CHANGING POLICY ENVIRONMENTS
IT IS EASIER TO CHANGE STRUCTURES THAN CULTURES

Sigur Höllinger, Director General
Federal Ministry for Education, Science and Culture, Austria

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THE PROBLEMS ASSOCIATED WITH BURTON CLARK’S FIFTH ELEMENT IN AUSTRIA

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1. Anxieties Prompted by Increased Autonomy

Austria’s universities are in the midst of a process of transition from centrally managed state institutions to organisations with structures similar to those of commercial companies. The first major reform act was passed in 1993. It provided for phased implementation, but this was halted by the government deficit reduction measures introduced in 1996. Implementation has proved to be a very long drawn-out process, and the recently reorganised universities only began working under the new legislation at the start of 2000. Today, the universities are autonomous federal institutions, but are not independent legal entities. While personnel recruitment is largely the preserve of the universities, the academics, technicians and administrative staff either form part of the permanent federal civil service establishment or are federal contract employees, and none have private sector type employment contracts. Government budget law applies in the same way to the entire public sector. The principal tasks and responsibilities of the universities, e.g. the establishment or termination of degree programmes, are assigned by Parliament or by the Minister. The university democracy introduced in the mid-1970s, giving not only full professors but also the rest of faculty (assistant lecturers and lecturers) and the student body the right to participate in decision-making, has remained in place. However, the decisions concerned have shifted from the operational to the strategic and supervisory planes. There is still little similarity to private sector management structures.

Only a few years remain before the universities move on to the next step in the transition towards Burton Clark’s “entrepreneurial university” ¹.

The following phenomena have been associated with the first step towards self-management, and addressing them will be a precondition of taking the second step, to full autonomy:

- The changes achieved to date are structural in nature, and the necessary cultural transformation (Burton Clark’s “fifth element”) has lagged behind, and has yet to be fully or even partly embraced by most university staff. Many still see these changes as alien or obstructive to their academic work. A substantial number want nothing to do with university organisation and policy as such, and some actually seem to feel that colleagues who are prepared to any truck with the new structures are making fools of themselves.

¹ Burton Clark, Creating Entrepreneurial Universities, Organisational Pathways of Transformation, Pergamon 1998
The tight web of rules created since large-scale expansion got under way in 1970 has increasingly been turned to advantage to protect vested interests from university managements and the Ministry. Deregulation and decentralisation of decision-making powers are regarded by many as threats to their personal interests.

University staff frequently perceive growing university autonomy, giving rise to increased managerial responsibilities going beyond their specific duties, as an encroachment on their personal freedom.

Often, the wishes of departmental representatives are transmuted by legal provisions or ordinances of the Minister into requirements which the universities are obliged to fulfil. The belief that a central state institution is capable of regulating every aspect of academic life in a rational and objective manner has long since been exposed as a myth. Under the old regime, the Minister and Parliament were only *de jure*, but not *de facto*, the powerful elements in the system. In reality, they have become executors of the wishes of the various academic disciplines. Burton Clark’s typology (1983) has been turned on its head! Yet at the same time the field has been open to decry government interference and demand increased autonomy.

For many, having autonomy has turned out to be less congenial than demanding it. This is, in particular, because organisational autonomy is often mistaken for individual freedom of action.

Today, many of those who originally opposed the first step towards autonomy are defending precisely these changes against the planned second step, to full autonomy. They advance the view that anything the “entrepreneurial university” is supposedly capable of could as well be done by the existing structures, with the university remaining a state institution.

There is also a strange alliance between former or current left-wingers of the 1968 generation and conservative advocates of the traditional university. Both hold that the university should keep its distance from the business world, so as to maintain the independence of research and teaching. Such people often equate the economic application of academic research with the running of universities along commercial lines.

There is widespread opposition to the entrepreneurial paradigm, either because it is said to be inappropriate to universities or because of general objections to neo-liberalism.

It is argued that the degree of “co-determination” already achieved, i.e. the participation of all in different areas of the joint management of the university, needs to be maintained or expanded in order to prevent a return to authoritarian patterns. Changes that transfer responsibility for decisions from collective bodies to individuals are said be tantamount to putting democratisation into reverse, and are thus rejected out of hand. Because of this belief, there are fears that new forms of university management will pose a threat to academic freedom, and that the university will cease to fulfil its function as a school for democracy.

**2. Experience with Semi-autonomy, Europeanisation and Internationalisation**

A decade ago, an attempt was made to transform the state-controlled universities by moving directly to entrepreneurial structures. It met with a solid wall of outraged rejection, and there were accusations of a bid to destroy the universities. It thus made sense to adopt a step-by-step approach to structural and attitudinal change.
Rectors and deans at semi-autonomous universities soon became aware of the limitations and weaknesses of the “first-stage model”, and called for a rapid advance to further stages of development. At the start of 1999 the Ministry announced proposals to give the universities an independent legal status, with a view to stimulating discussion of the second step towards the entrepreneurial university at the universities themselves and in the public arena. The proposals themselves ran into heavy criticism, but the issue as such became a little more socially and politically acceptable. This is likely to work in favour of the enactment of the necessary legislation on the second stage of autonomy — namely, the creation of the legal framework for further structural change — but is far from signalling a change of heart on the part of most of the opponents.

A new development of crucial importance has recently taken place. For the first time, a plan for entrepreneurial universities, and a number of expert reports on important related issues, have emerged from academic circles. These have emerged from a working party appointed by the Austrian Rectors’ Conference and the Association of Senate Chairpersons. The Ministry funded the working party but took no part in its deliberations.

Over past ten years, reform of the Austrian higher education system has been top-down, and has been imposed in the teeth of initial resistance from the universities against change of any kind. Reform from above has a 200-year-old history in Austria, going back to Emperor Joseph II (1741–1790). The initiative undertaken by the Rectors and Senate Chairpersons is a breach with this Josephine tradition. It is the senior figures in academic life who, after the initial step towards autonomy, are now calling for the transformation of the universities into fully independent organisations. True, they are being criticised for this by university staff members, but they have not encountered the same degree of hostility as that which greeted the earlier, political agents of reform. Today, public debate is taking a more civilised form than was previously the case. However, the unions and other interest groups have not departed from their opposition.

Despite this, there are signs of a cultural shift conducive to a breakthrough for the entrepreneurial paradigm. Despite the lack of empirical research on the matter, on the basis of experience it is safe to say that the pace of change is hooting up. Yet the danger that, instead of a willingness to engage in controversy, we shall see a spread of passivity and frustration at alleged “constant changes that are interfering with, or even destroying the universities” is real and should not be underestimated.

Self-generated university reform now has solid and growing support. An ever-increasing number of students are undertaking part of their studies at universities outside Austria. Such people accounted for 30% of those completing the past academic year (1996–97 academic year: 20%). Most attend non-German-speaking universities, and return with new experiences and criticisms of domestic university life. EU mobility programmes, university partnerships and individual initiatives are creating a climate of opinion favourable to a move away from state-managed universities. Slowly but surely, a similar trend is becoming apparent in appointments to professorships. Today, just over half of all academic appointments at Austrian universities are going to academics coming from abroad. At the same time, a growing number of Austrian academics — though still a minority — are taking part in European and international research programmes. As a result, at the institutes, encrusted habits shielded by bureaucracy are being confronted with, and challenged by the living reality international research methods. Not often enough, but still far more frequently than in the past, achievement is coming to count for more than going by the book.

2. Federal Ministry of Science and Transport, Vollrechtsfähigkeit von Universitäten (Full Legal Capacity for Universities), position paper pursuant to legislation for fully university legal independence, 22 March 1999

The universities’ view of themselves has been altered by the abolition of the state monopoly in higher education, and the resultant competition from other providers of educational services. The latter are operating only in a few academic disciplines and areas of preparation for professional life, but are doing so with success. In 1993 a statutory accreditation procedure was created for private Fachhochschulen (non-university tertiary colleges). Accreditation is granted for limited periods, and extensions are conditional on positive evaluations. The maintaining bodies take a variety of forms, from private partnerships through to non-profit organisations. The Government provides them with funding in accordance with the standard costs budgeted for academic studies. By 2005 one-third of all first-year students in tertiary education are expected to be in this new sector, compared with 13% at present.

Since 1999 there has been a second form of competition, in the shape of private universities. These require approval under an accreditation procedure which established by statute but subject to little detailed government regulation. For the foreseeable future, there are likely to be only a few such facilities. What matters is the existence of this new type of university, which is not subject to direct state regulation, is goal and performance driven, and is more entrepreneurial in its approach than traditional bureaucratic organisations.

Declarations of intent (the Sorbonne and Bologna Declarations), and extensive efforts at university and state level have put the EU on the path to a single European higher education area. The Austrian universities, too, are to become competitive providers of university teaching and research services within a single European market. The removal of all barriers to the mobility of students and academics is thus essential. It is not only the pioneers of these developments who are now aware that the organisational form of the bureaucratic State University does not possess the necessary freedom of action for an assured future in an environment of this sort. True, not all who proclaim their belief in the inevitability of Europeanisation are seriously working towards real change. Often, deeds fail to match words. In all events, though, few now dare to openly oppose Europeanisation.

Certainly, not all-Austrian universities are realistically competitive in all disciplines, but there is no need for this to be so. The density of university departments and degree programmes is in any case too great. It was only able to come into being because of the effective absence of competition. What is needed is streamlining to create a few, strong parallel structures. It remains to be seen whether the arrival on the scene of entrepreneurial universities will rapidly inject sufficient elements of competition to touch off desirable concentration processes. Will these, rather, have to be achieved by government measures prior to the transition to full autonomy, and are such steps actually a precondition of legal independence? Would such measures appear contrary to the spirit of the future independence pledged by the Government? Would the credibility of the State’s withdrawal from management of the universities be compromised thereby?

The Bologna Declaration is taken very seriously in Austria. The Ministry has drawn up a plan for its implementation at the universities. The strength of its commitment to this project is also shown by the fact that a professional progress chasing system has been installed to monitor implementation.

So far, the universities have been less open to the challenges of the transnationalisation of higher education than to that of the Europeanisation currently under way. In Austria, virtual universities are still science fiction, and the possibilities offered by the new media have yet to be seen as a spur towards modernisation. Neither in quality nor in commercial terms are the new providers of higher education regarded as competitors in near term. If the universities that engage in both teaching and research are unable to defend their power and significance against pure teaching universities, is there not a danger that the ties between research and teaching will disintegrate, and that traditional universities will be weakened, perhaps fatally? Would research — including state funded research — then be concentrated in separate institutions, and teaching supplied by, and demanded from independent business enterprises? Would the two centuries-old Humboldt tradition in higher education be eradicated by commercialisation?
As elsewhere in Europe, the density of research universities in Austria is high. There are many parallel institutions, and no competition between them. Many departments are small, and their research performance weak. The advantage of this system is that teachers are always available to students in all subjects who have extensive links with research, and are generally directly engaged in it. The quality of the teaching, and thus of the academic training offered, is everywhere good, if not excellent. There are no elite universities, but also no sub-standard ones. This is a state of affairs that would seem worthy of preservation. However, a purely national perspective is out of date. In the first place, in Europe as a whole, there are some outstanding universities, thanks to exceptional levels of state support. Secondly, networks of particularly ambitious universities would be desirable. What matters is the European, if not global competitiveness of the universities, in terms of their ability to attract excellent academics and students.

The US model (a small number of top universities and a large number of mediocre or poor ones) is not an ideal to be emulated. The aim should be to maintain a good average level of quality in the academic training offered to all students.

3. “Entrepreneurial Universities”: The Plan and the Problems

The following is the outline plan for giving the universities full autonomy, following the semi-independence already conferred on them. The necessary legislation is to be introduced in the autumn of 2001. Before submitting the bill to Parliament, there will be extensive consultation and public discussion aimed at attaining a degree of acceptance. We shall publish the draft legislation at the end of 2000. Some elements can already be disclosed:

- All Austrian universities are to be given a structure broadly similar to that of a commercial enterprise, but will in legal terms not be companies but corporations of a special kind, free with regard to organisational and personnel matters, as well as management. Bankruptcy will be excluded.

- Relations between the State and individual universities are to be governed by contract.

- A significant part of university budgets is to be covered by assured state payments, laid down by legislation.

- The traditional “co-determination” in university management is to be replaced by chief executives answerable to supervisory boards, and by internal agreements.

- In future, staff members will be normal salaried employees (as in the private sector) rather than civil servants.

- The Ministry is to be responsible for strategic issues (in conjunction with the universities) and for monitoring of the higher education system.

I shall not go into further detail about the plan, as I have been invited to deal with the policy environment required for the development of “entrepreneurial universities”. Suffice it to say that there is a definite possibility that the old structures and ways will be carried over to the new system by the many who oppose all change, as was the case with the first step towards autonomy.

A central problem must, at all costs, be solved, if the performance of the universities, and the job satisfaction of their staff, is to improve. Despite the introduction of democratic practices in university management at a number of levels, 25 years ago, working structures in many areas have remained inflexible and hierarchical, and thus inefficient.
There is no alternative to more effective means of exercising pressure for good performance, combined with sanctions, than those that currently exist. However, this must be done with due restraint, having regard to the special circumstances of academic work. Reflection and research require calm.

Universities with research programmes are heavily dependent on state finance. The absence of university fees in Austria removes one element of market discipline from the universities. Even when state-run institutions have become “entrepreneurial universities”, neither they nor the services they offer will be exposed to full market forces. In reality, it can be taken that there will be limits to the degree of “competition” and “responsibility” with which they are confronted. But let us remember that there much blithe talk about markets from quarters where none exist or competition is highly imperfect.

For some time after reorganisation, entrepreneurial universities will require more state money, chiefly as a result of the switch from civil service to private sector employment contracts, some of which will involve higher pay scales, and of the need for incentives for employees to change their status. Moreover, some services rendered by the State to its universities, for which no charges are made under the existing system, or which result in no expenditure, will appear as cost items (e.g. insurance coverage not required by the State but obligatory for independent universities).

The expectation that the new university will need more state money is an obstacle to university autonomy, as the Government is currently operating a stringent deficit reduction policy, and the universities are among the areas of expenditure affected by cuts. Fiscal policy envisages the rapid transformation of the universities into private businesses with reduced state budgets. Under this pressure, it is thought, the independent universities would make structural changes resulting in savings. This they might, but damage might also be done. Here, fiscal is in conflict with higher education policy, which is aimed at a carefully managed transition to the “entrepreneurial university”. It remains to be seen which of the two policies will prevail.