “strong infrastructure” of business support organisations in the South West, and says that a “simplification process is under way to streamline further” their effectiveness (GOSW, p. 4), it has nevertheless decided to set up this new network. With the education and training network already in place, and with the work of the Technology Foresight Programme, not to mention the array of sub-regional links, there is the risk of duplication of activity with this new network, and the possibility of competition between an overtly government-led network, and the training network which has developed in a more “bottom-up” manner. As a survey of the region by the Confederation of British Industry said in March 1996, before the development of this latest network: “The overwhelming response was for a reduction in the number of organisations supporting business competitiveness...” (CBI, p. 12).

In that survey, carried out in 1995, the Confederation of British Industry, which represents industrial and business employers, sought the views of the business community on the factors affecting the South West’s competitiveness. While respondents said one of the region’s key strengths was the quality of its education, manufacturing businesses “put particular emphasis on action to improve the availability of skilled labour at the vocational/technician level” (CBI, p. 11). Respondents in Somerset, Cornwall, Gloucestershire and Wiltshire said their competitiveness would be improved if they had a university in their county. But the report’s conclusion was sceptical about the value of establishing new universities in the region: “It would be preferable to seek alliances with existing institutions. This step – linked with better use of information technology – ... would be less costly and more likely to succeed” (p. 24; see below). The report’s main recommendations were for a coherent economic development strategy and improved transport infrastructure, as well as increased involvement by the business community in educational organisations, and a skills audit for the region. What was striking was the relatively low priority given to research collaboration with HEIs, and technology transfer (14th and 18th respectively, out of 22 factors) – the emphasis of the report was on meeting the education and training needs of the region’s employers.

One possible response by HEIs in the region to this survey would be to reassess their priorities in terms of teaching and research, downgrading the latter in favour of the former. While this might improve the regional role of the HEI, it would not necessarily enhance the quality of the education it provided, particularly for institutions with a strong record in basic research and a strong belief in the importance of providing higher education in a research environment. While the development of a regional economic role by HEIs may be advantageous to the South West, there is a potential drawback for the

HEIs in terms of the amount of control the government – nationally or regionally – and companies exercise over the research and teaching of the HEIs. This issue is examined further below.

PLANS FOR NEW HEIS IN THE SOUTH WEST

Four of the counties of the South West – Gloucestershire, Wiltshire, Somerset and Cornwall – do not have a university. In recent years plans have been advanced for at least four new HEIs in the region, either as entirely new universities, or as campuses or colleges of existing HEIs. The plan that has advanced furthest is for a campus in Cornwall, at a site close to Penzance, for the University of Exeter, which has taken the leading role in the project. Exeter says its intention is to “broaden HE provision” by developing programmes in areas including environmental sciences, biological sciences, information technology, business studies, heritage and Celtic studies. In addition, the university says “a campus will act as a kick start towards regenerating a severely disadvantaged local economy” (Exeter, 1995*b*, p. 8). Not surprisingly, Exeter’s plans for Cornwall have provoked a firm response from the University of Plymouth, which has more than 1 000 students in Cornwall, mainly studying management, education, arts, social work, business and finance, and marine studies, at the university’s partner colleges (Cornwall College, St Austell College, and Falmouth College of Arts). Plymouth emphasises its policy of working in conjunction with other institutions, and its level of investment in Cornwall since 1992. Its Vice-Chancellor, Professor John Bull, says: “We can deliver as much, or more, than other plans may project” (*In Cornwall*, December 1995, p. 4). Ultimately, the question will be decided by when the government policy of “consolidation” (*i. e.* no increases) of full-time undergraduate numbers ends – and how the Higher Education Funding Council for England decides to allocate extra recurrent funding – as well as the availability of the necessary capital funding.

There is a “University for Gloucester” project, which is being led by the Gloucester City Council, along with Gloucestershire College of Arts and Technology (Gloscat), Cranfield University, the Open University, the University of the West of England, Gloucestershire Training and Enterprise Council, Gloucestershire Royal Hospital and Gloucestershire County Council. Here too, there appears to be regional competition over plans for providing higher education. In its prospectus for 1997 student entry, Cheltenham and Gloucester College of Higher Education (the college has three main campuses in Cheltenham; despite its name, it no longer has a base in Gloucester) says: “We intend to become a University for Gloucestershire by the end of the century.” As well as overcoming the current restrictions on recurrent funding for higher education, either project will have to satisfy the government’s requirements for establishing a university. These include the condition that there should be a higher education enrolment of at least 4 000 full-time equivalent (FTE) students at the HEI, and that more than 55 per cent of the FTE student number should be on higher education courses.

The third regional plan is for a university for Swindon, in Wiltshire. Thamesdown Borough Council in Swindon has convened a Higher Education Steering Group, whose members in 1995 included representatives of Swindon College, Swindon Chamber of Commerce and Industry, Wiltshire Training and Enterprise Council, Wiltshire County Council, the regional Trades Union Congress, Thames Valley University, the University of the West of England, the University of Bath and Cranfield University. To date, this project has not progressed beyond initial planning. Finally, there is the plan for a university in Somerset. This was referred to in Somerset Training and Enterprise Council's *Corporate Plan 1995-98*, which said: "The growing appreciation of the need for a higher proportion of school leavers and other groups to have access to higher educational facilities within easily commutable distance justifies the [proposed] additional capacity in the region" (p. 15). However, at the time of writing, plans for a new university are no longer being pursued; instead, the focus in the county is shifting to the enhancement of franchised higher education provision.

CONCLUSION

Higher education policy: Top-down or bottom-up?

This paper has noted the paradoxical increase in the level of centralisation in higher education, the encouragement of regional trends at the level of the "nation-regions" of Scotland, Wales and Northern Ireland, and the growth of a regional focus by HEIs. One reason for the latter development might be a desire by HEIs to build up resources independent of government control. While there has been some support by the funding councils for regional initiatives by HEIs, the councils have so far exercised a neutral policy; ultimately, the future of these projects depends on national financial decisions.

In terms of developing the regional economic role of HEIs, government initiatives have tried to foster partnerships between HEIs and businesses for advice and consultancy, technology transfer and research and development. The government regional office has taken the lead in setting up the region's "competitiveness network"; it has also had a role in the developing region's education and training network. Nevertheless, the direction has not all been "top-down". There is evidence in the South West that HEIs – in varying degrees – have a strong commitment to practical involvement in regional economic development. For instance, the growth of the region's education and training network, while assisted by a government programme and the government regional office, has been due in large measure to the commitment of the organisations involved, particularly the HEIs and training and enterprise councils. The efforts by Exeter and other HEIs to set up new institutions in the region add to the sense of "bottom-up" initiative in the region. Government leadership, whether regional or national, is not necessarily unwelcome. Fryer says: "Whatever the form of the [South West HE and TEC] network the Government Office for the South West needs to provide leadership in encouraging and

sustaining it with perhaps some funding for network maintenance and appropriate collaborative projects” (Fryer, p. 28).

With regard to general government policies in the United Kingdom, the OECD study, *Regional Problems and Policies in the United Kingdom*, concluded:

“With respect to the extent of decentralisation, both regional and urban policies in the United Kingdom appear to be “top-down” with decision-making about policy formulation resting with central government. Implementation of policy instruments is undertaken by the regional offices of central government departments” (OECD, p. 87).

Although the Secretary of State for the Environment, John Gummer, said the setting up of the government’s integrated regional offices signalled “an important shift from the centre to the localities” (Department of the Environment), that shift, in my opinion, has been primarily in terms of making the government more accessible, and more adaptable in setting local priorities, rather than significantly altering the locus of decision-making. In the South West, for example, the regional government office’s priority of fostering competitiveness has been in keeping with the direction set by the government’s *Competitiveness* White Papers. With this new regional arm of government, McNay suggests “there is need ... for a new arrangement for governance and democratic accountability” (McNay, p. 335). A further conclusion of the OECD study was that:

“The future development of UK regional policy could profitably give a higher profile to the promotion of technological change by fostering technology transfer, greater co-ordination between regional policy and national research and technology policies and support for regional technological infrastructure” (OECD, p. 89).

The government, through the regional dissemination of the findings of the Technology Foresight Programme, following the *Realising Our Potential* White Paper, has gone some way towards meeting this recommendation – although the demise of the South West’s Regional Technology Centre, and the comparatively low level of government assistance for technology transfer in general (OECD, p. 89), may have hindered progress, and shows the difficulty – and even ineffectiveness – of this process.

Competition or collaboration?

Another barrier to progress in regional development is the tension between competition and collaboration encountered by HEIs. As has been noted, the government’s policy is to encourage competitiveness; HEIs, to a lesser or greater extent, are playing a role in this initiative in the South West. As the Confederation of British Industry points out: “Since the UK recession began to bite in 1990, opinion formers in the South West have become increasingly aware of the need for this region to compete with other parts of the United Kingdom and overseas” (CBI, p. 4). Since HEIs in the region are involved in the South West Competitiveness Network, and more generally are seeking to have an input into regional development, they are likely to grow more competitive. While this may be beneficial for the region, and particularly for companies which benefit from technology

transfer and research and consultancy expertise, it may not be beneficial for universities and their staffs in the wider community of the United Kingdom as a whole.

The traditional concept of a community of scholars, whether existing within a single institution, or in the wider sense of an academic discipline, is hard to maintain under the current funding and assessment regime in the United Kingdom. Institutions, and departments within institutions, vie with each other to improve their ratings in the Research Assessment Exercise. These ratings are vital, because they determine the allocation of the bulk of direct research funding from the government, and because they are no doubt taken into consideration by other funding bodies when deciding the allocation of research grants. This competitive atmosphere makes the possibility of collaboration between neighbouring institutions less likely, even though, with constrained sources of research funding, it might make sense for HEIs to pool resources. For example, while the universities of Bristol, Bath and the West of England are working together to develop a science research park, a proposal for a joint centre for advanced study and research in education, involving the departments of education of the same three universities, has so far failed to materialise. Although the idea of regional research centres in the UK has been suggested recently, including by the Labour Party, the current research assessment and funding methodology would have to be fundamentally altered before this can happen.

In teaching, there is also an atmosphere of competition, mainly over student numbers and the funds they generate. Under the current funding methodology, one effect of this competition has been to put quality at risk by tempting HEIs to recruit more students than can reasonably be accommodated, and failing to increase staff levels commensurately – as the worsening staff student ratios testify. With the current restriction on expansion of full-time undergraduate numbers, competition focuses mainly on part-time and postgraduate student recruitment. There is also strong competition to recruit overseas students, with the lucrative fees they bring. In regional terms, this inter-institutional rivalry is seen most sharply over plans to establish new HEIs. In the South West, this particularly affects the relationship between the universities of Exeter and Plymouth in Devon, over plans to extend into neighbouring Cornwall, and between Cheltenham and Gloucester College and those involved in the University for Gloucester project. This competition also affects the work of the Open University, which provides distance learning for approximately 13 000 part-time undergraduates in the region. The risk is that this situation may lead to duplication of courses and waste of resources in trying to attract sufficient student numbers.

Despite these tensions, HEIs in the South West have a number of collaborative activities, particularly in teaching and training. Greater co-ordination among HEIs and regional bodies, such as the education and training network and the regional government office, and with the Higher Education Funding Council, might improve the scope for collaboration and defuse potentially damaging competition. Further consideration should be given to financial support for joint initiatives.

Regional involvement and academic autonomy

The increasing focus in recent years of HEIs on their regional community, and in particular its economy, raises a regional dimension to institutional autonomy and academic freedom. The regional networks that are knitting HEIs into the economy of the South West, and the closer sub-regional links between HEIs and individual organisations, have potential for promoting economic development. However, these links should still allow HEIs to pursue lines of enquiry that are not of immediate benefit to the region, and to provide education which emphasises the promotion of the “general powers of the mind [producing] ... cultivated men and women” and the “transmission of a common culture” as much as “instruction in skills suitable to play a part in the general division of labour” (Robbins, pp. 6-7). In respect of this, *Universities and Communities* makes an important warning about the general desirability of improved relations with the local community:

“Although universities are responding to local needs and conditions, there remains a potential conflict with their increasingly global mission. The quest for new knowledge and the task of both translating and passing this information onto students cannot be restricted to prevailing local knowledge or simply that useful to local interests ... any university that confines itself to that currently demanded by local firms would be failing its community by not providing an opportunity for future diversification through provision of educational resources, skills and technology...” (p. 6).

The concept of communities “owning” their HEIs has been expressed by the former Under-Secretary of State for Education, Tim Boswell: “... there is room for local industries to make greater and better use of **their** [original emphasis] universities” (Boswell, p. 15). But what about the goals of higher education which are not immediately relevant to local business needs, such as the conduct of ‘blue sky’ research, or cultural development? The mission statement of the University of Bristol, for example, says the university is committed to: “Academic excellence at the forefront of international research and higher education; independent enquiry which allows staff to pursue their ideas with rigour and integrity; a high quality learning experience which enables students to develop intellectually and individually” (Bristol, p. 1). While Bristol may be archetypal of the ‘old’ universities, with their stress on international research excellence and a national education mission, there is still a general point that closer involvement of HEIs with the economy of their region may fundamentally alter the goals of HEIs. In addition, greater local impact also causes tension within universities (Armstrong, p. 9). “Many academics question whether involvement in the region is compatible with the quest for academic excellence in research and teaching” (Lazin, p. 22). Businesses, particularly those with a regional rather than national base, may well be unwilling to support activities in teaching and research which seem far removed from their concerns of competitiveness and growth. There needs to be greater dialogue within HEIs on the goals they wish to achieve, and between HEIs and business and industry at a regional level on their aims, and the implications of their changing relationship.

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PREPARING AND DEVELOPING ACADEMICS FOR THE NEEDS OF EFFECTIVE PROVISION IN MASS TERTIARY EDUCATION

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ABSTRACT

The paper considers the changes to the roles of academics that have occurred in recent years and those that are likely to emerge, or increase in importance, in the next decade. These are linked to a discussion of issues surrounding , and approaches to, the effective preparation and continuing development of academics for the various roles.

THE ROLES OF ACADEMICS

Kogan *et al.* (1994) stated that the “core functions of academic staff are teaching and research, complemented by service to the institution, to the professions, and to society” (p. 70). They distinguished between vocationally oriented institutions which emphasised teaching and praxis and other institutions where the focus was upon direct involvement in research as a necessary support for well-founded teaching. In the much expanded systems of mass tertiary education the range of types of institutions could be extended not only to articulate further types on the research-teaching dimension but also on components such as spatial focus, (international *vs* serving the local community) or on mode of study (full-time, part-time, distance, open, etc.).

The roles of academics are numerous, for each function can spawn a number of roles. Whilst not every academic will perform every role, nor are these constant, equally weighted or universal, the following extensive but not exhaustive list gives an indication

of the range of roles performed by academic: teacher, scholar, practitioner, demonstrator, writer, model, discoverer, inventor, investigator, designer, architect, explorer, expert, learner, developer, collaborator, transformer, facilitator, enabler, evaluator, critic, assessor, setter, guide, colleague, supervisor, mentor, listener, adviser, coach, counsellor, negotiator, mediator, juggler, manager, leader, entrepreneur.

Boyer (1990) attempted to unify the diversifying functions through his four forms of scholarship, namely those of research, application, integration and teaching. Bergquist (1992) identified four cultures of the academy (collegial, managerial, negotiating, developmental) which could be used as means of categorising the roles of academics. A somewhat different organisational framework (Sawbridge, 1996) recognised four types as hierarchical, collegial, anarchical and political. Using such criteria functional and role matrices can be developed for various academic contexts (intra-institutional, inter-institutional, intra-system, inter-system, temporal, etc.).

Neave (1996) argued that “massification of higher education places particular weight on teaching skills as an inevitable consequence of expanding student numbers. And in those systems with a high non-completion rate their apparent inefficiency in converting the unqualified adds to the clamour for improvements to be made in teaching. There are, however, other factors at play which rebalance this function and which are not uniquely dependent on sheer student numbers” (p. 150). Neave asserted that it can no longer be assumed that those entering higher education are self-motivated, discipline-centred or prepared to make informed choices that relate to career plans. Again the position varies within and between systems but, in general, Neave’s arguments appear to be evidenced by the expansion and increased range of student support services in institutions of higher education, adding further role and functional complexity.

Institutions of higher education have had to respond to a larger and more diverse student population, against a backcloth of long-term changes in the volume and structure of employment opportunities, whilst simultaneously being required to be more accountable for the use of public (and private) funds and for their performance, in aggregate, by component and in detail. These trends have impacted upon many areas of the operation of institutions of higher education. In Britain perhaps the most obvious examples of change are:

- the cyclical assessment of research on behalf of the Funding Councils;
- the assessment of the quality of educational provision by the Funding Councils;
- the substantial reduction in the funding per student;
- the increased financial controls which the Funding Councils exercise over institutions through financial memoranda.

As Candy (1996) noted the roles of academic staff have been affected cumulatively by such changes,

“with consequently increased attention to personnel issues including: recruitment, performance appraisal, promotion and tenure, succession and career planning, remuneration, working conditions and productivity, the use of more part-time and casual staff, job sharing, alternative career trajectories (which might include periods in

industry, government or the professions), blurred boundaries between academic and support staff” (p. 8).

Such trends appear to be opposed to the emphasis which Trow (1994) would place upon the primacy of trust and the centrality of academic guilds. Yet in a continuing study on innovative universities, Burton Clark (1996) suggested that “the innovative university possesses four essential elements: an ambitious idea, or self-concept; a change-oriented and integrated administrative core; a funding base that enables new orientations and programmes; and a developmental periphery. The elements are interconnected and interactive” (p. 60). Clark argued that a change-oriented institutional idea may be crucial in the emerging order of higher education into the 21st century.

PROSPECTS AND CHALLENGES

Williams and Fry (1994) in a study of the longer term (to 2004) prospects for British Higher Education identified six principal strategic concerns:

- diversity and differentiation;
- graduate employment;
- qualifications and the organisation of teaching and learning;
- opportunities offered by new technology;
- increasing income from the private sector;
- staff recruitment (staff development was included under that heading).

On a different front some writers envisage the likelihood that new technologies will challenge, even overthrow, the hegemony of institutions as providers of higher education. In counterpoint Van Ginkel (1994) posited a future in which:

“The university will remain the centre for creativity and innovation well into the middle of the next century, remain firmly fixed in the midst of society. This university will look rather different from the university we know today. It will be an international business in every sense. Knowledge management will occupy the centre stage” (p. 79).

Over a period of a decade the balance of probabilities favours evolution rather than revolution (Gordon, 1995) although almost every commentator anticipates that considerable change will occur in that time. The major challenges are likely to include:

- providing greater flexibility in educational provision;
- changing modes and methods of teaching;
- equipping students to handle an uncertain employment market;
- resolving the tension between research/scholarship and teaching;
- efficiently using new technologies for effective learning;
- reconciling the tension between institutional competition and collaboration;
- re-articulating and assuring standards in more diverse mass systems of higher education;

- meeting the challenges of providing for lifelong learning;
- tailoring provision economically, efficiently and effectively;
- recruiting, motivating, rewarding and developing all employees;
- reconciling globalisation and localisation (the international world of knowledge and/or servant of local communities);
- reconciling the inter-institutional pull of disciplines with the increasing demands on institutions to account for intra-institutional performance;
- addressing equity and ethical issues;
- acting strategically (medium to long term) whilst responding tactically to short-term fluctuations.

In summary by 2005, unless the pressures upon the funding of higher education recede, increased differentiation within systems would appear likely. Simultaneously forces that could lead to a degree of convergence will operate such as system-wide procedures for quality assessment of educational provision and, more generally, governmental or quasi-governmental oversight of institutional strategies and practices. Excessive differentiation might lead to blurring of the purposes and standards of higher education, not only endangering levels of funding but perhaps more significantly, undermining the credibility and standing of the awards offered by all but the most prestigious institutions. New technologies could be perceived as the greatest potential force for convergence in higher education since most of the presumed financial benefits follow mass usage of standardised, albeit interactive, materials.

How might these challenges impact upon the preparation and development of academics? For example, what would be the implications of the scenario posited by Wright (1994):

“The university may then, become less of an institution, more a focal point, an agency, a facilitator, with learning taking place partly or mainly elsewhere. The core resource, and the generator, will still be the university; and the university’s core resource will remain its academics and their expertise. But there may be a shift, away from the institution, to a dispersed community of life-long learners” (p. 101).

Or the arguments presented by an industrialist (Day, 1994)

“... I fear that too many university teachers whose vocation and skills are primarily pedagogic are forced into pseudo-research in order to secure employment, promotion and, ultimately, university tenure. ... Let those who would be teachers teach and free them from the research and publish-or-perish necessity. ... Student customers deserve skilled and committed teachers. University teaching should be, and be seen to be, a valued career in itself” (p. 28).

Starting with the argument that higher education involves the development of cumulative and hierarchical understanding of fields of study which, in turn, are based upon theories and concepts, Sutherland (1994) made the point that research is essential to create dynamism within higher education, although it need not follow that all academics are active researchers. The third component of Sutherland’s thesis rested upon the centrality of standards (both of process and output) of research, teaching and learning.

PREPARING AND DEVELOPING ACADEMICS

“The academic profession is unique in the way recruits are prepared for academic work, particularly when we compare it with the preparation for practice in the older learned professions. ... Academic staff in all countries generally hold an academic qualification at least at the same level as they are teaching. Much of the rest is country, sector and discipline specific and has been changing over time as well” (Kogan *et al.* 1994, p. 70). These authors also drew attention to the importance of point of entry to academe and institutional type as influential variables.

Eraut (1994) distinguished three central features of professionalism: a specialist knowledge-base, autonomy and service. In academe, due to the growth of disciplines and sub-disciplines and the knowledge explosion, the specialist knowledge-base has become increasingly diverse and fragmented. A tension, potential and real, exists between the autonomy of individual academics, which has in part been eroded in recent years, the autonomy of disciplines (the power of the academic guilds) and the autonomy of institutions (which has been threatened, arguably eroded). Service presents the greatest problem for academia. Most professions not only have a clear concept of the client but also codes of practice which govern ethical issues relating to clients, *e.g.* confidentiality. By comparison, academics have tended to be wary of the term client (even more so of the term “customer”). That said institutions, and parts thereof, have developed “ethical” statements about research and about the handling of students-related matters. The recent pressures of external accountability have sharpened the focus on these issues. Nonetheless, many institutions and individual academics might struggle to constantly satisfy the test that treating clients in a professional manner involves obligations in relation to access, costs, relationships and communication (Eraut, 1994). He defined access in terms of equity and convenience and quality in relation to process, judgement, service and outcome. Under relationships with clients, Eraut expected “good communication, in a friendly and respectful manner, responsive, relieving rather than causing distress” (p. 228).

Eraut favoured a professional obligations approach which presumably must be supported, facilitated and assured by employers and professional accrediting bodies to be practicable and meaningful. It would also build more comfortably from a model of accredited pre-service preparation than in situations where that was absent, uncommon or diverse. Williams and Fry (1994) concluded that “Staff development is at present underdeveloped in higher education and often not highly valued” (p. 48). Looking to the future they suggested that: “While it is unlikely that anything like “qualified teacher status” will operate in higher education, within ten years it is likely that most higher education institutions will require newly appointed staff to have had some training and this may well be reflected in research degree programmes” (p. 48). If that could be accomplished without lengthening time to completion of doctoral study and without encountering significant opposition from other potential employers of doctoral graduands then it could be an attractive and useful means of pre-service professional preparation.

Recently professional accreditation of university teachers has been advocated by the principal academic union in Britain, the Association of University Teachers. Indeed that body has also raised the possibility of creating a General University Teaching Council or a Royal College for University Teaching as the standard-setting body for the profession. In part the proposition is developmental, in part protectionist but whatever the motives, the active initiating of the debate by an academic staff union is an interesting development.

Cahill (1991) sub-divided tertiary teaching careers into three broad phases – initiation (pre-service), induction and in-service development. The evidence marshalled by Kogan *et al.* (1994) pointed to the complexity of entry point and of pre-service expectations, therefore Cahill's process stages are acted out differently depending upon system, discipline, institution, individuals and market conditions. Boyer (1990) when discussing four forms of scholarship also recognised the seasonality of academic life, *i.e.* that different activities may occupy centre-stage for a particular individual at different points in the career, through personal choice or institutional/departmental imperative or some interaction of these two forces. Whilst it can be claimed with a reasonable degree of generality that the core functions of academic staff are teaching, scholarship, research and service (to the institution, the disciplines/professions and the community) the range of potential weightings within that mix, already substantial, may be increasing. To that list of functions Gordon and Partington (1996) would add management. The remainder of this paper focuses specifically upon preparing and developing academics for four functions (teaching, scholarship/research, service and management) in order to equip staff to meet the diverse needs of mass tertiary education.

ACADEMICS AS MANAGERS

Academics tend not to perceive of themselves as managers, or even as leaders (Gordon, 1996). Most of them become academics because of their desire to continue the pursuit of knowledge and the journey of learning, even though in reality the path may prove to be uneven or contorted and the distance travelled may vary substantially.

In the United Kingdom a combination of pressures, often external in origin, have shifted attitudes about the managerial and leadership roles of academics. Specific manifestations have been the cyclical conduct of an evaluation of the quality of research (Research Assessment Exercise) and the assessment of educational programmes (Teaching Quality Assessment).

In the UCoSDA (1994) Green Paper eight managerial tasks of academics were listed, namely management of: self, subject/specialism, students, staff, structural unit, strategy, systems, situations. It has been argued that management of self, subject and students are vital functions of academics (Kugel, 1993).

The frameworks for teaching quality assessment expect coherent curricula with clearly articulated aims and specified learning outcomes for each class. The methods of

assessment should be appropriate for the intended objectives. Considerable attention is paid to active involvement of students into the learning process, the quality of student work and of their learning experiences, of the effective use of resources and the provision of stimulating and supportive learning environments. It is difficult to avoid the conclusion that academics are expected to perform several managerial roles individually, in teams, and in collaboration with others responsible for the educational provision for the cohorts of students relevant to that particular teaching quality assessment. Most, probably all, academics acquire additional managerial roles, *e.g.* as supervisors of research students, managers of research projects, curriculum developers, resource creators, members of committees, chairs of committees, consultants etc. Normally any individual will hold a mix of responsibilities that are acquired through personal disposition or allocated (sharing workload and duties).

ACADEMICS AS TEACHERS

Two general conclusions from the vast literature on effective teaching and learning in higher education are that both are complex processes, as are the relationships between them. Burroughs-Lange (1996) explored lecturers' conception of the relationship in one Australian university. Colling (1994) ventured an overview suggesting that an academic teaching effectively might demonstrate:

- "subject expertise;
- awareness of developments in the teaching of their subject;
- understanding of how students learn;
- the systematic use of a wide variety of teaching methods;
- a capacity to reflect upon his or her own practice;
- a willingness to develop him/herself;
- effective planning of teaching sessions, materials and courses:
 - clarity of explanations,
 - effective use of oral questioning,
 - stimulation of student interest,
 - encouragement of student interest,
 - encouragement of student involvement, and participation,
- skills in course review and evaluation of student learning;
- expertise in a variety of assessment methods;
- awareness of the diversity of the student population;
- understanding of equitable practice;
- ability in providing examples of learning for students" (p. 2).

By 2004 core academics will be "undertaking some teaching themselves but also acting as creators and facilitators of high technology learning materials and forming the nodes of networks of part-time and occasional staff rather in the way that many management consultants operate today" (Williams and Fry, 1994, p. 48).

Johnston (1996), concluded that new academics were almost overwhelmed by the demands of the job, preparation for teaching and development of their research and scholarship. In such circumstances activities aimed at broadening their understanding of teaching were not perceived as a high priority. The lengthy American experience of McKeachie (1994) suggested that new academics need “survival” advice offered by a short introductory course. Later the reflective practitioner model can be adopted since it implicitly requires experience on which to reflect (Martin and Ramsden, 1994). Discipline-based development is an essential dimension of the strategy (Jenkins, 1996), as is supporting staff and educational development within departments/programmes (Gibbs, 1996).

Debate surrounds the appropriateness of making induction or continuing professional development programmes obligatory. Many British institutions of higher education now require attendance at a short introductory course on university teaching and learning but in many systems voluntary participation is the norm.

ACADEMICS AS RESEARCHERS/SCHOLARS

Kogan *et al.* (1994) claimed that “academic staff are systematically trained in research in their own higher degree studies” (p. 72). Elsewhere these authors acknowledged that situation was not universal since not all academics hold doctorates. Doctoral study has possibly been the most important means of acculturation into academe. Various pressures, which they recount, have led to the process becoming more systematic and explicit.

A number of systems continue to hold the presumption of a period of supervised research as a decisive step on the ladder leading towards a possible position as an academic. That said there are arguments (Rice, 1996) about the appropriateness in mass tertiary systems of the presumption that all academics should be “bred” in such traditions when many of them will be employed in predominantly teaching-oriented or vocationally-oriented institutions.

In many countries initiatives have occurred in relation to the preparation of academics for particular research roles, *e.g.* the role of supervisor of research students or of project manager. Particularly in systems where the binary line has been removed there have been active measures put in place to encourage experienced academics to acquire higher degrees and/or to develop research interests. Similarly active steps have been taken to cultivate the scholarship of teaching, *e.g.* through bodies such as HERDSA in Australia, SRHE in the United Kingdom, AAHE in the United States and STLHE in Canada; through various development initiatives such as the Teaching and Learning Technology programme (TLTP) in the United Kingdom and the projects sponsored for the Committee for the Advancement of University Teaching (CAUT) in Australia; through disciplinary networks and teaching journals; and through various postgraduate

university teaching qualifications that have been developed in institutions. More neglected fields, in developmental terms, have been the scholarship of application and of integration.

ACADEMICS IN THE SERVICE ROLE

A wide variety of activities can be grouped under the service label, especially in the more entrepreneurial climate within which most institutions of higher education now operate. Thus service roles include activities within the institution and for the institution, as well as those for the discipline or profession. They also include services for the community that are not necessarily directly linked to the institution but permitted by it as part of good citizenship, *e.g.* academics serving on various quasi-official bodies, panels and committees. This is a particularly complex area where tradition and practice appears to vary widely. Arguably the expansion of systems associated with mass tertiary education, which has not been matched with a commensurate increase in funding, has placed additional demands upon the time which academics have available to perform their various roles. From an organisational standpoint much then depends upon the centrality of service to institutional mission. Where it ranks behind teaching and research, service may be the role that is pruned as managers and individuals seek to adjust loads and responsibilities. Conversely where service is central to mission, which one would assume to be the case in community or vocationally-oriented institutions, another role is likely to be curtailed.

With notable exceptions such as some aspects of staff development programmes that are emerging in many systems, academics may not be prepared explicitly for the service roles that they may be expected to perform. Where it does occur, it is more commonly part of in-service development, either ‘‘just-in-time’’, or even post-experience.

CONCLUDING REMARKS

The preceding discussion points towards the need for flexible, responsive, timely, sensitive, grounded, negotiated and tailored approaches to the preparation and development of academics. The voluntary versus obligatory tension may be resolved if such preparation and development is accepted as a professional obligation, part of the responsibility that academics owe to their various clients, as well as to their employers, their disciplines, professional or learned associations and to the funders of higher education.

Whilst academics do not fit neatly into a single universal model, statistical patterns can inform the planning of preparation and development. For the majority of entrants to academia a broadly-based pre-service model could be developed, grounded in their

disciplines, but addressing the needs of modern mass tertiary education systems. It must be good practice to induct all academics, regardless of seniority, into the institution and into the specific roles they are expected to perform at that point in time. Thereafter continuing professional development programmes should be an essential part of the staff development policy of institutions and of the professional obligations of academics. Important questions surround the design, quality control and monitoring of effectiveness of such programmes and of appropriate means of identifying developmental needs.

A recent study in Britain of selected benchmarked companies found that they spent 4.2 per cent of their payroll costs on training and development. Institutions of higher education spend considerable sums on development but much of it is ‘hidden’ within departmental budgets, *e.g.* support for conference attendance. The challenge may be one of level of resource, but attitudinal and organisational matters are crucial. The pressing need is for the development of more appropriate, elaborate, negotiated and responsive approaches, (Gibbs, 1996; Brew and Boud, 1996; Gordon and Partington, 1996; Candy, 1996) clearer commitment to proper standards of preparation and development, and the recording, monitoring and accrediting of these activities.

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INSTITUTIONAL CHANGES IN RUSSIAN HIGHER EDUCATION

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ABSTRACT

The Law on Education of the Russian Federation guarantees the citizens of Russia free higher vocational education on a competition basis at state and municipal education institutions according to the state educational standard, if the education of this level is provided for the first time. At the same time a possibility of receiving higher vocational education on a paid basis both at non-state and state education institutions is stipulated. The indicators for the non-state system of higher vocational education are low: at present there are 193 non-state education institutions with 4.9 per cent of the total number of students; the share of admission is 7.7 per cent and that of graduates is 1.9 per cent. The charge for education ranges from \$300 to \$6 000 per year (1.5 to 30 million rubbles). In comparison, the average salary in April 1996 was 770 000 rubbles and the minimum salary, 76 000. However, in spite of this, according to the VCIOM's national survey (January, 1996) 44 per cent of respondents approve tuition for higher education in addition to free education. The state policy in the education sphere should take into account real financial capabilities of the population and be flexible in combining various ways of meeting social demands.

REASONS

A highly educated population is one of the prerequisites of contemporary competitive economics. However, achieving this objective in Russia now meets serious difficulties. Having declared the priority of education, the State cannot provide for its real development. The financing of educational institutions is often sufficient only to pay salaries and municipal services. Premises, library stocks, computer facilities are in poor

condition in most education institutions. Text books, other manuals and teaching aids are lacking.

The economic instability caused a serious situation in education financing. The share of education expenses in GDP somewhat increased, and in 1994 it was about 4.5 per cent (although it did not reach the level of the beginning of the 1970s). However, according to preliminary data, in 1995 it decreased again to 3.4 per cent. The real expenses on education per person decreased dramatically at the same time (*Progress Academia*, p. 190).

Under these circumstances, it is becoming less and less possible to satisfy the demand for higher vocational education within the framework of the old educational system. Thus, a new adequate structure of higher vocational education is being actively developed while, at the same time, the characteristics of higher vocational institutions are being defined more precisely according to their activities and the content of education.

In the transition period it became necessary to make the education system save and earn money. There appeared an opportunity to solve some of its problems by means of its own capabilities, and in particular due to the development of the private sector. The main reason that the private sector appeared and was strengthened in this sphere was to meet social demands for higher education of a high level and modern content.

Alternative forms of education which initially were added to free education are becoming more widespread but up till now they have demonstrated their independence, high growth rates and competitiveness.

LEGISLATIVE ASPECTS

The new Law on Education of the Russian Federation (January, 1996) guarantees the citizens of Russia free higher vocational education on a competition basis at state and municipal educational establishments according to the state educational standard and if education of this level is provided for the first time.

At the same time, the educational activity of non-state institutions, created by private persons, public and religious organisations, including foreign ones, is allowed in this country. However, the privatisation of state higher vocational institutions is prohibited now. Taking into account the dramatic experience of the privatisation of state industrial enterprises this is reasonable for the time being, but the idea is under discussion and not abandoned for future development.

The Russian Federation education law covers the activity of all education institutions irrespective of their status, though in non-state institutions some of its provisions are used as approximate.

The emergence of new educational forms caused radical institutional changes within the system of higher vocational education that currently have both positive and negative consequences.

The appearance of competitiveness in the education system, meeting the social goals and demand for payable services of a part of the population, use of highly educated researchers and professors, the trial launching of new education programs, methods and organisational forms are positive consequences of the changes.

The negative aspects are connected mainly with the social and economic situation in Russia. First the high prices for educational services. The education institutions set tuition fees on their own, and are oriented mainly to the material possibilities of the elite. Moreover, the fees are changing rapidly because of high inflation rate, even during the academic year, causing difficulties for students.

Serious problems arise because of some unsolved legislative aspects. For example, the status of the certificate of the graduates of non-state educational institutions has not been clearly determined. The problem is in the official registration of the status of an education institution itself. The last point should be clarified.

A non-state education institution should not only be registered, but it must also have a license giving it the right to perform educational activities. This license is issued by a state body following a special expertise. In this case the goal of the expertise is to ascertain whether or not conditions for the educational process in a given institution correspond to state and local requirements, including buildings, sanitary norms, facilities, staff professional qualifications, etc. As regards content and organisation or teaching methods, these aspects of the educational process are not reviewed under the expertise.

In the licensed education institutions, the graduates – after taking their final exams – receive a document that confirms their receiving education in this particular education institution.

An institution is granted the right to issue a document of a state status confirming a corresponding level of education to its graduates only after receiving state accreditation. The main goal of the accreditation is to ensure that the content, level and quality of graduate training correspond to the requirements of the state educational standards.

The accreditation of a new education institution is granted under the following conditions: First, it can be granted after the first group of students has graduated; second, the institution has been licensed for at least three years; third, at least half of the preceding year's students have passed the final exams successfully.

Taking into account that most non-state education institutions are relatively recent, their accreditation still has to be granted. For example, in Moscow only four non-state institutions have successfully passed the procedure of accreditation.

The problem is the status of the certificate received by the graduates of those non-accredited education institutions. This causes the understandable lack of confidence of freshmen and students as to this document and its validity on the labour market.

However, these are normal problems caused by growing pains. From my viewpoint, the positive consequences of the development of the non-state sub-sector within the education system are already obvious.

BASIC INDICATORS

The basic indicators of the activity of higher vocational institutions are presented in Table 1.

The indicators of the non-state system of higher vocational education are low in Russia. Although 193 non-state education institutions, or one in four, have this status, only 135 500 students (4.9 per cent of the total number) study there; 52 400 students (7.7 per cent of the total) are admitted in the first year and 7 700 (1.9 per cent) graduate (*Higher Education in Russia*, p. 10).

Given these numbers, the outlook for the non-state system is quite positive, as its high growth rates show (see Figure 1). During the last three years, the number of state institutions increased by 18, while the number of non-state institutions by 115, this is more than double. Despite some fluctuations in the growth rates of other indicators, the growth tendency can be shown.

Since recently, the extension of non-state institutions in higher education has become a major phenomenon in large cities, above all in Moscow – the centre of R&D and higher vocational education: 42.6 per cent of students, 44 per cent of freshmen and 55.8 per cent of graduates of non-state higher vocational institutions concentrate there at present (*op. cit.*, pp. 30-32).

Taking into account the initial period during which the non-state sector in higher vocational education is being established, a pattern of development is quite normal.

Higher education has three levels, both in state and non-state institutions. The first level corresponds to incomplete higher education. The second level provides basic higher education, it implies training through a basic educational program of baccalaureate; and the third concerns master courses and traditional higher educational programs.

While in state institutions the traditional form of education mainly remains and more than 90 per cent of graduates receive a specialist diploma, the managers of non-state institutions try more actively to apply international standards of education and to award new educational degrees: in 1995 18 per cent of graduates became bachelors and 8 per cent masters (*op. cit.* p. 37).

EDUCATORS

The average monthly salary in higher vocational institutions is low. In 1995 it was equal to 75 per cent of the average monthly salary for the whole population and 118 per cent in the educational sector (excluding social bonuses) (*op. cit.*, p. 44). Therefore, non-state institutions providing higher salaries can solve the problems of their staff more easily.

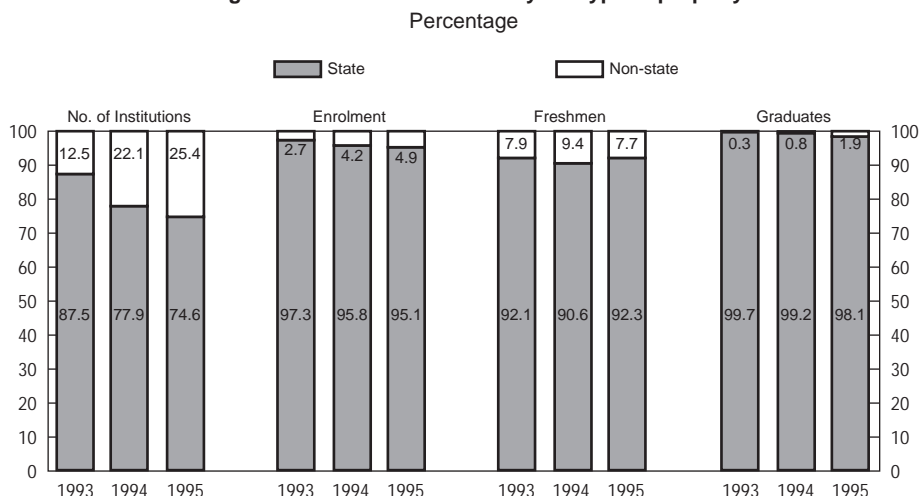
Table 1. Activity of higher vocational institutions by type of property

(At the beginning of the academic year)

| | Institutions | | | Enrolment, thousand persons | | | Freshmen, thousand persons | | | Graduates, thousand persons | | |
|-----------------------------------------------|--------------|---------|---------|--------------------------------|---------|---------|-------------------------------|---------|---------|--------------------------------|-------|-------|
| | 1993/94 | 1994/95 | 1995/96 | 1993/94 | 1994/95 | 1995/96 | 1993/94 | 1994/95 | 1995/96 | 1993 | 1994 | 1995 |
| Total | 626 | 710 | 759 | 2 612.8 | 2 644.6 | 2 777.5 | 590.7 | 626.5 | 677.8 | 445.0 | 409.9 | 402.3 |
| State including: | 548 | 553 | 566 | 2 542.9 | 2 534.0 | 2 642.0 | 543.5 | 567.7 | 625.4 | 443.6 | 406.5 | 394.6 |
| Federal property | – | 515 | 525 | – | 2 385.5 | 2 487.2 | – | 534.1 | 586.8 | – | 382.0 | 371.7 |
| Property of the subjects of the federation | – | 32 | 33 | – | 132.1 | 132.1 | – | 28.6 | 31.1 | – | 22.2 | 20.5 |
| Municipal property | – | 5 | 5 | – | 10.2 | 11.0 | – | 2.9 | 2.9 | – | 1.4 | 1.3 |
| Others | – | 1 | 3 | – | 6.2 | 11.7 | – | 2.1 | 4.6 | – | 1.0 | 1.1 |
| Non-state | 78 | 157 | 193 | 69.9 | 110.6 | 135.5 | 47.2 | 58.8 | 52.4 | 1.4 | 3.4 | 7.7 |

Source: Centre for Science Research and Statistics, 1996.

Figure 1. The structure of enrolment, freshmen and graduates of higher vocational institutions by the type of property



Source: Centre for Science Research and Statistics, 1996.

Thirteen thousand educators are employed there, 65 per cent of whom are engaged in several activities. The latter are part-time personnel, who hold their main jobs in other educational or R&D institutions, enterprises, state bodies, etc. Such additional activity not only provides the means to transfer contemporary knowledge and skills to students, but is also an important source of additional income.

The high professional qualification of the academic staff in non-state institutions should be noted: 2 000 are doctors and 6 300 are candidates of sciences, and there are 244 foreign specialists teaching positions (*op. cit.*, p. 43).

SPECIALISTS

During the last few years many changes have taken place in the structure of higher vocational institutions in response to the demand from the labor market for specialists. Appreciable quantitative and qualitative shortages of economists and jurists for management, marketing, bank activities, finance, as well as investment problems, resulted in the demand for these specialists in particular, and the development of education in these fields. The non-state education institution reacted immediately and tried to fill the gap.

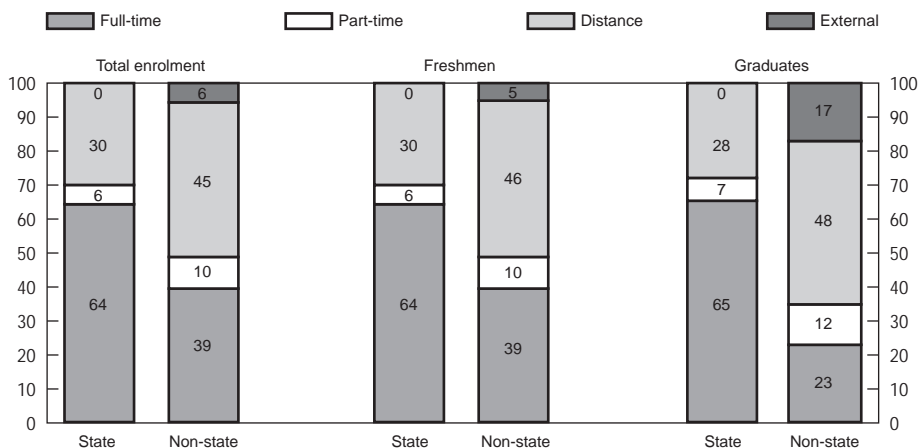
Thus, the non-state institutions are oriented mainly towards economics, management and humanities: in 1995 these specialists included more than 90 per cent of the total number of enrolments and admissions, and more than 80 per cent of graduates (*op. cit.*, pp. 35-36). At the same time, natural sciences and engineering are practically beyond their sphere of interest. Although in state institutions the share for humanities and economics in terms of the above mentioned indicators constitutes 35, 38 and 31 per cent respectively, their activity in these fields is 5-10 fold higher (*op. cit.*, pp. 33-34).

TYPE OF ATTENDANCE

Types of attendance differ greatly between state and non-state higher education institutions (see Figure 2) (*op. cit.*, pp. 26-28).

In the state educational system the full-time students constitute 64 per cent of the total number, 6 per cent attend part-time (evening courses) and 30 per cent receive distance education. The corresponding indicators as regards the freshmen and graduates have nearly the same proportions.

Figure 2. **Type of attendance in state and non-state higher vocational institutions**
Percentage



Source: Centre for Science Research and Statistics, 1996.

At the same time, in the non-state institutions, more than half of the educational activity is represented by distance and external courses and the indicators of full-time education are lower: 39 per cent of freshmen and total enrolment and only 23 per cent of graduates. On the one hand, this is a positive situation – part-time, distance and external education expand the opportunities for vocational education and improvement skills not only for school leavers and large city residents, but also for adult employed persons no matter where they live. People now realise that their options for career choice are limited, especially in terms of second higher vocational education of the required specialty. On the other hand, the serious negative consequences is that this type of attendance reduces the quality of the “end product”.

COSTS

One must pay to study in non-state higher vocational institutions.

Except at state (municipal) institutions, educational services (even within the framework of basic curricula) may be provided on a payment basis. The legislation provides that the share of corresponding students does not exceed 25 per cent of the enrolment. The number of such freshmen in 1995 was about 40 000, or 10 per cent of the overall admission. Thus, two problems are being solved at the same time, namely, meeting the demand in educational services and providing additional financing for state institutions.

Tuition fees range from \$300 to \$6 000 per year (or about 1.5 to 30 million rubbles). In comparison, the average salary in April 1996 was 770 000 rubbles and the minimum salary was 76 000. In 1996, the most expensive institutions in Moscow were: the Moscow Institute of International Relations (\$4 000 to \$6 000 per year), the Institute of International Law and Economics (\$3 000 to \$4 500), the Academy of Music (about \$4 000); and most accessible was the tuition in pedagogical institutes.

PERSONAL EDUCATIONAL CREDIT

The state education policy should take into account real financial capabilities of the population and be flexible in combining various ways to meet social demands. One of the ways is to establish a system of personal educational credit which is widespread in many countries.

Setting up the procedure for providing and repaying a personal educational credit is in the competence of the state bodies. The personal educational credit will not only provide support to the high number of young people and smooth down the consequences of the social stratification by opening additional opportunities for receiving higher vocational education, but will, at the same time, stimulate the competitiveness in this sphere.

Such an approach has already been stipulated in the new law; different models have been elaborated; however, up to now, nothing has been realised.

PUBLIC OPINION

According to the VCIOM's nationally representative surveys (VCIOM, pp. 66, 68) the support for paid forms of higher vocational education in addition to free forms is rather high (see Table 2).

The opinion of most respondents regarding this question has already taken shape. Half of them believe that higher vocational education should be more or less free. But nearly the same number support the idea that both (free and paid) forms are needed. It is true that the share seeking free education is increasing (principally owing to the worsening of the living standards in most Russians families). At the same time, the number of those who support the second option has decreased slightly after a striking increase in the initial period of reforms. However, it should be emphasised that this idea remains popular. As to the transition to mainly paid services, such an approach did not enjoy great support in the past and has, by now, practically lost all public appeal.

The more active advocates of both free and paid forms of higher vocational education are the young, those who are highly educated themselves, have a stable material position, a high social status and, finally, residents of Moscow and St. Petersburg, their share being about 60 per cent within these groups of the population.

Table 2. **Attitude towards different forms of higher vocational education***
(In % to the number of respondents)

| Choice of answers | 1991 | 1993 | 1994 | 1995 |
|-------------------------|------|------|------|------|
| Mostly free | 33 | 33 | 46 | 49 |
| Both forms are required | 37 | 49 | 44 | 44 |
| Mostly paid | 9 | 10 | 5 | 3 |
| Difficult to answer | 21 | 8 | 5 | 4 |

Note: Question: "In Your opinion, should higher education be mostly free, mostly paid, or both forms are required?"
Source: VCIOM, 1996

CONCLUSION

To summarise, it is necessary to say that the system of higher vocational education in Russia is now facing serious difficulties caused mainly by the long-term social and economic crisis and the transition to new economic relations, including those in the education system. The benefits are that: the system is alive and the last indicators show

some positive dynamics; we have now a legislative basis more or less adequate for the new conditions and corresponding institutional changes; and the population of Russia realises the importance of higher vocational education even in the face of current problems in the labour market.

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DECENTRALISATION AND DIVERSIFICATION IN SPAIN

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ABSTRACT

Between 1970 and 1980 the expansion of higher education in Spain focused on human and social sciences and favoured the growth of the more academic five-year degrees. At the beginning of the 1980s, Spain presented a shortage of graduates in science and technology, as well as a deficit of students of first level programmes of higher education.

This paper analyses whether the main reforms of the 1980s, namely institutional autonomy and regional decentralisation, have helped restore the balance between supply and demand of higher education.

It is found that, in spite of the importance of economies of scale, regional governments have created eleven universities over the last decade (while the central Government created four). These new institutions have brought about rapid changes in supply, reflected in a significant growth of technical studies.

INTRODUCTION

Since 1970, university education has been continuously expanding in Spain. Total enrolment has grown from 330 000 students to almost 1.5 million in 1995. Gross enrolment rates at the University have risen very rapidly from 13 per cent in 1971, to 22 in 1981 and 44 per cent in 1995.

The growing number of university students has run parallel to the increase in the number of universities and centres. During the period 1970-1990, the number of public universities doubled going up from 18 to 35, whilst the number of private universities

remained unchanged (4). The latter, however, have been increasing during this decade of 1990. Today Spain has a university system of 54 institutions, comprising 44 public universities and 10 private universities which enrol less than 5 per cent of the total number of students.

Since 1980, several important changes have taken place in the Spanish system of higher education. First, decentralisation. Seven autonomous regions have been running their educational systems in the last decade, while the Central government has remained responsible for the other ten regions. Secondly, the University Reform Law (LRU) of 1983 recognised the autonomy of universities, both in academic and financial terms. Thirdly, since 1989, curricula are being renewed in all universities. At the same time, the educational reform of 1990 has introduced vocational programmes of higher education which are expected to attract a significant number of people by the end of this decade.

The purpose of this paper is to investigate the effects of all these reforms on diversification and specialisation in higher education. Next section describes briefly the new programmes of vocational higher education. In the third section the reform of university curricula is summarised. The fourth section studies the evolution of the average size of public universities and estimates the importance of economies of scale. The fifth section analyses the evolution of tertiary enrolment by type of programme, comparing the behaviour of universities run by the central government and those run by the regional governments. The sixth section summarises the main conclusions.

NON-UNIVERSITY HIGHER EDUCATION.

Traditionally, higher education in Spain has been synonymous with university education. The non-university higher education sector has been rather limited. It included the military academies, the schools of performing arts and institutions with short-cycle programmes in restaurant skills or tourism. During the 1980s students numbers in these programmes have increased from 31 000 to 42 000. However, in the near future most of these studies (tourism, navigation, restaurant skills) are going to be offered by the universities which tend to absorb all forms of higher education.

However, the educational reform passed in 1990 has created new programmes of higher education outside the university sector. The new law requires all students to follow Compulsory Secondary Education (comprehensive) until age 16. Before this reform, education was compulsory only for children aged 6 to 14.

Specific vocational training programmes have been upgraded because they will follow this new secondary education which includes basic technical training for all students. It is also expected that this will break the traditional tendency of poorly qualified students to go to vocational training, which tended to be considered by some people as "second-class" education.

An important feature of the reform is the introduction of vocational programmes of higher education (*FP de Grado Superior* or FP-GS) open to students who have completed

post-compulsory general secondary education (until age 18). Graduation from FP-GS will give students access to 3-year programmes at the University.

The introduction of the new system in 1994 has followed a period of experimentation (started in 1987) and will be gradual (22 400 students in 1995). It is expected that it will be completed by 1999.

General features of the reform should be remarked. First of all, curricula have been designed by 23 teams formed by professionals in different areas, qualified teachers and members of the educational and labour administration. These new curricula are approved by the Central Government, although 30 per cent of their contents can vary from one school to another, in an attempt to bring training close to the needs of the productive system in each region. Secondly, vocational training modules include practice work in local firms. The number of places available is negotiated in each of the 50 provinces of Spain by firms, unions and the educational administration.

These reforms are probably the most important challenge which the Spanish educational system is going to face in the next few years. Technical innovations, development of new products, and other economic changes require the continuing training of workers. The implementation of the new primary and secondary educational programmes may guarantee that individuals entering the labour force in the future are adequately equipped to undergo training at work when needed. Moreover, it is expected that the new programmes of higher education will be an attractive option to university education for students graduating from high school.

REFORM OF UNIVERSITY CURRICULA

Since 1989 curricula are being renewed in all universities; in most cases, the main 5-year degree is reduced to 4 years, while technical degrees of architect or engineer will be obtained after 5 years of schooling (6 years before the reform). First level programmes will still last 3 years.

New curricula are being created in many cases by mixing existing disciplines. More flexibility is also introduced by allowing students to move from a first-level programme (3-year degree) to several second-level programmes.

The Council of Universities establishes the requirements that have to be fulfilled by the curricula created by each university:

- at least 30 per cent of their contents are common to all universities (compulsory subjects);
- at least 10 per cent of their contents have to be freely chosen by students;
- there is a maximum and minimum number of class hours, by degree.

Thus, the Council is responsible for establishing the general guidelines and the core subjects which constitute the minimum uniform contents corresponding to the same official degree recognised nation-wide. The Academic Committee of the Council (formed by the presidents of all public Universities) also approves the curricula proposed by each university in accordance with the general guidelines. It is likely that a complete liberalisa-

tion of curricula could lead to increased diversification in the catalogue of degrees offered by universities.¹

However, in Table 1 we can see that, even with this “regulated” reform, the number of degrees offered by the university system has more than doubled, from 55 to 131. This growth has been more noticeable in the case of technical studies (from 20 to 57 degrees) and short programmes leading to a 3-year degree (from 20 to 58 programmes). In both instances, the Council of Universities appears to be answering demands of the labour market. It is usually believed that there is a shortage of graduates from short programmes and from technical programmes as well. This belief is supported by recent figures on unemployment probabilities by field of study (see Table 5 and Table 6 below).

NUMBER AND SIZE OF PUBLIC UNIVERSITIES: ECONOMIES OF SCALE

During the last fifteen years, the regulatory framework faced by universities has undergone important changes. In 1983 the University Reform Law (LRU) was approved,

Table 1. **Reform of University curricula**

| New University degrees | | | |
|-------------------------|----------------------------|--------------------------|------------------------------------|
| | Type of programme | | |
| | Short: 3 yrs degree (A) | Long: 4-6 yrs degree | Second cycle only (2 years + A) |
| Humanities | – | 21 | 4 |
| Social sciences | 13 | 11 | 4 |
| Exact sciences | 1 | 7 | 3 |
| Health sciences | 6 | 4 | – |
| Engineering | 38 | 11 | 8 |
| Total | 58 | 54 | 19 |
| Old System (until 1989) | | | |
| | Type of programme | | |
| | Short: 3 year degree | Long: 5-6 year degree | Second cycle only |
| Humanities | – | 6 | – |
| Social sciences | 4 | 8 | – |
| Exact sciences | 2 | 7 | – |
| Health science | 4 | 4 | – |
| Engineering | 10 | 10 | – |
| Total | 20 | 35 | – |

Source: Council of Universities (1995).

recognising the autonomy of universities not only in academic matters but also in financial terms. Universities elect their own government bodies, decide their own staffing policy, and approve and manage their own budget. However, all institutions are subject to legal regulations that establish a minimum level for teachers salaries, determine the minimum requirements that are to be fulfilled by different types of professors, and establish the basic characteristics of governing bodies.²

At the time the LRU was passed there were 31 public universities in Spain with a total of 700 000 students. Following the approval of the Spanish Constitution in 1978, the management of the educational system is being transferred to the regional authorities. Seven autonomous regions (the Basque Country, Catalonia, Andalucia, Galicia, Valencia, the Canary Islands and Navarre) have been running their educational systems in the last decade. Until 1995, the Central government has remained responsible for funding and managing the universities located in the other ten regions (the so-called MEC-area or area run by the Ministry of Education). Today there are 44 public universities with a total of almost 1.5 million students, and the Central government is only in charge of supporting the Open University.

In this section and the next we study the effects of autonomy and decentralisation on diversification and specialisation in university education.

Between 1981 and 1995, fifteen public universities have been created. At present, there are 44. Every autonomous region has at least one, and there are institutions of higher education in each of the 50 provinces. However, the average size of public universities has been increasing. In 1970, there were approximately 18 000 students per university, while in 1990, there were 30 000.

In Table 2 we can study the evolution of the size of universities in the 10 regions administered by the central government and in the other seven autonomous regions. It can be seen that at the beginning of the 1980s the average size of public universities was around 22 000 students. Between 1980 and 1995, regional governments have created 11 universities, while the central government has created only four. As a consequence, the average size is 34 000 in the MEC area and 27 000 in the other seven regions.

In Table 2 we can see that the concentration of students at large universities has been diminishing over the last 15 years. But there is also a clear tendency for universities to exceed the number of 20 000 students. In 1995, 25 out of 44 public universities had reached that size, and only six institutions (created since 1989) had less than 10 000 students.

There is some evidence in several countries (Brinkman, 1981; Glass *et al.*, 1995; Lewis and Dundar, 1995) of the existence of economies of scale in higher education. Due to the importance of fixed costs in a university (library, computing facilities, laboratories and other general services), it is a fact that, as the number of students enrolled increases, the cost per student decreases. Beyond a certain limit, economies of scale may be overtaken by diseconomies of scale (organisational problems, transportation, information).

Table 2. **Size of public universities**

| | 1980-81 | 1985-86 | 1990-91 | 1994-95 |
|-----------------------------------------|---------|---------|---------|---------|
| Students (000's) | 302.2 | 385.3 | 506.7 | 611.4 |
| Universities | 14 | 15 | 16 | 18 |
| Students/Universities | 21.6 | 25.7 | 31.6 | 33.9 |
| Concentration %: | | | | |
| – 5 largest universities | 66.8 | 64.5 | 62.4 | 57.8 |
| – 10 largest universities | 93.7 | 90.7 | 86.3 | 82.5 |
| Universities with: | | | | |
| > 50 000 students | 1 | 1 | 2 | 2 |
| < 20 000 students | 6 | 8 | 9 | 11 |
| Regional Governments (7 regions) | | | | |
| Students (000's) | 327.5 | 407.8 | 548.4 | 702.7 |
| Universities | 15 | 15 | 19 | 26 |
| Students/Universities | 21.8 | 27.2 | 28.8 | 27.0 |
| Concentration %: | | | | |
| – 5 largest universities | 59.8 | 58.9 | 53.9 | 43.4 |
| – 10 largest universities | 89.5 | 89.0 | 80.7 | 66.7 |
| Universities with: | | | | |
| > 50 000 students | 1 | 3 | 4 | 5 |
| < 20 000 students | 7 | 8 | 10 | 14 |

Source: Council of Universities and INE.

In the Spanish case, it can be proven that average costs are decreasing, as shown for 1985, 1989 and 1993 in Table 3. According to these estimates marginal costs represent approximately 80 per cent of average costs.

Table 3. **Economies of scale**
 Dependent variable: log of average current cost
 Independent variable: log of enrolment

| Year | Constant | Log of enrolment | R-2 stat | Number of observations |
|-----------------------------------|----------|------------------|----------|------------------------|
| 1985 | 0.3043 | -0.2169 | 0.57 | 29 |
| log average cost | (0.8) | (5.9) | | |
| 1989 | 0.7875 | -0.2162 | 0.55 | 29 |
| log average cost | (2.1) | (5.7) | | |
| 1993 | 1.1346 | -0.2083 | 0.36 | 39 |
| log average cost | (2.5) | (4.6) | | |
| 1993 | 1.0803 | -0.2249 | 0.35 | 39 |
| log of public subsidy per student | (2.1) | (4.4) | | |

Note: Estimation by least-squares. t-statistics in parenthesis.

Sources: Ministry of Education for expenditure figures and National Institute of Statistics for data on enrolment.

Therefore, regional governments face financial incentives to let universities grow. As can be seen in Table 3 (last row), public funding of universities has taken into account the importance of economies of scale. The amount of public funding per student provided by central or regional governments has been a decreasing function of total enrolment. However, universities are often identified as the motors of local growth and regional authorities appear more likely to create new institutions of higher education than the central government. This policy of creating new universities is rather polemical and the quality of old and new institutions has not been compared yet.

DECENTRALISATION AND ENROLMENT BY TYPE OF PROGRAMME

Between 1970 and 1980 the expansion of higher education focused on Human and Social Sciences and favoured the growth of the more academic 5-year degrees. Thus, in 1970 almost 40 per cent of university students were enrolled at 3-year programmes, while in 1980 this proportion fell to 27 per cent. At the same time, enrolment in technical programmes decreased from 30 to 15 per cent. Increasing student demand has led to a substantial rise in the grades required for admission into these programmes.

In this section we consider whether the main reforms of the 1980s, namely institutional autonomy and decentralisation, have helped restore the balance between supply and demand in higher education.

In Table 4 we can verify that the importance of first level programmes has increased from 26 per cent in 1985 to 33.5 per cent in 1995. This expansion has probably been favoured by the creation of 38 new 3-year programmes (as shown in Table 1). However, it is still surprising that only $\frac{1}{3}$ of university students follow short programmes, in a country where other forms of higher education (which could compete with these programmes) are still underdeveloped.

Table 4. **Enrolment by programme: 1970-1995**

| | 1970-71 | 1980-81 | 1985-86 | 1990-91 | 1994-95 |
|-------------------------|---------|---------|---------|---------|---------|
| Enrolment (000's) | 330.7 | 649.1 | 854.1 | 1 140.5 | 1 435.7 |
| % 5 years non technical | 48 | 67 | 67.5 | 63.2 | 57.5 |
| % 5-6 years technical | 12.5 | 7 | 6 | 6.5 | 8.9 |
| % 3 years non technical | 21.5 | 19 | 18.5 | 21.1 | 20.9 |
| % 3 years technical | 18 | 8 | 7.5 | 12.6 | 12.6 |
| % 3 years | 39.5 | 27 | 26 | 33.5 | 33.5 |
| % technical | 30.5 | 15 | 13.5 | 21.5 | 21.5 |

Sources: Ministry of Education and Institute of Statistics.

Table 5. **Labour market for college graduates**

| | 1985 | 1980 | 1991 | 1995 |
|----------------------------------------------------|------|------|------|------|
| Unemployment rates | | | | |
| 3-year university graduates (<i>Diplomados</i>) | 8.9 | 16.0 | 10.1 | 15.9 |
| 5-year university graduates (<i>Licenciados</i>) | 8.5 | 8.5 | 11.3 | 16.6 |
| Total unemployment | 11.2 | 21.9 | 15.9 | 22.7 |
| Earnings differentials | | | | |
| 3-year degree over high school | 19.5 | – | 29.5 | – |
| 5-year degree | 20.9 | – | 17.5 | – |

Source: Active Population Surveys (2nd quarter) for unemployment figures. Earnings differentials are derived from earnings equations estimated in San Segundo (1996) using data from Family Budget Surveys.

It is expected that the proportion of students seeking to obtain a 3-year degree will continue to rise given the situation of the labour market for college graduates. In Table 5 one can verify that the unemployment probabilities of *diplomados* are lower than those of *licenciados*. Moreover, the earnings premium associated to a 3-year degree has increased over the last decade, while the income differential between *licenciados* and *diplomados* has decreased. Graduates derive very large economic returns from the first cycle of university studies.³

Table 4 also shows that the proportion of students following technical studies fell from 30 per cent in 1970 to 14 per cent in 1985. In the 1990s several schools of engineering have been opened in order to satisfy students demand as well as the demands of the labour market (see Table 6) for highly qualified technicians. However, the adequate number of places in these specialised, expensive technical programmes is still being debated.

According to OECD (1992) educational indicators for 1988, Spain had a very low proportion of graduates in science and technology: 14 per cent in comparison to an

Table 6. **Unemployment of university graduates by field of study**

| | 1992 | | 1995 | |
|-----------------|---------------|---------------|---------------|---------------|
| | 3-year degree | 5-year degree | 3-year degree | 5-year degree |
| Technical | 5.3 | 4.5 | 13.6 | 7.5 |
| Health Sciences | 3.6 | 7.4 | 8.7 | 8.9 |
| Exact Sciences | 9.1 | 10.3 | 22.2 | 14.5 |
| Social Sciences | 11.5 | 13.7 | 16.7 | 21.0 |
| Humanities | 13.8 | 16.3 | 28.9 | 19.5 |

Source: Active Population Surveys (2nd quarter).

OECD mean of 24 per cent. In 1992, the proportion in Spain rose to 17 per cent while the mean was 23 per cent. However, several industrialised countries with very large university systems (the United States, Canada, Australia, New Zealand and Italy) also had percentages of scientific degrees lower than 20. It may be concluded that with the expansion of higher education there is a tendency for the specialised and expensive technical programmes not to grow at the same rate as the whole university system.

Table 7 shows that Technical Studies have grown in Spain in the last fifteen years, particularly in the seven autonomous regions not run by the central government, where they now represent 22 per cent of total enrolment. In the MEC-area technical and scientific programmes have slightly lower proportions of students. This is partly due to the importance of the Open University in which Social Sciences and Humanities are overrepresented. Furthermore, it may be concluded that the creation of 11 new universities (post-LRU) have on average 27 per cent of students enrolled in technical programmes.

In Table 7 the evolution of other fields of study in different regions can be observed. The decreasing importance of the Humanities and Health related sciences should be noted. The first case can be explained by the signals sent by the labour market in the form of high unemployment rates (Table 6). The second case is due to a policy of strict limitation (*numerus clausus*) in the number of places available for these studies. These limitations are linked to the number of places available for further training in the public health system.

It may be concluded that adjustments have been easier in the seven autonomous regions not run by the Central Government, probably as a consequence of the creation of 11 new universities. The effects of institutional autonomy are difficult to predict. Autonomy may help maintain the academic *status quo* or it may bring speedy adjustments to

Table 7. University students by field of study

| | 1980-81 | 1985-86 | 1990-91 | 1993-94 |
|-----------------------------------------|---------|---------|---------|---------|
| Central Government (10 regions) | | | | |
| Humanities | 16.2 | 13.0 | 10.6 | 8.6 |
| Social Sciences | 44.1 | 51.5 | 56.4 | 56.9 |
| Exact Sciences | 8.0 | 8.4 | 8.1 | 8.0 |
| Health Sciences | 15.1 | 10.7 | 7.3 | 6.8 |
| Engineering | 16.6 | 16.3 | 17.6 | 19.7 |
| Regional Governments (7 regions) | | | | |
| Humanities | 17.4 | 15.3 | 11.7 | 9.9 |
| Social Sciences | 39.0 | 48.0 | 50.0 | 50.9 |
| Exact Sciences | 8.4 | 8.3 | 7.7 | 8.6 |
| Health Sciences | 20.3 | 12.9 | 9.7 | 8.4 |
| Engineering | 14.9 | 15.6 | 20.8 | 22.14 |

Source: Ministry of Education and Statistics Institute.

meet social needs. In the Spanish case the latter result is not very likely, given that most public universities do not face strong competition to attract students. The admission system organised in regional districts creates severe dysfunctions and does not help to bridge the gap between demand and supply of higher education.

CONCLUSIONS

1. Traditionally higher education in Spain has been synonymous of university education. However, the educational reform of 1990 has created vocational programmes of higher education which are expected to enrol a significant number of people by the end of this decade, constituting an attractive alternative to university education.
2. The recent reform of university curricula has increased the number of degrees offered by the university system from 55 to 131.
3. The majority (25 out of 44) of public universities have more than 20 000 students. There is statistical evidence of the importance of economies of scale in university education.
4. Between 1980 and 1995, regional governments have created eleven universities while the central government has created only four.
5. The proportion of students following first-level programmes has increased from 1985 to 1995. The economic returns to 3-year degrees have risen during the 1980s.
6. Technical studies have also grown over the last fifteen years. The process of regional decentralisation has favoured all these adjustments through the creation of eleven new universities.
7. Existing universities do not usually have enough incentives to adjust rapidly to changes in demand. Two types of reforms could generate these incentives. First, regional authorities could introduce financing formula that link funds to student demand.⁴ Secondly, the Council of Universities could approve the establishment of a single national university district. The lack of competition between different regions to attract the best students is probably one of the worst features of the Spanish university system from the point of view of the efficient allocation of resources.

NOTES

1. See Guin (1990) for a similar analysis of the system of national guidelines in France.
2. See Pedró (1988) and Camino and San-Segundo (1996) for descriptions of the financial autonomy of universities during the last 25 years.
3. Detailed analysis of earnings differentials and other economic returns of higher education are provided in Alba and San-Segundo (1995) and San-Segundo (1996).
4. See Mora and Villarreal (1995) for a description of a new financing system in the region of Valencia.

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STRATEGIC CHANGE IN HIGHER EDUCATION: THE ROLE OF A FUNDING COUNCIL

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ABSTRACT

The UK Government's most recent expenditure plans indicate that resources available for higher education in Scotland are likely to continue to decline with, over a three-year period, a reduction in funding of 10 per cent in real terms or 11 per cent per full-time equivalent student (FTE). Against such a background, the Scottish Higher Education Funding Council believes institutions must be encouraged to develop and implement innovative strategies for maintaining their institutional responsiveness and vitality whilst at the same time maintaining their financial viability for dealing with financial constraints over the longer term. The framework the Council is using to promote discussion in the management of institutional transformation and change in institutions is described, including a possible approach to strategic analysis and strategy formulation which institutions might undertake as part of strategic planning. The Council has established a Strategic Change Grant to facilitate strategic adaptation and change and the paper examines alternative priorities for its use.

INTRODUCTION

Scotland is a small country on the fringe of Europe, competing in an increasingly global and highly competitive market for higher education. The Scottish Higher Education Funding Council (the Council) believes that the challenges facing higher education today can best be addressed by institutions through the conduct of rigorous scenario

analysis and effective strategy formulation, planning and implementation. It also believes the pendulum is swinging away from competition within Scotland towards collaboration and strategic alliances for Scotland.

THE PLANNING FRAMEWORK AND THE ROLE OF THE FUNDING COUNCIL

The Council is the government body in Scotland responsible for funding higher education. It is a “Non-Departmental Public Body” or in earlier terminology a “Quango”. Institutions in receipt of Council funds, whilst accountable for the use of those funds, are fundamentally autonomous (Sizer and Mackie, 1995). The responsibility for ensuring the academic vitality and financial viability of the institution rests squarely with the governing body. The Council is not a planning body but pulls funding levers to give strategic steers to institutions.

The Council takes the view that more autonomous the institution the more adaptive and responsive it is likely to be in meeting the needs of the economy and society. Its wish to optimise institutional autonomy is characterised by proven desire to minimise top slicing of Council funds and a management style that does not try to second guess institutional managements. It holds firmly to the view that resource allocation decisions at the institutional level should not mirror those of the Council but should reflect the institution’s strategic priorities and flow from its integrated academic, physical and financial plan. The Council does, however, have a clear and well defined responsibility to ensure the most effective and efficient higher education system possible within the funds made available by the Secretary of State. If this necessitates the use of financial incentives to oil the wheels of change to ensure optimal use is made of public funds, the Council has a responsibility to develop and implement an appropriate set of incentives.

When discussing the management of institutional transformation and change, the Council is conscious of the tension between its role and responsibilities and those of the governing bodies. It wishes to optimise the congruence between the respective roles and work with institutions to facilitate institutional adaptation and change. It has emphasised the key role of the Governing Body in determining the strategic direction and approving the strategic plans of the institution not the Council. The Council also recognises that if institutions are to implement strategic change, principals and their senior management teams must be agents for change, capable of carrying plans for change through senates and academic councils, securing ownership and commitment within institutions, and delivering their implementation. It is individual governing bodies and senior management teams who will drive the strategic management process not the Council.

In March 1996 the Council informed institutions (Circular Letter No. 16, 1996) of the reductions in funding in 1996-97, and of the further reductions in 1997-98 and beyond, which underpin the Government’s expenditure plans. They were advised that these reductions would require institutions to develop and implement innovative strategies for dealing with financial constraints over the longer term. These strategies will need

to deliver cost reductions as well as sustained efforts to secure further improvements in the use of resources. Against this background, a major decision of the Council was to reduce significantly for 1996-97 the amount of resources top-sliced for time-limited initiatives, and to re-focus the remaining sum to support strategic change in the longer term. The Council therefore allocated a total of up to around £7M for grants to support strategic change in the sector in 1996-97 and it has also decided to set aside about £10M each year (about 2 per cent of the resources available) for this purpose after 1996-97.

The primary purpose of the Strategic Change Grant in 1996-97 is to encourage and enable institutions to conduct the analyses which will help determine their consideration of future strategies, and their preparation of the fully revised strategic plans which the Council will require to be presented in the summer of 1997. The Council's objectives, in the provision of Strategic Change Grant beyond 1996-97, will be to stimulate the strategic change which will be needed for institutions to respond to the needs of the next century within the constraints of limited public funds. In May 1996 (Consultation Paper No. 02, 1996) the Council consulted institutions on the broad principles which the Council should adopt in allocating the Grant in future years. It is a relatively small fund when compared to the total resources allocated by the Council and it is important that it should be used effectively to facilitate strategic adaptation and change within and between institutions.

The consultation letter included, as an Annex, a paper entitled "The Management of Institutional Adaptation and Change" to promote discussion in higher education institutions about the rapidly changing environment in which they operate, and to consider the various measures institutions might take to maintain the quality of their teaching and research and to remain financially viable. The paper does not represent Council policy, but is intended to provide some indication of the issues which might be addressed through Strategic Change Grant, and to highlight aspects of scenario analyses, strategic analysis and strategy formulation which institutions might undertake as part of strategic planning. There was a broad welcome for the consultation paper, including the analytical models contained in the Annex. A number of responses felt it provided a stimulus for strategic thinking which was particularly appropriate in a time of considerable financial constraint.

SCENARIO ANALYSIS

"Scenario analysis" can be defined as the process by which institutions examine the political, economic, technological, educational, demographic and other trends which will affect them in the foreseeable future. Effective scenario analysis and scenario planning may enable institutions to develop their strategic planning process through identification and evaluation of the various strategic options which are open to them. The process will, of course, identify areas of uncertainty, as well as providing information on possible future trends.

Within the United Kingdom, institutions of higher education are faced with very real and immediate financial problems. In Scotland the Government's most recent expenditure plans indicated that units of resource were likely to continue to decline with, over a three year period beginning 1996-97, a reduction in funding of 10 per cent in real terms or 11 per cent per FTE. The continued pressures on other areas of public expenditure give little prospect to higher education institutions of a more favourable position in the next few years.

A number of other external factors will affect funding and student demand, including:

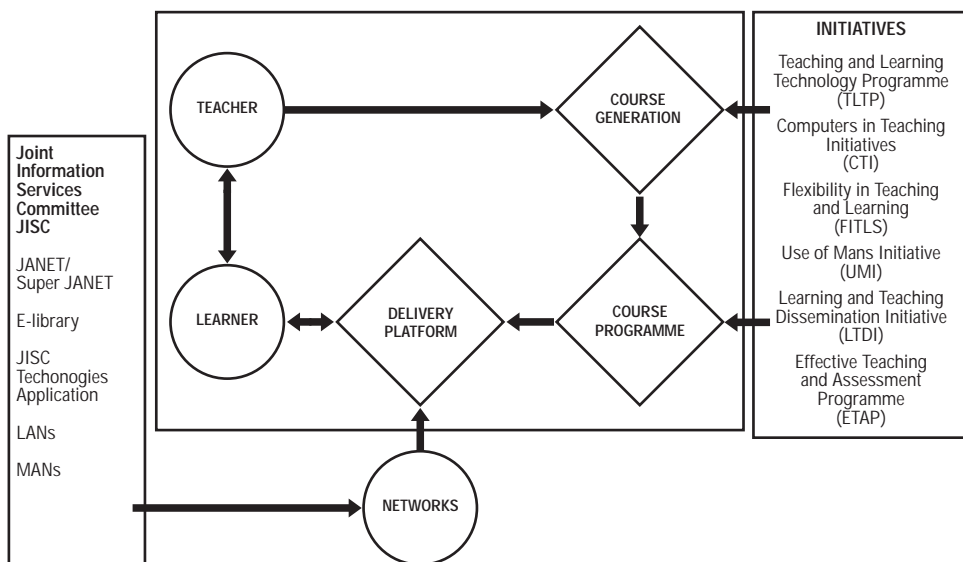
- increased selectivity in the allocation of research funds;
- increased competition for students;
- changes in financial support for students, including the withdrawal of the mature students' allowance and the increasing difficulties for students in funding attendance at taught postgraduate courses;
- pressures to reduce the length of undergraduate degree courses; and
- potential growth in demand for "life long learning" from graduates and others who wish to improve or to update their qualifications.

The squeeze on core Government funding is likely to impact negatively on the financial health of institutions and therefore on their capacity to gear up government funding as well as service existing and new private debt finance. In these circumstances it is all too easy for institutions to manage for short term survival and lose sight of long term trends and their strategic implications.

INFORMATION TECHNOLOGY

Two of the forces transforming the international business environment are wide-spread and rapid technological change and innovation (leading to increased globalisation and the proliferation of knowledge) and an increased focus on the needs of the consumer. These forces are also affecting higher education world wide. Although Scotland leads the United Kingdom in the development of wide-based communication highways and networks, on a global scale such developments represent a new competitive threat as well as an opportunity. As illustrated in Figure 1, these networks have significant long-term implications for the ways in which teaching and learning material is developed (the **production** function) and how it is delivered (the **transmission** function). These two functions could be separable and it may be an important part of institutions' scenario analysis to consider how they can specialise in, or withdraw from, the production function in various subject teaching programme areas, and how they can most effectively and efficiently undertake the transmission function.

Figure 1. **Production vs transmission:
the impact of information technology on teaching and learning**



Source : Authors.

SUBJECT AREA ANALYSIS

Against the background of increased competition and continuing funding pressures, a major challenge for each institution's governors and senior managers is how to maintain the institutions' capacity to adapt and innovate, while at the same time maintaining academic quality, national and international standing and financial viability. In these circumstances, the consensus within the institution may be to maintain the *status quo*; doing nothing is easier than making and implementing difficult strategic choices. Doing nothing is an untenable option.

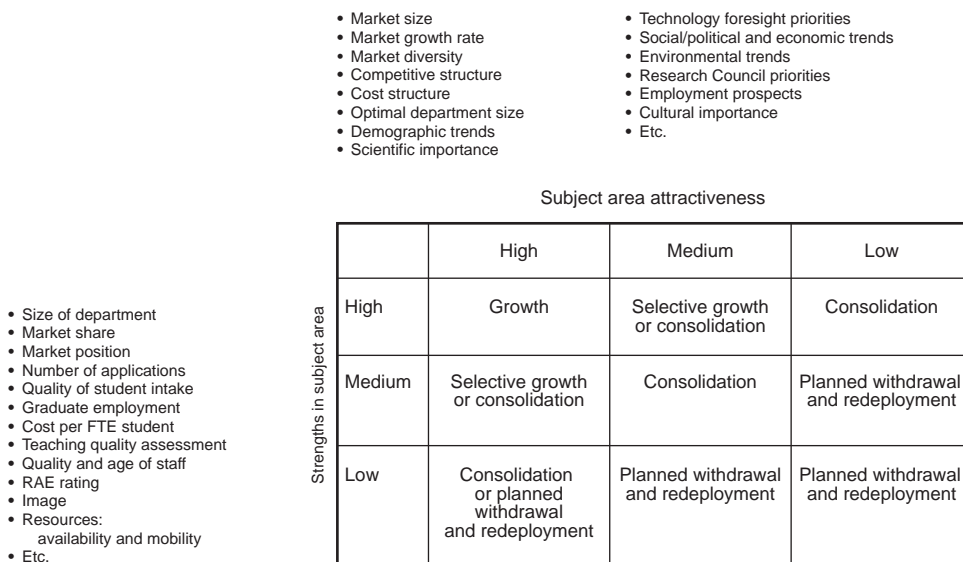
Senior managers will need to consider strategic options for their core academic areas as part of their scenario analysis and planning, which may require them to undertake analysis of key markets linked to competitor profiling and benchmarking. This in turn will lead into strengths, weaknesses, opportunities and threats analysis (SWOT) and/or portfolio analyses. The Consultation paper was intended to stimulate discussion within

institutions on the Council’s role in assisting institutions in managing strategic transformation. To that end the Annex focused on portfolio analysis.

Sizer (1982) argued at the 1980 General Conference that the evaluation by an institution of its portfolio of subject areas can provide a starting point for developing strategies for core academic areas and also for discussion with other institutions and the Council on opportunities for regional and national collaboration and rationalisation. Institutions can evaluate systematically their areas of strength and weakness, and the portfolio analysis can be used to develop the framework and information base from this evaluation. It may relate future subject area “attractiveness” to an institution’s relative strengths in that subject area. This process is shown, at a simplified level, in Figure 2.

In practice, it is likely that at least the larger institutions would wish to undertake separate analyses for teaching and research. Individual institutions will also define “strengths in the subject area” and “subject area attractiveness” in a great variety of different ways. In addition, it would not be reasonable to expect an analysis of this sort to be undertaken by mono-technic institutions or institutions with a very limited subject range.

Figure 2. Institution directional policy matrix



Source: Authors.

The range of options for institutions in each of their subject areas may be summarised as:

- growth;
- consolidation;
- withdrawal;
- redeployment;
- development of emerging new priority areas.

In practice, these options may not all be available. In a climate of financial stringency institutions may not be able to support new developments, which may be multi-disciplinary in emerging areas with high future attractiveness without the transfer of resources from other areas. Some areas of low strength and low attractiveness may be complementary to areas of strength. Withdrawal options will, in any case, tend to be expensive and, potentially, traumatic. An institution with a strong portfolio may be able to support a number of weaker areas without any disadvantage, particularly if they are not highly resource intensive and they complement strong areas, or if they are seen as central to the life of an institution. In addition, institutions may take into account the opportunities for rationalisation and collaboration with neighbouring institutions. There are also the problems which may arise if a number of institutions wish to withdraw from a particular subject area, leaving insufficient capacity nationally to meet student demand. This raises the question of how do you optimise the congruence between the Funding Council's sector wide responsibilities and the sum of the actions of the institutions it funds? These are sensitive questions and the responses to the consultation formed the basis of a discussion between Council members, chairs of governing bodies and principals at a seminar in September 1996.

Figures 3 and 4 provide illustrative examples of the results of portfolio analysis.

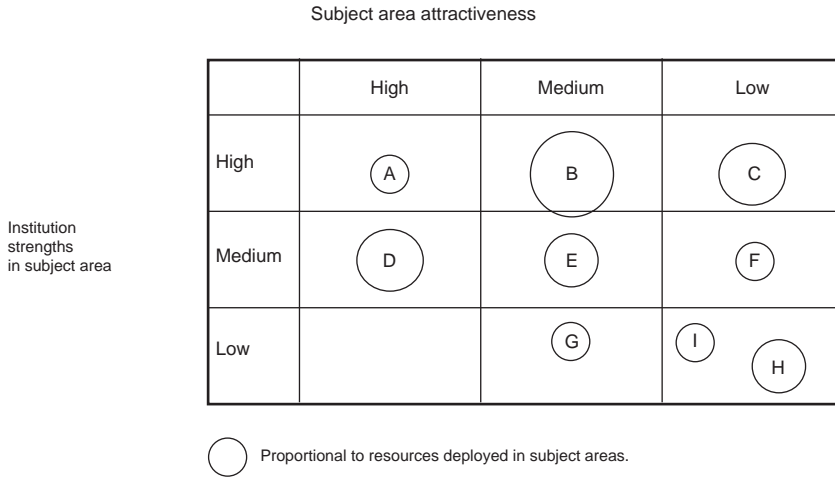
Figure 3 contains a simplified portfolio (in practice a university or college would have more subject areas). Assuming that the size of the circles is proportional to the resources deployed in the particular subject area, then the institution with the portfolio in Figure 3 might wish to withdraw from subject areas (I) and (H) to provide more support for (A), but might continue to support (F) and (G) because it has a number of strong positions in consolidation areas.

The institution with the portfolio illustrated in Figure 4 is in a weaker position with many "low attractiveness" areas and few growth and consolidation areas. However, it has three relatively small emerging priority areas, (A), (G) and (M). The institution might consider whether it can provide further support for these areas. Particularly if (A), (G) and (M) are resource-intensive areas, the institution may require to provide this additional support by withdrawing from a number of weaker areas.

If the institution faces increasing financial stringency, the greater may be the need to have a sound strategy to withdraw resources from weaker areas in support of emerging priority areas.

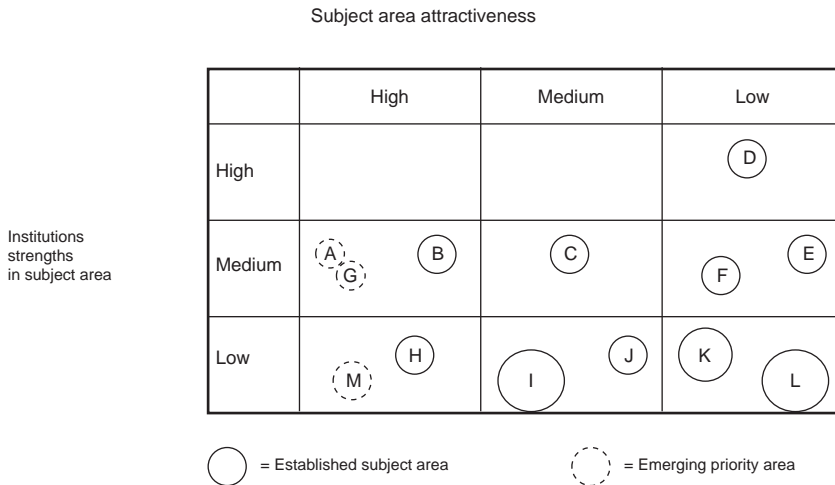
Figure 5 (which is not comprehensive) suggests that there is likely to be a range of options, falling short of complete withdrawal, which may be available for institutions to deal with areas of relative weakness. For example, there may be clear potential for

Figure 3. **Strengths, weaknesses and resources**



Source: Authors.

Figure 4. **Established vs emerging areas**



Source: Authors.

Figure 5. **Subject area, research and teaching programme discontinuance and alternate options**

| Continuation | Alternatives | | Termination |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| | Modification | Merger/Collaboration | |
| Contingent continuation: Research programme Teaching programme Unit/department | Changes in: Nature of research programme Structure of teaching programme Curricular design Modes of production Modes of delivery | Merger: Internal External Generic Thematic | Phase → Down → Out Elimination: Research programme Teaching programme/course |
| Conditional continuation: Research programme Teaching programme Unit/department | Budget reductions Budget increase Elimination of specialist options General phase-down | Strategic Alliance Consortia Collaboration: Internal External | Closure: Unit/Departement/Faculty Institution |

Note: It will be recognised that the options and terms are not mutually exclusive but illustrate the options available to implement strategic decisions.

Source: Authors.

beneficial co-operation/collaboration with another institution. Such co-operation may be assisted by the opportunities made available through the development of the MANs, allowing some institutions or departments within institutions to concentrate on **transmission** rather than **production**.

Institutions undertaking portfolio analysis may “map” on to it the effect of external events such as the priorities in the United Kingdom Government’s Technology Foresight Programme, 1996 Research Assessment Exercise, Autumn 1996 student intakes and the 1997-98 funding round, before incorporating the analysis into their 1997 strategic plans (see Figure 6). Such an analysis might also form the basis of a proposal for support from the Strategic Change Grant, particularly if it can be presented as a detailed action plan.

Figure 6. **Departments/organisational units: future strategies for teaching and research**

Research assessment units strategies

Future attractiveness post RAE 1996
and technology foresight priorities

| | | | |
|------------------------------------|--------|----------------|-----------------------|
| | High | Medium | Low |
| Past attractiveness | High | Expand/protect | Consolidate |
| Pre RAE 1996 and TFP priorities | Medium | Build | Consolidate |
| | Low | Build | Consolidate/build |
| | | | Withdraw and redeploy |

Informing: departments/organisational units strategies

Future research attractiveness

| | | | |
|-----------------------------------|--------|--------|------------------------------------|
| | High | Medium | Low |
| Future teaching attractiveness | High | T + R | T + R |
| | Medium | T + R | T + R |
| | Low | R only | R only or withdraw and redeploy |
| | | | T only |
| | | | T only or withdraw and redeploy |
| | | | Withdraw and redeploy |

T = Teaching.
R = Research.

Source: Authors.

In assessing such proposals, it would seem reasonable for the Council to take account of ‘sector-wide’ issues, such as the preservation of minority subject areas and the surplus capacity which there may be in some other subject areas. This is why the Council consulted institutions on the extent to which it might be involved in addressing such issues, for example, where there is surplus capacity across the sector in an expensive subject area, and is having a continuing dialogue with institutions.

Institutions may, of course, plan also to use resources generated by commercial and entrepreneurial activities to fund the development of emerging academic areas, or to subsidise existing areas which they wish to retain in their portfolios. There are likely to be a number of competing demands on these resources. Perhaps, in particular, demands for the implementation of estates strategies or for the maintenance of estates. Significant proportions of income streams may be necessary to service existing debts and Private Finance Initiatives (PFI) schemes. It is important also that institutions should make realistic assumptions of the amount of external income they can generate, and recognise the risks attached to this sort of income.

MANAGEMENT, GOVERNANCE AND ORGANISATIONAL STRUCTURES

The various parts of an effective planning process will place considerable demands on institutions’ senior management teams, and on institutions’ organisational and decision-taking structures.

These management teams will require to be supported by informed and active governing bodies. There may be a case for institutions reviewing how they ensure that they make the best use of the management skills which they have available. It is for institutions themselves to determine how effectiveness in management may be compatible with traditional forms of academic leadership and existing governing structures of committees and boards. A review of governance and organisational procedures might include examination of the potential for a simplification of hierarchical structures and ensuring that boundaries between disciplinary areas and areas of non-academic activity are not hindering effective management. There may be some value in looking at options for sub-contracting some academic and central services, as well as exploring thoroughly the options for collaboration with other higher education institutions. Institutions may also wish to look at whether they are making the best use of information technology in improving the dissemination of management information, in support of devolved decision-making and in monitoring performance against agreed action plans and budgets.

PRIORITIES FOR CHANGE

Portfolio analysis will raise questions of how institutions should fund strategies for moving resources from withdrawal and consolidation areas into growth emerging priority areas.

Figure 7 provides, at a conceptual level, an illustration of the range of “strategic transformation and change actions” which institutions might take.

Governing bodies of institutions will need to satisfy themselves, therefore, that there are viable strategies for resource mobility and redeployment in their strategic plans and financial forecasts. Migration strategies requiring redundancies and/or early retirements can prove expensive and may not provide the best value for public money. Collaboration, rationalisation and relocation of staff and facilities both within and across institutions may be less expensive. There was widespread support in the responses to the consultation that the Council’s role in helping institutions to take advantage of opportunities for collaboration and for rationalisation best lie in the provision of a special fund. The Council’s ongoing Regional Strategic Initiatives Programme was frequently cited as a successful example. The Strategic Change Grant Fund is in fact the special fund. However, the Strategic Change Grant will have available a relatively low level of funds (2 per cent of total) and therefore the Council is likely to be able to make only a marginal contribution to the costs of implementing institutional plans.

It is important therefore that the Council makes the most effective use of the limited funds available and to that end it is consulting with institutions and inviting them to comment on the following priority order:

1. implementation of regional and sectoral reviews;
2. strategic actions which involve more than one institution (for example, involving the institutions in a particular region, a particular type of institution, or all institutions);
3. internal action by institutions facing either significant reductions in student numbers and teaching grant, or a large reduction in research grant, or both;
4. internal action by institutions where the reductions in funding are not particularly severe, and where the institutions may reasonably be expected to maintain sound financial health.

There was broad support for the order of priority with the only significant reservations being on the position of (3.)

In the cases of strategic actions involving more than one institution it has been suggested that the Council might contribute to the costs of:

1. investigation of provision in particular subject areas, or particular types of course, or academic and central services;
2. the appointment of “facilitators” to assist in the development and implementation of action plans;
3. relocation of staff and facilities, retraining, early retirements, redundancies;
4. assisting mergers where there is mutual agreement by the parties.

Figure 7. Strategic transformation and change actions

| Organisation level | Internal actions | Joint actions with other institutions |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Research and teaching programmes | Continuation, Modification, Merger, Termination options per Figure 4 | Buy in course material and specialist options Collaboration on development of course material Sharing of specialist research facilities Consortia for both teaching and research programmes Regional or sector rationalisation |
| Department/unit (planned withdrawal/redeployment/ consolidation areas) | Budget reductions and staff reductions Phase down Phase out Internal merger Internal restructuring | External merger Consortia Regional or sector collaboration Regional or sector rationalisation |
| Department/unit (emerging/existing priority areas) | Acquire new resources Redeploy existing teaching and research resources and facilities | Buy in course material Access external specialist research facilities Consortia in Scotland/UK Strategic alliances in Scotland/UK/international Regional or sector collaboration |
| Faculty | Internal restructuring: within faculty between faculties Rationalisation Closure | External merger |
| Administration and central services/governance and organisation structure | Re-engineer cost base Sub-contract services Review committee and governance structures De-layer and empower staff | External benchmarking with region or sector External benchmarking with third parties Regional and national collaboration Regional and national consortia |
| Institution | Restructure Close | Merger Affiliation Regional or national collaboration |

Source: Authors.

Support for internal actions could include contributions to the cost of:

1. development and implementation of teaching and learning strategies;
2. consultancy studies on governance, committee structures, human resource management policies and practices, reviews of the cost base, etc.;
3. the development of emerging priority areas, through such measures as new blood schemes linked to early retirements in other areas;
4. retraining, early retirements, redundancies.

The Council has invited institutions to comment on the suitability of these activities for support from Strategic Change Grant and suggest alternative and additional areas of support. There was broad support for the proposed actions with an emphasis on the value of early retirement/redundancy schemes, retraining and relocation programmes.

DOES THE FUNDING COUNCIL HAVE A PLANNING ROLE?

Unsurprisingly, the consultation paper prompted considerable discussion of the Council's planning role. The views which were given ranged through various shades of opinion, ranging from simple denials that the Council had authority to assume any such role, to acknowledgements that a limited planning role for the Council could be consistent with institutional autonomy. Almost all institutions expressed varying degrees of opposition to Council having an active role in subject area analysis. The limited planning role view, which was put forward by a number of institutions, made it clear that the Council could not instruct institutions in how they might respond to current pressures, but did give to the Council a role in ensuring that institutions themselves addressed the important issues and that they received encouragement and incentives to take action and pursue strategies which were consistent with the maintenance of a 'healthy and diverse' higher education system capable of teaching and research at the highest levels. In this scenario, the Council could use funding policies and, perhaps, its ability to provide sector-wide information, to influence institutional strategies. The Council should, however, recognise the particular characteristics of the institutions it funds, and not take a uniform approach which might be more helpful to some institutions than others.

In subsequent discussions the Council has recognised the tension between its role and responsibilities and those of the governing bodies. Whilst it has been recognised that it is individual governing bodies and senior management teams who will drive the strategic management process the Council has to secure the most effective higher education system possible with the funds made available by the Secretary of State for Scotland, as well as implementing its Corporate Plan approved by the Secretary of State. Whilst the Council has to work with institutions to facilitate strategic change within institutions, it also has to ensure that the sum of the actions of individual institutions does not threaten diversity of provision, addresses issues of over capacity particularly in expensive subject areas and ensure that resources are redeployed from existing areas of provision to meet changing needs and emerging and new priorities. Both institutions and the Council have a

common interest in maintaining the competitiveness of the Scottish higher education system in the rapidly changing global market for higher education as well as supporting the competitiveness of the Scottish economy.

CONCLUSION

Some of the most important factors influencing the higher education environment in Scotland over the next few years have been highlighted, and ways in which institutions may respond and adapt to changes in the environment considered. It has been emphasised that responsibility for ensuring effective responses and adaptation lies with institutions' governing bodies and senior managers. Aspects of strategic analysis and strategy formulation which institutions might undertake as part of strategic planning have been examined leading into a consideration of the means by which the Funding Council, principally through the allocation of Strategic Change Grant, can help institutions in the management of institutional change and adaptation, whilst at the same time recognising the tension between the responsibilities of the Council and those of governing bodies of autonomous institutions. There will be a continuing dialogue with institutions on the support the Council should give to ensure the common objective of maintaining the vitality, excellence and competitiveness of the Scottish higher education system is met.

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NON-UNIVERSITY HIGHER EDUCATION A CENTRAL EUROPEAN, HUNGARIAN EXPERIENCE

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ABSTRACT

Low access rate, inappropriate relation with the economical sphere are obvious common weak points of the Central European higher education systems. One possible remedy for these deficiencies can be the introduction of a short cycle higher education sector with non traditional curricula. The paper follows the Hungarian experiences, gathered in the early 90s, as one of the major elements of the post communist education reforms. Starting from the analysis of western models the author derives the particular Hungarian model and shows the way towards the appropriate legislation.

THE HUNGARIAN EXPERIENCE

In 1990, the inherited Hungarian higher education system had already implemented the binary structure. This means that the system had already undergone transformations aiming to go beyond the unique Humboldtian university model. A network of colleges had been established with three years study period – which in many cases went up to four years – and with a relatively well shaped narrow profile. A teacher training college subsystem diversified the teacher training in a negative sense leaving a discrepancy between diplomas delivered by universities and colleges. The colleges were supposed to be in more direct contact with the economical sphere and to meet local and regional

needs. Local roles and a centralised supervision and financing system have not been compatible. Personal and local political interests pushed the colleges towards lengthening study courses and trying to become universities. In this way, and of course with ministerial help, monofaculties were created in the 1980s and the remaining colleges continued trying to gain academic reputation and university status. The motivation is at least twofold. Firstly, the academic thinking has not been able to drop the idea of the exclusive primacy of the university and is still reluctant to accept other values. Secondly, and not less important, the lack of governmental concept for the development of the non university higher education sector is reflected among others, by the disparity between university and college financing.

With these prevailing tendencies, the first democratic government was faced with an extremely complex situation. Of course, they shared the basic principle of the higher education of masses without knowing how to realise it. The only thing which was clear in the principles was that the system must ensure equal chances of access to higher education for everybody graduating from a secondary school. On the other hand, they defended the basic values of the traditional higher education thinking that innovations would jeopardise these values.

In this deeply controversial situation a group of education government experts worked hard to show that the changes were necessary and to present and analyse the major paradigms of the western education systems in order to prove their adaptability.

THE ROLE OF THE OECD

At that time, Hungary – being an OECD observer – asked the Organisation to prepare a profound survey of the Hungarian education and training system and to give recommendations for future development. The study was prepared over a two year period and was finalised in December 1993. Let us cite some major statements:

- the vision of the role and development of the non university higher education sector is missing;
- the short cycle post secondary education sector is non existent in the regular education system;
- the support for innovative educational approaches, such as distance education, is weak.

Without going further into the details of the OECD report, we note that it heavily influenced the debates of the Hungarian educational decision makers and even now has an impact on the actual ongoing legislative procedure.

WHAT HAPPENED UP TO NOW? THE COMMUNITY COLLEGE EXPERIMENT

The already mentioned group of Hungarian experts tried to stimulate progress by elaborating – as a first attempt – a model of the non university higher education sector strictly complementary to the existing college system. The basic model was, paradoxically, the North American community college model.

Let us consider the following rough simplification. The community colleges structure is composed of – at least – three different sectors:

1. The sector offering credit courses on the level of the first two university years. This sector is an integrated part of the higher education with an almost exclusively regional recruitment and, with low tuition fees, ensuring equal chances of access for youngsters coming from low-income families.
2. The sector playing the role of a retraining centre – in European terms – and having a strong regional character determined by local job market conditions.
3. Non-credit courses on – again in European terms – *folkhighschool* level. *Folkhighschool* is an extremely efficient Central European and Scandinavian model. Already in operation between the two world wars, it offers popular courses ranging from general education to all kinds of the practical training courses. This sector provides second chance courses in general education and low level vocational training.

In 1991-92 we quickly realised that the model had not proven to be adaptable in Hungary. It seemed to us that the community college model was not really adaptable in Europe either. To our knowledge, Norway is the only European country where this type of regional college was developed and integrated into the education system.

Although we were convinced of the utility of this attempt to establish a network of community colleges in Hungary, we had to realise that the attempt was condemned to fail for a number of reasons:

- Rigid legislative traditions separating higher education, secondary education and vocational training do not define the heterogeneous community college.
- The rather variable financing system of the different education sectors would necessitate a very complex community college financing.
- The higher education system is centrally regulated which does not facilitate the task of harmonisation with local and regional needs.
- Opposition by the existing college system which tried to prevent being downgraded to community colleges.
- Different approaches by the Ministry of Culture and Education, responsible for secondary and higher education and the Ministry of Labour in charge of the secondary vocational training and adult retraining. While the Ministry of Culture and Education tried to introduce the complex community college concept, the Ministry of Labour considered the regional retraining centres as community colleges. The first pilot project for the establishment of an initial network of

community colleges in Hungary was supposed to be co-financed by US aid programmes. Realising the complexity of the project and not forgetting the ambiguous position of the Hungarian authorities, USAID and USIA dropped the project.

In brief, this is the story of an aborted attempt to establish the Hungarian community college system.

Many experts are still convinced of the utility of the community college approach but for the above mentioned reasons they had to abandon – perhaps not definitively – the idea.

THE STUDY OF SOME EUROPEAN MODELS

Taking the OECD recommendations seriously, the experts and some committed educational decision makers tried to prepare a survey of the European short cycle non university higher education system.

It was easy to recognise that the European short cycle non university models have a much clearer profile than the community college and so most of them can be and are considered as integral parts of the higher education system. They roughly correspond to the credit courses sector of the North American two-year college model.

The starting point of this research was the following question: Where have the models for short cycle non university sector emerged in critical economical periods of the society? The second, but not less important question for us was: How and by whom the establishment of such a sector was initiated and what was the role of the government in the procedure?

These questions were pertinent. The Central and Eastern European economical and social crisis was and is undeniable, it was not easy to foresee the outcome of the radical changes, not even in the medium-term. So the future job market needs were unpredictable – they certainly were for the long term corresponding to a traditional study cycle in higher education.

The study of these questions led us firstly to the French models of short cycle non university education system.

THE FRENCH MODELS

The second half of the 1960s was a real revolutionary period in France. We are not going to give a description of this period in France, not even of the transformation of the

French education system, we will only concentrate on one important consequence *i.e.* the establishment of the short cycle post secondary education system. In several major points the resemblance to the Hungarian situation is striking. In addition, if we keep in mind that both the French and the Hungarian higher education systems are centrally oriented with an extremely decisive role by the government, we dare say that the parallel is strong enough to draw consequences from it for Hungary.

In the 1960s the French education government was under double pressure: the government had to cope with the rising student number and had to offer a more practical and vocationally-oriented curriculum than was offered in the universities. The reaction of the government was complex: first they opened the universities to all the secondary education students who had obtained their *baccalauréat* – with a very questionable success – and, at the same time, they began to establish a short cycle non-traditional post secondary education sector. The creation of this sector reflected governmental concern that the university system was not sufficiently responsive to industrial and economical needs. This creation was also motivated by the fact that this sector was expected to be less expensive than traditional universities, facilitating the expansion of higher education at acceptable costs .

Even within the short cycle post secondary education sector the French policy makers diversified the development. They elaborated the STS model – *Sections des Techniciens Supérieurs* – which is in fact a direct extension of the secondary studies, in the same secondary schools – *Lycées techniques* – and so it is not supposed to be a part of the higher education system. Let us use the OECD terminology saying that the STS offers post secondary vocational training narrowly shaped for precise professions. There is practically no transfer from STS to higher education, nevertheless the diploma delivered by the STS – BTS: *Brevet de technicien supérieur* – gained a good national reputation.

While the STS can be considered as a sort of direct extension of the secondary school system, France created another short cycle post secondary education sector, the IUTs – *Institut Universitaire de Technologie*. These two-year technological colleges were established – at the beginning – under university tutorship but with a considerable financial and statutory autonomy. French authorities – central and local – invested a lot in physical infrastructure in the IUTs to keep them independent from the universities as much as possible. The development has been strictly supervised by the State and the curriculum development has always been regulated by national pedagogical committees.

The IUTs were created in close collaboration with partners from the sphere of economy. The Supervisory Board – a sort of Senate – is always chaired by a representative of the regions economy and these partners play an important role in the curriculum development. A part of the training, *les stages*, is ensured by these partners as well. This practice gave rise later on to the famous sandwich courses, *formation en alternance*, introduced with success for instance by the CNAM – *Conservatoire National des Arts et Métiers*.

The IUTs introduced a strict entrance examination system and, producing an almost 100 per cent access rate to the job market for their graduates, they quickly gained a high reputation.

Using again the OECD terminology, the IUTs are supposed to offer post secondary vocational education which means that IUTs are effective in producing graduates qualified for immediate entry into the workforce – just like the STS –, but taking into account a longer term employment and educational perspective, and ensuring that their graduates are capable and motivated to acquire new skills and qualifications throughout their lifetime. Short cycle higher vocational education can be characterised by a strong general education element followed by intensive vocational training enabling the students to have middle level positions between technicians and engineers, in a wide range of specialisations rather than having one narrowly defined job qualification.

Without pretending to give an exhaustive overview of the IUT system we must say that the study of the history of the IUT system led us to the conclusion that taking into account the Hungarian social and economical circumstances of the early 1990s, the similarities justified thinking seriously about adapting the French post secondary vocational education system. The Hungarian development will be obliged to diverge on the question of government investments. The lack of funds will oblige the Hungarian policy makers to stimulate the development within the framework of the already existing higher education institutions, and this will require a more delicate approach.

OTHER EUROPEAN MODELS TAKEN INTO CONSIDERATION

In order to design the appropriate Hungarian model for the short cycle post secondary education system, we took another European model into consideration. Without going into the details we would like to mention that some Hungarian policy-makers obviously influenced by the Anglo-Saxon approach to higher education suggested analysing the UK model.

The UK non university sector was dominated by the former polytechnics for many years. As it is well known, polytechnics have offered long cycle but not traditional higher education courses and were continuously looking for higher academic reputation.

This tendency justified the establishment of the UK short cycle non university education system under a special council, BTEC: Business and Technology Education Council, in the early 1980s. The two-year education leads to the HND – Higher National Diploma. If we compare it to the French IUT system, some differences are striking. Access possibilities are much more diversified in the UK model *e.g.* the candidate need not have a secondary graduation. Different types of education institutions may offer these courses, franchising forms exist. In our view, these differences do not allow for the Higher National Diploma to have the DUT's (*Diplôme Universitaire de Technologie*) reputation but nevertheless the HND plays more or less the same role in the United Kingdom as the DUT in France.

The expert group studied more short cycle European models, Danish, Belgian, Norwegian, and a Tempus CME+ study was devoted to this topic. The Tempus study

gave an analysis of the English, French, German and Dutch models. Finally the English and the French models were selected to be adapted for Hungary.

PRACTICAL STEPS AND DIFFICULTIES

The lack of appropriate legislation obliged the expert group to start the concrete activities on a project oriented basis. Thus, on a bilateral basis, affiliations have been initiated between Hungarian colleges and HND-offering UK institutions, and between Hungarian embryonic IUTs and French technological colleges.

In this fashion, six *jumelages*, or pairing, have been established with the help of the French Ministry of Foreign Affairs, l'ADIUT, Association of the IUT directors, and the French Ministry of Higher Education and Scientific Research, at that time. The activities go from awareness-raising through curriculum development to professor and later, student exchange.

The basic idea was to initiate these bilateral activities and to widen and accomplish them within the framework of PHARE projects or other programmes financed by multi-lateral sources. Up to now, this basic idea has been realised due to an important Hungarian PHARE project called "Strengthening the links between education and economy". As the author and one of the Programme Authorising Officers of this project, I can confirm that the Hungarian accredited short cycle higher vocational education sector is progressing well.

The new, highest ranking staff of the Hungarian Ministry of Culture and Education realised the importance of an accredited short cycle post secondary education sector which is missing and intends to establish its long awaited legislative basis. The draft of a new higher education law covering short cycle post secondary education has already been submitted to the Hungarian Parliament.

Policy-makers still have to cope with several important problems.

One of them derives from the controversial situation regarding the supervision of the vocational training and education in the Hungarian government. For six years now, the Ministry of Labour has been supervising the vocational secondary schools and the adult retraining while the general primary, secondary education and higher education fall within the competence of the Ministry of Culture and Education. Even with this rough distribution of the competences, it is clear that, when of this unnatural separation of the fields of competences was created, the decision-makers did not think about higher vocational education and training. A little late, the two ministries realised the necessity to take care of those 40-45 000 young graduates from secondary schools per year, who have no access to any kind of post secondary education. The situation around this highly important mass of would-be students created a regrettable rivalry between the two ministries which has not facilitated the task of the decision makers. One of the possible options they should have chosen was to start the adaptation of the French models, the above discussed STS and IUT sectors. The first is obviously in the competency of the Ministry of Labour

while the second, being an integrated part of the higher education system should have been under the supervision of the Ministry of Culture and Education. Instead of using this clear-cut breakdown of competences, the ministries tackled the problem with ambiguity and we wonder whether the ongoing legislative procedure will give birth to an appropriate model.

Another major problem, the Hungarian policy makers have to face derives from the mentioned tardiness of the responsible ministries to handle the problem. As mentioned above, each year the education system produces 40-45 000 secondary school graduates who are not taken into the tertiary education system. On the other hand, the job market needs manifested themselves very clearly around the change of regime. These two phenomenons created a real need in the education market, a need large enough for many private enterprises as well as for quickly reacting higher education institutions. Both of these sectors, authorised to offer any courses on paying basis – the 1993 law for higher education legalised all these endeavours of higher education institutions – launched a considerable number of short cycle post secondary courses without any accreditation, established standards and, of course, without any national diploma or certificate to conclude the studies.

To allow this mushrooming of courses, with heavy tuition fees was a major mistake by the education government. In a country going through a critical period when middle class families are falling to poverty levels, the high tuition fee is often an unbearable burden on a family budget. Of course no grant system, no compensation system has been devised, and thus, together with the described situation, works strictly against the basic principle of equal chances for access.

On the other hand, higher education institutions which are suffering greatly from the budget cuts of the financial austerity policy of the government, are of course happy with this additional income which is already built into their budget. To try to stop these activities would be a second major mistake of the government, which shows how delicate the actual situation – created partially by the governments slow reaction – is.

We think the only solution for the government is to establish separate national accreditation systems for the STS, extension of the vocational secondary schools activity, and the IUT system, short cycle higher vocational education. This would not exclude a narrow passage between the two sectors. The establishment of the accreditation system for the STS courses – set up by the Ministry of Labour – is underway while the IUT accreditation has to be set up by the Ministry of Culture and Education strictly along higher education standards. A sort of higher education diploma must be defined for the graduates of the system. The IUT students must be recognised as students of the higher education system and, of course, this has to be reflected in the financing system. The tuition fee must not be allowed to exceed the tuition fee charged by the long cycle higher education. In this way, the centrally financed accredited courses ending up with a diploma will multiply and become attractive for secondary education graduates.

This would slow down the multiplication of the non accredited courses – where heavy tuition fees are charged – without giving rise to important budgetary losses for the higher education institutions. Of course, since the budget for higher education will not increase for a while, the suggested procedure will contribute to the badly needed transfor-

mation of the institutions curriculum profile. This will be at the expense of the long cycle traditional curricula, which can promote a healthy renewal of the institutions profile.

Finally, the Ministry should stimulate the rapprochement between higher education institutions and regional representatives of the economy and industry. As mentioned earlier, this is the heart of the matter and without committed economical partners in the supervisory and advisory boards the establishment of the short cycle post secondary vocational education and training sector is not possible.

CONCLUSION

In spite of the reluctance of traditionally elitist educational authorities, the Hungarian experts managed to get the new idea of introducing a short cycle higher education sector accepted. The role of the government in this transformation procedure has been defined and generally accepted. It still remains to be seen whether this development, helped by a corresponding legislative reform, will efficiently support the radical and badly needed economical transformations.

STAFFING AND INSTITUTIONAL INFRASTRUCTURES SOME CONSIDERATIONS

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ABSTRACT

Using her own university as an example, the author observes that staffing is obviously very important for an institution and represents a large proportion of its budget. She goes on to raise a number of issues which have emerged lately within the general theme of staffing and infrastructure under the headings of governance of higher education institutions, management and administration of universities, and support staff.

The IMHE project on Staffing Higher Education has been concerned mainly with academic staffing in the context of the core functions of universities – teaching and research. The academic-administrative interface was an added dimension, but there are many other aspects to staffing and institutional infrastructures which need to be highlighted. Some concrete examples follow.

Our university, a quite small Australian university of less than 9 000 students, is presently (in 1996) in the middle of negotiations about the distribution of the 1997 budget. We receive our operating grant from the Government as a one-line (global) budget to fund teaching and research activities. We have six faculties and three supporting divisions. The budgetary allocations for 1997 at this stage of our internal negotiations are as follows, as percentage of the total income from Government.

| | |
|------------------------------------|---------------|
| Faculties | 49.5 per cent |
| Executive | 2.2 per cent |
| Academic Services | 7.8 per cent |
| Course accreditation and reviews | |
| Planning and statistics | |
| Research administration | |
| Student support services | |
| Academic staff support services | |
| Student administration | |
| International affairs | |
| Administrative Services | 10.3 per cent |
| Human resources | |
| Finance | |
| Fabric | |
| Public relations | |
| Information Services | 11.3 per cent |
| Library | |
| Computing services | |
| Printery, etc. | |
| IT infrastructure | 1.6 per cent |
| Building infrastructure | 2.2 per cent |
| Utilities and overheads | 6.4 per cent |
| Other, including Vice-Chancellor's | 8.7 per cent |
| Fund, research, Sabbatical, etc. | |

If we look at the allocations then it is clear that the institutional infrastructures necessary to support the core business of the university, namely teaching and research are a very large part of the budget indeed. And my university would not be much different from many other universities all over the world.

Equally, when we look at staffing, we find that universities employ more support than teaching-research staff. Overall, there were 77 000 persons employed in Australian universities in 1994. Of these:

| | |
|---------------|-----------------------------------------|
| 53.6 per cent | were employed in non-academic functions |
| 32.7 per cent | in teaching and research functions |
| 10.6 per cent | as research only function |
| 3.2 per cent | in teaching only function. |

The ratio of academic to administrative/technical/professional staff varies between universities. At the University of Sydney, a large university with all expensive and inexpensive faculties, the ratio was 44.8 per cent support staff/55.2 per cent academic staff; at a university with a large-scale distance education component and several campuses, Edith Cowan University, the ratio was 63.9 per cent support staff/36.1 per cent academic staff. Most universities are around the 50 per cent mark.²

Staffing is, clearly, a very important and also very expensive part of an institutional budget and comprises a large and fixed proportion of it.

In this paper I raise a number of issues which have emerged in the late twentieth century within the general theme of staffing and infrastructures, under the following headings:

- Governance of higher education institutions
- Management and administration of universities
- Support staff.

The context in which these are discussed are world-wide trends in higher education:

- Expansion and differentiation of higher education systems
- Quality audits and assessment
- Globalisation.

These trends have been discussed in previous seminars and will not be explored here; they provide only the context for this paper.

GOVERNANCE OF HIGHER EDUCATION INSTITUTIONS

Universities have different legal status in different legal systems; often they are established by charter, by an Act of Parliament, or within a legal higher education framework. Other institutions of higher education may have a different legal status.

In the European systems there is a close relationship with and general oversight by the ministry. In the Anglo-Saxon system, universities usually have a Board of Trustees or Board of Governors (United States, Canada, post 1992 UK universities), a Council or Senate (United Kingdom, Australia, New Zealand) which represent lay interests, *i.e.* interests by other than University staff or students.

The role of the boards or councils varies from country to country; but overall it is one of financial responsibility, broad academic responsibility, and responsibility for selecting and supporting the President (Chancellor)/Vice-Chancellor. Gade³ summarises the functions of trustees under ten headings:

- Clarify the institutional mission.
- Appoint, support, and assess the President.
- Ensure effective long-range planning.
- Ensure adequate resources.
- Manage resources effectively.
- Approve the educational programme.
- Serve as bridge and buffer between the campus and the community.
- Preserve institutional autonomy.
- Serve as Court of Appeal.
- Assess Board performance.⁴

These functions will look alien and inappropriate to members of a higher education system where institutional missions are not articulated, although there might be missions for sectors. In Germany, for example, universities, *Fachhochschulen* and *Berufsakademien* have quite distinct missions, but on the whole all universities see themselves as having the same mission.

In many countries the Rector/President is not appointed by a committee equivalent to the Board/Council but is elected by the Professorial or appointed by the Ministry. He/she is still *primus inter pares*.

Ensuring long-range planning is also a function of university councils in Australia. But Australia and the United States are operating in a market environment where recruitment of students, exploration of niche markets, adaptability and flexibility – positioning oneself in the market is of great importance. In bureaucratic systems like the continental European ones,⁵ student admission, programmes, staffing are regulated through national frameworks, guidelines or laws.

Equally, in many countries, notably European ones, resources are allocated to universities by the ministry as line-budget items, and if positions need approval and funding from the ministry, then there would be little scope for a board. Resources have to be managed effectively, of course. But if the discretionary funds are very small there is much less scope for mismanagement than in a system where public funds are allocated as a one-line budget (global budget) to institutions, and/or in systems where institutions have to make a case annually without a triennial or other medium-range commitment by the Government.

Approval of the educational programme is, again, a ministerial duty in some countries; in others it is seen as part of the collective academic responsibility through internal collegial decision making bodies like Academic Board/Senate/Professorial Board.

The other functions are very much part of the American market culture, where in the absence of a comprehensive national legislative framework which guarantees autonomy at least in specified areas, and a collegial culture as exemplified in the United Kingdom until recently,⁶ institutions often battle on their own and can be heavily influenced by Board members, in particular the Chair.

In Australia, in an increasingly open and competitive market, councils and their operation have recently come under close scrutiny.⁷ The report of a Committee of Inquiry into higher education management made a number of recommendations concerning governance and the role of the Vice-Chancellor *vis-à-vis* the Council. It recommended a much stronger role for the Council, its primary role to be “ultimate responsibility for strategic direction and development of the university and external and internal accountability, including monitoring and review of institutional strategic performance”.⁸

A careful role definition between governance and management, between Board/Council and the President/Vice-Chancellor needs to be articulated. The *Chronicle of Higher Education* chronicles many disputes within the American higher education system and attempts by government-appointed trustees to pursue their own agenda. James Madison University, so it is reported,⁹ has new republican-appointed trustees who try to micro manage the university. One such trustee is quoted as saying “I’m planning to go

course by course in the James Madison manual to see what I don't like and what I think doesn't have a place on our campus". His agenda as trustee is to abolish tenure, to end affirmative action, to police academic curriculum for "liberal bias", and to end mandatory student fees.

Issues

How can representation of the community (in its widest meaning) and accountability to the community best be harnessed for the welfare of the University?

How can mission statements, strategic plans be made meaningful for your institution?

MANAGEMENT AND ADMINISTRATION OF UNIVERSITIES

Universities were not "managed" until quite recently. They always needed an administration; Maurice Kogan has talked about the conceptual aspects of the academic and administrative interface¹⁰ providing empirical research data and insights and institutional case studies.

Dill,¹¹ in an overview of academic administration summarises three models of academic administration: the continental model, the UK model, and the US model. In the continental model, notably France and Germany and countries which adopted similar organisation, the State through its ministries defined not only the framework in which institutions operate, but addressed aspects of institutional governance and autonomy through prescription and legislation, particularly in study programmes, staffing, student admission. There was little of a governance or management infrastructure in institutions, as power was invested in the individual chair holder who negotiated directly with the ministry.

In the UK model, universities are separate corporations and are/were characterised by a shared culture, shared values, a largely collegial and inclusive system of committees, and dependence on professional judgement. They operated in an environment of large scale institutional autonomy in academic matters within an agreed framework of standards. While there was a functioning committee infrastructure, a management infrastructure has only emerged recently with the changes in British higher education.

In the US model, the integrative functions of the collegial system in the UK or of ministries/laws in Europe were taken up by officers of the university, foremost the President/Chancellor. Institutions operate in a market environment. Here lack of a national regulatory framework, and the multiplicity and diversity of higher education institutions, forced institutions to develop structures which enabled them to compete in the market, notably for students, but also for staff and other resources.

Dill forecast that the present blend of bureaucratic, collegial and market integrating mechanisms which now characterises US academic administration will become more characteristic of higher education generally.¹² This certainly seems to be the case when we look at the higher education systems in Europe which move from state control to increased institutional autonomy; when we look at the United Kingdom where more and different state control is exercised than it used to be; to Australia/New Zealand which also have been exposed to greater state control, steering or interference in student admission, in management of higher education institutions, and resource allocation. And all acknowledge the market for intellectual know-how, for academic staff, for students and for research funding.

In an expanding, in a large, in a competitive higher education system administration alone does not seem to be an adequate process to support the academic functions. Student enrolment, institutional policies and guidelines of course need careful and consistent administration. But there is an increase in functions and a relative decrease in resources and thus a necessity to manage these cost-effectively.

Executive

This functional differentiation becomes very obvious when one examines the senior staff structure in universities. In the United States, universities and colleges employ presidents on contracts, often recruited from other universities. They will have executive vice-presidents, vice-presidents of academic affairs, for research, for development and external relations, for finance and administration, for instruction, for planning and advancement, for student affairs and increasingly information technology. Often they are supported by assistant vice-presidents who manage part of the portfolio.

Many US presidents take on the role of external representative of the institution, focusing their energy not internally but externally. Where academic and support staff may expect the President to integrate the various sections within the institution, provide a broader vision and academic leadership, increasingly presidents delegate these roles to their Vice-Presidents. The *Chronicle of Higher Education*, again, regularly publishes stories of faculty members asking for the President to step down or be dismissed. The Chancellor of Vanderbilt University was asked to step down because he “devotes most of his time to donors, lawmakers, and other members of the outside world”.¹³ The President of Rutgers, similarly was accused as having “built a wall of provosts and deans around him” and having “become isolated from the faculty and from intellectual issues”.¹⁴

In Australia, Vice-Chancellor positions are advertised world-wide, and the incumbent is on contract. The Vice-Chancellor is the chief academic and administrative officer of the University and calls himself increasingly Chief Executive Officer, terminology taken from business and also in use in other countries.

In Australia, since the latest expansion in the mid-eighties, the accountability and quality movements, stress on good management and management of devolved budgets has become all-pervasive. Universities have established functional portfolios, similar to the positions in the United States – deputy or pro vice-chancellor research, or academic,

or administration, or planning, or resources, or external affairs, or international, or staffing, or equity, even quality. Similar developments are occurring in the United Kingdom, but not (yet or to the same degree) in continental Europe. And the senior executive, senior management has been forced through external pressures – some of them OECD generated – to rely more and more on performance indicators and to manage and account using these.

One of the main distinguishing features between administered and managed institutions is at present that managed sections of the university have a devolved budget. This means that attraction of resources, priorities for the use of resources, accountability for services and the use of resources influence relationships and activities. Even within an institution, managers are in competition with each other.

The role conflict between academic leader and entrepreneur on behalf of the university is most strongly exemplified in the President or Vice-Chancellor, but is evident also in the position of the deputies and vice-presidents. They have managerial responsibility for part of the university, yet in the academic area at least there are strong collegial decision-making traditions through the committee system. While Council may have delegated management of the university to the Vice-Chancellor, and he/she in turn delegates, Council also delegates responsibilities to Academic Board/Senate and its committees. The latter precede the former, and in many universities it is only by personal authority that a Vice-Chancellor/Rector may influence the institution.

We have heard in many European universities that the rector's position needs to be strengthened so that reforms can be initiated and implemented, so that the institution can be more pro-active, so that strategic management may occur, so that the university can position itself in a global environment. However, in less market driven systems rectors may want more autonomy for the institution *vis-à-vis* the Ministry. But without more deregulation of student admission, of staffing, of resource allocation they see no need for strengthening their position by law/statute. Several European countries are moving towards delegating more staffing and other resource decisions to universities. In those countries, Finland and some German *Länder* among them, the powers of the Rector are being discussed.

While rectors, presidents and vice-chancellors integrate the different components of the university and are advocates for the institution and what it stands for, the different sub-structures, the academic organisational units, mainly promote a disciplinary or departmental agenda.

Departments/Institutes

Within many European universities the main unit is an institute around a chair. In the chair system, still widely prevalent in Europe, resources are concentrated around a professor and his/her interests. The chair is accountable mainly for the teaching and examining in his/her discipline, with the research infrastructure and activities largely accounted for towards funding bodies, including ministries.

In contrast to this is the departmental system in the Anglophone world with overarching faculties. The positions of dean of faculty and head of department have changed in those countries which are moving more towards a market system, including the United Kingdom, Australia and New Zealand. Deans may be in line management positions, accountable for the management of human and physical resources and the delivery of academic programmes and research. They in turn may be the line-manager for heads of departments, to whom the academic and administrative staff within the department are accountable. Both deans and heads tend to occupy these positions now as temporary positions. If these positions are externally advertised they may be for a specified contract period only. Deans and heads still tend to be senior academics; but the more management and academic leadership are divorced, the more likely it is that non-professional staff have terms as head or deans.

Academic committees

Across these managerial lines cut the collegial decision making and policy advisory bodies. Where Academic Board/Senate is chaired by the Vice-Chancellor or Rector, conflict may be avoided. Where senior professors chair Academic Board and its sub-committees, negotiation, consultation, communication between committees and managers become crucial for the functioning of universities. Power struggles between a chair of research committee and the deputy vice-chancellor research or their equivalents happen. They are inherent in the dual structure of personal managerial responsibility and collegial decision-making conventions based on trust but without accountability.

Issues

How has your institution made the management accountabilities of senior executives/managers, of deans and heads explicit?

Are management responsibilities transparent? Are people accountable for them?

How can personal accountability and collegial decision-making structures and practices best be reconciled?

How can an institution develop an optimal management infrastructure?

How can institutions optimise managerial terms of office (on contract or election)?

SUPPORT STAFF

The support staff are part of the infrastructures available to enable, promote, enhance academic work.

Traditionally these used to be administrative staff, the central administration with property and finance and student administration, and clerical and administrative staff in the departments and faculties, technical staff in the laboratories and workshops, and professional staff in libraries.

At the same time that demands have increased on academic staff, the departmental infrastructures are diminishing. Personal computers have displaced departmental secretaries. Academics do their own typing, their own photocopying, their own organisation of students, timetables, etc. But as seen from the table above, support staff are the majority of staff in universities, though they are not in departments.

Indeed, responses to all of the questions raised under governance, management and academic staffing have necessitated or caused new infrastructures to emerge.

Offices for community links and developments, for external affairs are established, separate from the governance issues. Planning units are staffed with planning and quality experts, statisticians and system programmer who produce the data and the plans for the required strategic planning exercises and management. (First set of issues.)

Institutions develop elaborate accountability statements, senior executive performance reviews and remuneration packages to link performance with salary and employ the staff to deal with these. (Second set of issues)

Institutions review their selection, tenure and promotion procedures, develop new staffing policies, new reward schemes, performance-based salaries, appraisal systems, staff development policies and centres, teaching-learning plans, research management plans, teaching and research grants schemes, etc. (third set of issues) with a host of specialised support staff.

In addition there are some trends which require new infrastructures.

Globalisation

Universities espouse the value of internationalisation/globalisation. Globalisation demands, among other things

- that there be someone responsible for international affairs;
- that student and staff exchanges are arranged;
- that international student recruitment is conducted in professional ways, and on a sometimes large scale;
- that student support services for international students are provided, *e.g.* housing, loans, academic support, counselling, health care;
- that scholarships are available for international students;
- that off-shore courses, twinning arrangements, all manner of joint ventures, collaborative ventures are explored;
- that curricula are examined and revised to reflect the international perspective.

This does not only require a new infrastructure. It requires new ways of co-operation between academic staff and support staff. It requires new staffing arrangements where

staff may be seconded in and out of departments, to assist in the international effort. It requires new work definitions and boundaries, where showing the Rector of a foreign university around on Sunday, where attending an educational fair in Hong Kong for four days, where speaking with parents of prospective students has to be acknowledged in different ways. A standard 35 hour week with over-time allowances does not meet the demands on these positions.

Internationalisation also means access, intelligent and innovative use of the electronic media, of the Internet. It means taking on board the concept of a “virtual university” or a “virtual classroom” and discussing and planning for effective use of information technology.

Institutions need to plan their international activities, resource them adequately and monitor them continuously. This requires an institutional policy or plan, and an organisational unit staffed with people who are culturally sensitive, are good sales people, can communicate with embassy staff, business people, parents, prospective students, academics, education agents and ministries.

Quality audits/Assessment

When we speak of the culture or trend of quality audits and assessment, then we need an infrastructure which assists the institution, faculties, departments, individual staff to:

- be involved, at least through consultation, in quality assurance mechanisms;
- be educated in their use;
- be provided with the data to evaluate the performance against goals;
- value and be valued for the achievements.

This means that systems need to be in place to support quality in programmes, teaching and learning: student administration systems, financial systems, personnel systems, research administration systems which are integrated and provide those who are judged on outcomes with the necessary data – when needed and in an accessible form.

Faculty/Staff development

The changing structures within institutions, changing demands, changing external accountabilities, increased competition between and within institutions, also means that faculty and staff development programmes need to be available for both academic and support staff.

Academic staff need to learn or keep up-to-date with research on teaching effectiveness, with assessment issues, with course design issues, with technology in teaching; they need to re-orient themselves to focus on students’ learning needs, on how to provide assistance, how to maintain standards in an ever increasing diverse and larger student body. They need to understand the external environment and the demands made on the

institutions. They need to get assistance on writing research grant applications and possibly on writing for scholarly journals. They need to get assistance on supervising research students, and briefings on institutional admission and course rules so that they can give advice to students both domestic and international.

Heads of departments and deans as well as deputies and vice-presidents/rectors need to be trained in financial management, in negotiation and mediation skills, in evaluative skills, media skills and planning. So do their counterparts in the administration.

Support staff need to have opportunities to understand new requirements, how to implement new policies, how to implement new regulations and indeed laws.

Use of technology for information, communication, teaching and research is not only a financial problem and escalating burden, it also presents a huge staff development challenge. This presents an increasing demand on infrastructure.

All this requires an infrastructure of training and development, a staff development policy and central and/or disbursed responsibilities, staffing and resources to address the development needs.

Issues

How can institutions prepare for active participation in a global environment?

How can institutions assure stakeholders that quality concerns are being addressed?

How can institutions provide the infrastructure for the continuing development of their staff and faculty?

CONCLUSIONS

Universities and other institutions of higher or tertiary education are part of a comprehensive education web involving citizens as participants/students from the age of 3 or 4 throughout their lives. The public expenditure on higher education has become a significant part of the education budget. Expectations of higher education go beyond maintenance, transmission and creation of knowledge. The private benefit of education to the individual and the public benefit of an educated elite or population are acknowledged; but many governments also expect a direct economic spin-off from investment in higher education.

As part of the global economy, not as part of an international community of scholars, universities are asked to embrace internationalisation. Quality audits and assessments try to ensure that universities deliver what they claim they will deliver.

The challenges for systems and individual institutions are to preserve the noble heritage of universities and to embrace the new demands in mass higher education

systems and global economies; to increase flexibility without causing alienation and dysfunctional staffing arrangements, to increase the stock of expertise within the institution, and to develop political, economic and social nous, so that priorities for development and funding can be set and met. We do not want to be overtaken by reality but anticipate the future.

NOTES

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LEARNING ACROSS BORDERS: MANAGING CAPITAL EXPENDITURE IN HIGHER EDUCATION*

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ABSTRACT

In recent years, with the massification of higher education, the changing nature of the student population as well as changes in education delivery there has been a greatly increased need for capital funding. While national funding often cannot meet the demands, higher education real estate management is rapidly emerging as a strategic issue in many OECD Member countries. Although conditions differ, there is a real need to share the lessons learned across the borders of institutions and countries. This article explores the underlying patterns of change, develops a reference model and lists pathfinder initiatives which resulted from the Expert's Meeting held on this topic in Warwick, in March 1997.

* This article is based on the findings of the March 1997 expert meeting of OECD-PEB (Programme on Educational Building) held at the University of Warwick (UK). Some twenty participants from ten OECD Member countries (Australia, Austria, Belgium, Finland, France, Greece, Ireland, Netherlands, UK, USA) focused on financing capital expenditure in higher education.

SETTING NEW RULES

Resistance to change

In the market place, real estate management consists of matching space demand and supply, in terms of quantity, quality, price, location and time. In simple terms, this means a leverage of the right amount of space, with the right organisation and finishing standard, at the right price, at the right place and at the right time. The management of all these variables requires a great deal of professionalism in order to minimise risk.

Risk management in terms of real estate focuses on the building performance and its “resistance to change”. Once a building is in use, there usually are technical, legal and financial barriers to future alterations. The life-span of a building is usually counted in decades and large sums of money are involved. Therefore, larger parties in the market place (both owners and users) develop portfolios, consisting of different building types, contracts and financial arrangements.

It is the “resistance to change” of their building stock that makes institutions turn to the market. Governments, preoccupied with cutting public expenditure, are unable to meet the costs of space for increasing student numbers, for modernising facilities and in some cases even for basic maintenance. It is not surprising that some market virtues, such as external capital and the competence of realising efficiency gains become very tempting to educational real estate managers.

Some people might argue that already tertiary educational institutions sometimes operate under market conditions. There are indicators of such a phenomenon, such as an increasing competition between institutions, the introduction of project risk management, the occupation of “ready for the market vacant downtown office space” and the involvement of market capital, for instance, in lease contracts. On the other hand, the liberal forces of supply and demand certainly do not apply in general.

Governments have a major influence and impact on the number of tertiary students and therefore on space demand. In most OECD Member countries, state grants under one form or another still make up the major part of the institution’s income. Most existing tertiary education buildings are directly funded by state grants and their location and specific design characteristics do not leave much hope for alternative use. This reduces the resale value to virtually nothing. As tertiary educational institutions are not usually meant to make profit, their solvability ratio is usually rather unconvincingly low.

Growing entrepreneurship

In many OECD Member countries, a fierce debate is going on about the pros and cons of tertiary education real estate entering the free market. This debate is based on the assumption that, after the rule of the Ministry, the rule of the investor is the only option left. However, successful experiments in various countries show a promising third way out. The key lies in politely setting state paternalist and private entrepreneurs on hold, while working out a tertiary education business case based on building up its own

strength and setting its own rules. Working along this line means that tertiary education institutions take the lead and develop active co-operation with public and private funding sources. In a way they create their own opportunities. The potential of this scenario becomes clear when it is placed in a historical context.

Over the last 30 years, the tertiary education system has shown consistent growth in all OECD Member countries. The demand for extra space has been enormous, continuous and general. Under those circumstances, the provision of real estate was an important government control device. Funding for building projects played a role in geographical tertiary education policy in regional development and it has been a popular deed in pre-electoral times.

In this regime, the prime focus was on funding for additional space. Institutions realised a planned renewal in new buildings and maintenance had a low government priority. The drop of government expenditure in the eighties caused new constraints. Maintenance became a burden and the approval of capital funding took a great deal of bureaucracy.

The institutions started to look for additional means within the system. Sponsorship, fund raising, tax arrangements, outsourcing of services and subletting provided some answers. In some countries, forward thinking institutions took one step further. They created additional funding capacity by creating cash through new business opportunities (*e.g.*, conference centres), using debt power and bringing in third parties to run auxiliaries (*e.g.*, student housing, parking garages, swimming pools). In other countries, limited off balance financing was permitted.

Finally, in some other countries the national government decided to convert the legal basis for capital works slightly and create off campus autonomy so that institutions could cash assets under limited conditions. All these creative efforts are examples of the strive to acquire tertiary education facilities which remain out of reach under traditional allocation rules. They show increasing autonomy for the institution and a growing entrepreneurship. What remains hidden is a new definition of the role of space in tertiary education. And that is exactly what is taking place.

Space and tertiary education innovation

Space used to be a *conditio sine qua non* in tertiary education. The classroom, the lecture hall and the library provided the platform for interaction between teachers, students and data sources as well as safe training grounds. Over the last couple of years, the development of project-based learning, distance learning and multimedia has seen the emergence of “virtual” learning places, and a shift of learning places from school to the workplace and home.

The Open Universities proved that certain curricula can be realised with very little space. Digital highways provide place independent information access. On the other hand, some institutions claim a need for “social learning” and provide buildings with an attractive learning climate, where students and teachers are willing to spend a lot of time. Both trends seem to be vital and they therefore herald the end of an era in which each

curriculum represented a more or less standard space demand. This leads to the rethinking of the space requirement of each curriculum during the coming years. The tertiary education real estate manager will be confronted with more uncertainty and more planning variables.

If tertiary learning in the information age can take place “anywhere at anytime”, institutions are challenged to redefine their *raison d’être*. One of the scenarios certainly consists of creating attractive places to learn: facilitating new ways of learning. That scenario would bring tertiary education real estate management to the core of the corporate strategic agenda. But also other scenarios will require creative imagination on the part of real estate management. Every resource spent on real estate cannot be spent on personnel, telecommunications and other equipment, marketing or student grants.

This brings us back to the theme of supply and demand. Tertiary education real estate management has to deal with a one-sided portfolio which is mainly built up by government investments and merely consists in standard spaces like classrooms, lecture halls and laboratories. On the other hand, the delivery of education will change, but middle management generally speaking has very little knowledge of the choices to make and their spatial consequences.

In terms of the classical matching of supply and demand, there probably is very little to do for the tertiary education real estate manager. Their real added value becomes apparent when they establish the role of internal developer and consultant. The real value of the building stock is not captured by bricks and mortar, but by the processes within.

For instance, a clever synergetic set of academic functions in a questionable building might still raise huge rent rates with the right client. But far more important than potential subletting gains is the provision of excellent space to the tertiary education community. As the real estate manager of a prominent international airport said recently: “When my CEO talks about real estate he doesn’t talk about *return on investment*: he just talks about *return to airport*”.

So the question is how tertiary education real estate can explicitly benefit or even improve the performance of education and research: *the return to the “school”*. When the real estate manager carries out his or her homework properly and approaches a bank to get a mortgage for a major construction project, the bank will understand that it finances the institution and not its bricks and mortar.

DEVELOPING REFERENCE MODELS

As part of a continuous process of decentralisation in most OECD Member countries, tertiary education real estate emerges step-by-step as a full asset. Each country is of course dealing with its own particular context of tertiary education politics, budget regulations, taxes, and so on. These national differences prevent the sharing of concrete experiences across borders. But amongst institutions and public administration, there is a real eagerness to learn from the experience of others.

At the Warwick expert meeting, a simple model was presented which defines different stages of autonomy. This model enables the relative positioning of countries or institutions. At an early stage in this model (least autonomy), the institution only *uses* its real estate. Investment costs and running costs are carried by the government. At a further evolved level the institution *uses* and *pays* its real estate. At the most autonomous level the institution *uses*, *pays* and *owns* its real estate. The shift from one level to another is not clearly marked. In fact there are intermediary stages where the institution partly uses, partly pays or owns with restrictions.

The model of Figure 1 seems to suggest a linear development. In reality, there is no such a thing. Institutions in different OECD Member countries currently show an astonishing variety of competence patterns. Combinations exist like:

1. full usage, partial payment and partial ownership (2, 3, 5); but also
2. partial usage, no payment and full ownership (1, 6); and
3. full usage, full pay and no ownership (2, 4).

However, a clear tendency towards full usage, payment and ownership is occurring. Figure 1 provides an overview over ten representative institutions in 8 countries.

Several countries report negotiations on the increase of institutional competence/autonomy. A good example (on which some countries are making preparatory studies and other countries look back upon several years of initiatives based on increased autonomy)

Figure 1. **Autonomy in tertiary education real estate:
six stages of competence/independence**

| | 1 | 2 | 3 | 4 | 5 | 6 |
|------------|---|---|---|---|---|---|
| Fully own | | | | | | |
| Partly own | | | | | | |
| Fully pay | | | | | | |
| Partly pay | | | | | | |
| Fully use | | | | | | |
| Partly use | | | | | | |

Increased autonomy

Source: Author.

is the decentralisation of building maintenance to the tertiary education institutions. In our model, this takes place at level 3 (part payment). This increase of competence is realised through a series of phases, generally with the following pattern:

phase 1: task execution by institution, with budget constraints by the central bureaucracy on norms and priorities;

phase 2: debate on decentralisation of responsibilities and budget;

phase 3: decentralised emphasis on historic underpayment, structural budget gaps and major claims on exemption-status with a central emphasis on budget limitations;

phase 4: integration of risk factors in the total cost analysis and deal making;

phase 5: decentralised development of integral management and benchmarking; central development of output audits.

This process, which is time and management attention-consuming, appears again in the case of the decentralisation of other running costs and capital costs. The phases appear to be the same for minor policy shifts and for major policy shifts.

How do tertiary education institutions generate income to improve their real estate? In stages 1 and 2 of the model, the key word is ‘lobbying’. In stages 3 and 4, the focus is on ad hoc income expansion and efficiency gains. In stages 5 and 6, new business development shapes the challenge. The issue of financing capital expenditure is particularly at stake in stages 4, 5 and 6.

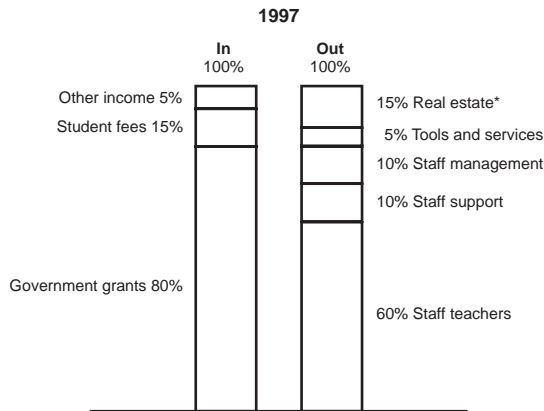
In order to capture the role of capital expenditure as a strategic asset, we can look at the simplified balance sheet of an anonymous tertiary undergraduate education institution (excluding research). The question is to set concrete targets for real estate management in the light of structural changes over, say, an eight-year period. For example, a scenario might be that student enrolment will not change, but the institution plans a major re-engineering process in the coming years, involving the upgrading of teaching and support staff, introducing new ways of working and learning and intensifying the use of information technology. The balance sheet for the year 1997 might look like what is presented in Figure 2.

The change of basic **income** over 8 years is predicted to be as shown in Table 1.

The change of **expenditure** (Table 2) is caused by the expected change of average costs (per square meter, wages per person) and the expected change of demand (number of square meters, number of staff).

The expected budget gap (total expenditure minus basic income) becomes 31 per cent (118.5-86.5) in the year 2007. The business case which this institution faces is the following: 15 per cent of the current teachers and 50 per cent of the current floor space will create 31 per cent additional income in the year 2007. Redundant staff capacity might set up training institutions, research centres, consultancy practises and patent offices. Redundant floor space might be cashed, marketed as sublet to parties creating synergy with tertiary education core business or redeveloped as new business such as conference centres, student housing, office space and small laboratories for starting companies.

Figure 2. **Simplified 1997 HE balance sheet**



* Real estate costs considered include total running and capital cost of building stock and related services.
 Source: Author.

Apparently, such an institution aims for “more learning per square meter”. Floor space is reduced by half, while enrolment stabilises. More opening hours and days, increasing occupancy rates and also probably an increase of learning at home and at the workplace must provide an avenue for seeking answers. An ambitious renovation programme may be started, resulting in facilities with 50 per cent higher total running costs.

The expected performance requires at least a strong strategically oriented institutional board, a highly skilled real estate staff, a transparent business plan and an effective relationship between facilities management and their (tertiary education and external) clients. Some of these aspects will be illustrated through concrete examples in the following paragraphs.

Table 1. **Change of basic income – 1997-2007**

| | Percentage 1997 | Change factor | Percentage 2007 |
|---------------------------|--------------------|------------------|--------------------|
| Student fees | 15 | 1.5 | 22.5 |
| Government grants | 80 | 0.8 | 64 |
| Total basic income | 95 | | 86.5 |

Source: Author.

Table 2. **Change of expenditure – 1997-2007**

| | Percentage 1997 | Average price | Number | Change factor | Percentage 2007 |
|--------------------------|--------------------|------------------|--------|------------------|--------------------|
| Tools and services | 5 | 0.5 | 4 | 2 | 10 |
| Management | 10 | 1.2 | 1.0 | 1.2 | 12 |
| Support staff | 10 | 1.2 | 1.1 | 1.25 | 12.5 |
| Real estate | 15 | 1.5 | 0.5 | 0.75 | 15 |
| Teaching staff | 60 | 1.3 | 0.85 | 1.15 | 69 |
| Total expenditure | 100 | | | | 118.5 |

Source: Author.

THE PRACTISE OF NEW CAPITAL FUNDING

The case studies presented at the Warwick expert meeting showed imagination, creativity and entrepreneurship amongst tertiary (and non-tertiary) educational institutions. It also became clear that the success of a particular concept often very much depended on a very specific set of local or national conditions. None of the reported successful initiatives could be copied blindly by another institution. We give here a broad description of ten examples which fall into three primary categories:

1. government facilitates change;
2. tertiary education entrepreneurship;
3. synergy and partnership.

Government facilitates change

In some countries the national government creates the conditions which enhance efficiency and flexibility in capital works.

Austria: BIG (Bundesimmobiliengesellschaft m.b.H)

In 1992 the Austrian government established the BIG, a federal real estate company with limited liability. The right to disposal of property is transferred to the BIG. The BIG acts as lessor for buildings and estates which provide a public service. Education is one of the sectors making use of it. BIG also acts as an investor, to acquire and develop real estate and to establish joint ventures with private investors.

The major benefits are threefold:

- space utilisation improves because of space charges;

- BIG provides professional and up-to-date real estate knowledge to government bodies;
- re-usage of facilities increases across public sectors.

The Vienna General Hospital case is an example. It was handed over to BIG and transformed into the Faculty of Philosophy of the Vienna University (35 000 m²) and a shopping centre (12 000 m²). A major aspect of this particular project is the revitalisation of an historic building complex.

The Netherlands: decentralised security fund

In the Netherlands, tertiary education real estate has been fully handed over to institutions over the last couple of years. Each institution can sell buildings or attract investment funds from private sources. The income is largely generated by student fees and government grants per student. In the case of the non university sector, the institutions purchased their real estate for a sum over one billion guilders.

The institutions were very keen on acquiring autonomy. The government focused on efficiency gains and a decrease of bureaucracy. The financial sector was prepared to participate under the condition of guaranteed loan security by the government, in order to cover the political risk. In the context of European convergence, the government could not offer such security. The government then created a private body (*Waarborgfonds*) for the security of capital loans by donating a limited starting budget and demanding that each institution sign up for a limited share of the risk of each other institution.

The newly acquired autonomy caused a noticeable cut of space demand within the institutions on one hand, and a remarkable rise of capital works on the other.

United Kingdom: Private Finance Initiative

Since 1993, the Private Finance Initiative (PFI) has existed in the United Kingdom. It is seen as an important instrument for delivering higher quality and more cost effective public services. After the launch of projects in health care, transport and prisons, some 30 pathfinder projects were identified in education. PFI is essentially a procurement method, designed by Her Majesty's Treasury. All public sector capital projects needing Treasury approval must be PFI tested. Decentralised public capital investment receive PFI as an option. Some limited subsidies and consulting capacity are available. Its aim is to bring the private sector more directly into the provision of public services and directly provides public services in whole or in part.

PFI schemes involve the private sector in a combination of owning, designing, building and running of schools or other facilities and providing the upfront capital outlay needed. The institution authority will pay an annual operating fee to the PFI contractor, which will not be fixed nor guaranteed, but will depend on the level of performance achieved.

At the end of the day, it is expected that the tax payer gets more value for money. The profit the private sector realises is expected to be more than compensated by the following advantages:

- efficiency gains: competition leads to attractive operating contracts;
- additional income: dual use of facilities and sites provide cash and functional synergy;
- risk sharing: public-private partnership in a contractually-based framework can be a decisive feasibility element in projects;
- increased flexibility: output based contracts are adjustable to change in demand.

So far, PFI has turned out to be a collective learning process. Institutions improve their professional performance in demand, definition and negotiation skills. Facilities management companies are challenged to offer wider packages at a larger scale. Financiers and legal advisors develop new style contracts and new payment mechanisms. The prime role of the government is to facilitate and accelerate this learning process.

Virginia, USA: equipment trust fund

The Higher Education Equipment Trust Fund was established by the Virginia General Assembly to provide funds to buy equipment for instruction and research at public colleges and universities. The Trust Fund was originally established because Virginia needed a large amount of equipment immediately, but did not have sufficient recurrent funds to make such a large outlay at one time.

The Trust Fund was developed as a solution. It continues to provide supplemental funding to buy equipment, in particular technological equipment such as computers. The Trust Fund is a lease-purchase programme that uses the proceeds from five-year tax-exempt bonds that are sold publicly by the Virginia College Building Authority. The debt is retired over a five year period by colleges and universities making lease-purchase payments to the Trust Fund.

The Virginia General Assembly gives additional state funds to colleges and universities to make the annual lease payments. If the General Assembly were to stop providing extra state funds for the lease payments, colleges and universities would have to continue to make the lease payments from other sources. By 1998, approximately 29 000 000 will have been expended since the inception of the programme.

Tertiary education entrepreneurship

The delivery of quality education is the prime focus of tertiary educational institutions. More and more universities are prepared to take the initiative and bridge the gap caused by government funding falling short. They use business tools, apply modern management concepts and challenge the market.

Galway University, Ireland: object based income

As a result of the exclusion of auxiliaries funding (*i.e.* no State funding for non-academic facilities), Galway University realised a £10 million student housing project

with a private builder/operator. Galway University provided the land. The private operator will return the facility debt free after 20 years.

Income is derived from annual student rent and summer lettings. The project largely relied on a tax break and a reduced interest rate (from 13 per cent to 8.5 per cent), on the basis of bank ownership. The university continues to seek new funding sources in other projects. For example, the loan for the extension of the Clinical Science Faculty is paid back by income from overseas student fees and private donations. The new facility for the Institute of Marine Biology is partly funded by an individual research donor and EU-subsidy.

“Nobody else makes money at my site” – University of Warwick, United Kingdom

When the University of Warwick was founded just over 30 years ago, it was privileged with a large (500 acre) site. Recently the purchase of 200 acres followed. For some years the university has focused on the “make half, save half” program. Essentially this program challenges institutional management to take up any reasonable business opportunity on campus in order to support the university. Currently the university depends on only 43 per cent of government income with 57 per cent income generated by various alternative sources. Examples include:

- research (with high overhead costs, for instance in engineering, as much as 105 per cent);
- overseas student fees (quality focused marketing, for instance through a Hong Kong office);
- post tertiary experience training centres (solely designed as high profile teaching hotels);
- faculty extensions (specially built for – and rented to – private enterprise);
- student residences (high quality, high price);
- on campus retail services;
- conference trade (vacation programs using and subletting student residences);
- commercial arts programme.

The University of Warwick is extremely cautious in borrowing money. Over the years additional income has become a major funding source for a large building program. Outsourcing is out at Warwick. All auxiliary personnel are the university’s own. Internal charging creates incentives. Different catering and cleaning crews compete against each other. Every once in a while an external provider is invited in the bidding. So far internal services always performed better. University staff compete with the students’ union to run the campus bars.

Charges on conference centres are at the top-end of the marketplace. Warwick invests heavily in continuous refurbishing. The management learns from the student union which reconfigure their building every 2 years.

Synergy and local partnership

In some cases tertiary education makes use of private funding to speed up the delivery of capital projects or to create ties between the domains of education, business and the community.

Biocity, Turku, Finland

Higher education in Finland receives 70 per cent income from government and 30 per cent from private sources, mainly contract research. In 1995 a national space charging system was introduced in education as in other public services. The Finnish government policy supports co-operation between private enterprise and universities. For instance in the city of Turku a so called "Datacity" project was developed, accommodating enterprises in computer and information industry in conjunction with the local universities.

In order to meet national economic and research targets in the field of biotechnology rapid action was needed in the late 1980s. The University of Turku and Abo Akademi concluded that traditional funding through state budget was far too slow. The Biocity project was developed by a private construction company. In a later stage the government decided to join the financing team. The core of the project is the Centre for Biotechnology. Its 20 000 m² are approximately equally divided by the universities on one hand and private enterprises. Expensive equipment is purchased together. The universities and private companies work closely together, in this way following, developing and implementing new research methods.

Adelaide, Australia: a privately funded research campus

The Thebarton Commerce and Research Precinct comprises 4 hectares of office, manufacturing and warehouse space and vacant land. It was started in 1989 by the University of Adelaide and now represents some \$12 000 000 of capital funding. The main purpose for this project was to develop a research and commerce precinct in association with the university, to alleviate significant space pressures on the main campus and to support urban renewal in a run down inner city suburb.

The university attracted three categories of tenants: 1) large and long term leasing tenants, 2) smaller companies who seek synergy with academia, and 3) start up companies from student projects. In addition the university has relocated some of its research activities to the precinct. Synergy is created in co-operative education, post graduate student programs, joint research activities and the provision of work experience to students.

Two Graduate Schemes provide services for starting businesses and creating joint ventures between medium size companies and graduates. Specific assistance is available for small business and industries in the region: a "one stop shop" presents a range of university facilities and expertise. Successful starting companies in incubator space are asked to leave the campus after several years if they fail to create synergy with the university.

The project was funded by use of the University's General Bequest Fund, which contains all non-specific bequests for the university. The current income stream from the tenants is realising a 12.5 per cent gross return per annum on this investment. The university is now examining the possibility of a joint venture or partnership arrangement with private companies to share the investment, although it is important that the university retain majority ownership and that the companies be empathetic to the university's vision.

CONCLUSIONS

What, if any, generalisations can be drawn from this study? Three important key observations can be made:

- There are a variety of funding mechanisms available to institutions, the applicability of which is dependent on the degree of centralised control. Even within a highly centralised system, however, there are opportunities for additional capital funding for the most creative and risk tolerant institution.
- There is a dynamic tension between central State control and institutional devolution, with the latter requiring institutions to develop much more market oriented and professional corporate real estate practices and staff. This autonomy is also balanced by increasing accountability and performance measures and a loss of a critical mass of "corporate real estate knowledge memory" as the centrally based professionals are dispersed.
- Tertiary institutions are, by definition, leaders in knowledge generation, training and education. They are therefore the best placed to come up with creative ways of financing their own assets as has been clearly demonstrated at the seminar.

It has certainly been a revelation to see the range of possibilities in financing real estate in a variety of cultures. The case with most OECD work is that the country reports provide the basis for a policy direction to be agreed. In the case of financing capital expenditure, however, the range of country approaches is so diverse that it is impossible to provide a consensus as to the best policy to adopt. Indeed it may be counterproductive and inappropriate to predetermine a preferred framework, given the range of contexts which face different countries.

It remains the case that countries represented in PEB and IMHE Programme should continue to share experiences to enable the exploration and evaluation of alternatives which may still be possible within tight cultural constraints, as has been demonstrated by the project studies in this Expert Seminar. It is hoped that further follow up studies can evolve from this work.

INFORMATION FOR AUTHORS

Contributions to the IMHE Journal should be submitted in either English or French and all articles are received on the understanding that they have not appeared in print elsewhere.

Selection procedure and criteria

Selection of articles for publication is carried out by the Editor of the Journal. In specific cases, however, articles are submitted to independent referees for review. If an article is rejected the author will be informed of the reason for the rejection.

The Journal is primarily devoted to the needs of those involved with the administration and study of institutional management in higher education. Articles should be concerned, therefore, with issues bearing on the practical working and policy direction of higher education. Contributions should, however, go beyond mere description of what is, or prescription of what ought to be, although both descriptive and prescriptive accounts are acceptable if they offer generalisations of use in contexts beyond those being described. Whilst articles devoted to the development of theory for its own sake will normally find a place in other and more academically based journals, theoretical treatments of direct use to practitioners will be considered.

Other criteria include clarity of expression and thought. *Titles of articles should be as brief as possible.*

Presentation

**** Three copies** of each article should be submitted, typewritten (1½ spaced) on one side of a page only.

Length: should not exceed 15 pages including figures and references.

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Abstract: the main text should be preceded by *an abstract of 100 to 200 words* summarising the article.

Quotations: long quotations should be single-spaced and each line should be indented 7 spaces.

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Tables and illustrations: tabular material should bear a centred heading "Table". Presentations of non-tabular material should bear a centred heading "Figure". The source should always be cited.

References in the text: Jones and Little (1986) or Jones *et al.* (1988) in the case of three or more authors. However, the names of all authors should appear in the list of references at the end of the article.

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- For periodicals: TAYLOR, M.G. (1991), "New Financial Models – Summary Report", *Higher Education Management*, Vol. 3, No. 3, pp. 203-213.
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