

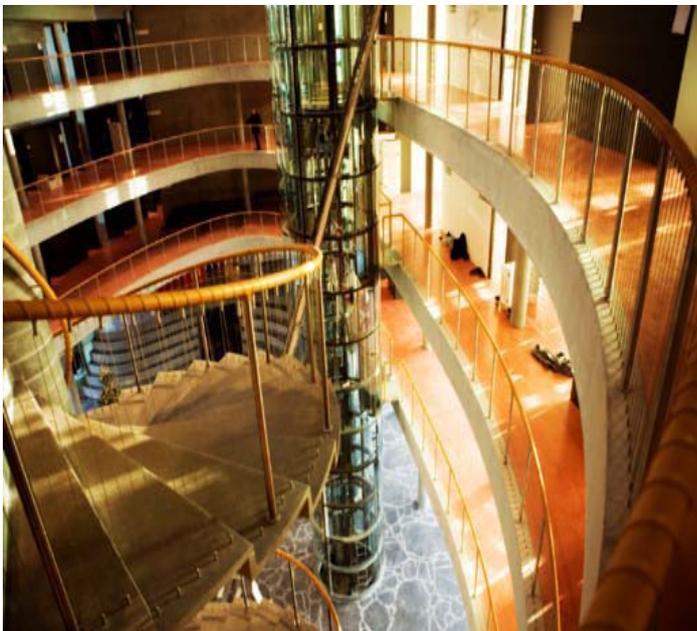


Higher Education at a Time of Crisis
Challenges and Opportunities
28-30 June 2009



Impact of the Crisis on Education at a Governmental Level

Report from the working group sessions at the OECD Programme on Institutional Management in Higher Education (IMHE) international conference on Higher Education at a Time of Crisis: Challenges and Opportunities, hosted by the Copenhagen Business School on 29-30 June 2009



Copenhagen Business School

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The 3 working groups discussed the following topics for 3 special cases; Supply and Demand, Spending Cuts, Stimulus Programmes.

SPECIAL CASE: UK & Finland

Presenters

- Steve Egan, Deputy Chief Executive, HEFCE, UK
- Christoffer Taxell, Chairman of the Board of Finnair and of European Services Forum ESF, Chancellor of the Åbo Akademi University, Finland

This session focused intensively on the two cases of UK and Finland and how each of the two European countries has organised their educational system and which challenges the crisis are bringing about.

The Finnish educational system has since the end of the Second World War been endowed with large amounts of funding. According to Christoffer Taxell the significance attached to education has been the foundation for the rapid growth in Finland in the second part of the twentieth century. The Finnish structure is characterized by many small units and strong linkages between universities and major conglomerates as Nokia. Moreover, the educational system has been highly prioritized politically and in economic downturns the knowledge sector has avoided budget cuts. Christoffer Taxell identified some recent trends and issues in Finland one being the move towards greater centralisation.

The situation in England is in many aspects the antithesis to the Finnish position. The budget for higher education will be slashed by 4 per cent in the fiscal year 2010/11, and the uncertainty and fear of further cuts is accumulating. The English experience is also different in the way that English universities own their assets and can borrow in the commercial banking sector while their Finnish counterparts is a hybrid model. They are neither private nor pure public organisations. The English situation is hampered by the political vacuum in the country, where the political process is unable to take any lasting decisions until after the election in May 2010. According to Steve Egan that is extremely problematic because the current economic situation with ever growing public deficits calls for political leadership. Likewise, the crisis and the perceived threat of further budget cuts have fragmented the knowledge sector which is in no shape to speak with one united voice in the political arena.

Two further subjects were intensely debated by participants in the discussion. The first was the issue of learning centres third role as a social actor. Some argued that universities beside teaching and research should be further embedded in the local society. As universities are engines of growth in many regions, this is important to acknowledge in the present situation.

The second major issue debated during the session was the topic of increasing centralisation. Some argued that mergers and consolidation could be problematic, and that large institutions were not necessarily superior to smaller units. In the respect Taxell stressed that the possibility of cross-field collaboration is more likely in bulky entities. The trade-off between public supervision and loss of autonomy was also briefly discussed, because universities are to a larger extent exposed to New Public Management and have to prove their worth in order to receive funds, and while it might be beneficial with some measurement to ensure performance, it can also decrease autonomy.

The final problem cited was the balance between education and research. It was a unanimous perception among the debaters that research was receiving more political clout at the expense of teaching.

SPECIAL CASE: Ireland & Greece

Presenters

- Tom Boland Chief Executive, HEA , Ireland
- John Panaretos, Professor Athens University, Greece

Crisis impact on education

Tom Boland stated that in some way this conference was in fact premature, because the impact of the crisis has not settled yet.

Irish policy last December stated education and research as being fundamental to recovery. Ireland is still waiting for it to reflect in government funding decisions. A stimulus program has been introduced as a part time educational program with government funding - to further education of unemployed workers at undergraduate and graduate level.

Greece appears to be not yet as affected as could be expected. In contrast to market based universities (such as Berkeley - only 15-20% public funding) who are holding back one month's staff salaries (due to the crisis), staff at centrally controlled universities are suffering less than market based universities.

Education supply/demand

The financial crisis has an impact on the demand/supply balance.

In Ireland demand for education has increased and is still increasing because threats of unemployment leads graduates to apply for post-graduate degrees and already employed workers are seeking to improve competitive skills.

In Greece, the openness of universities to foreign students and teachers is important to competitiveness.

Financing structure and its impact on education (centralised vs. market based universities)

Irish universities are public and relatively autonomous. In Ireland, universities are 80% publicly funded at present, and the overall government budget for education drives internal productivity and competition among institutions. There are no expectations of major cuts in higher education, but tighter control over all educational spending.

Universities in Greece are centrally run, and not as open as Ireland to inviting foreign speakers/professors. 90 % of staff salaries are state funded.

Funding

After the presentations by Ireland and Greece there was a general discussion on funding. In crisis situations people rely on the state, but this poses some difficulties. Universities can be too centralised. In Brazil, for example, universities are very bureaucratic and permits are required for trips abroad. However, the universities have a relatively high degree of autonomy. The autonomy of the university is important in decision processes via establishment of committees instead of centralised decisions. For predominantly state-funded universities, other funds (besides state funds or potential tuition fees) endanger the budget of the government fund reductions.

There are difficulties in attracting private funds for universities. The funding of university research depends on how universities are measured by society and by politicians, scientific journals/number of graduates, etc.

SPECIAL CASE: Australia, Denmark and the US

Presenters

- Fiona Buffinton, Group Manager, Higher Education Group, Department of Education, Employment and Workplace Relations, Australia
- Robert Strand, PhD fellow, MBA (CBS)

The working group examined how the Australian government has drawn up a set of responses to the crisis, followed by a look at how the crisis is challenging institutions in Denmark and the USA.

From the Australian perspective, Fiona Buffinton focused on what to do with the surplus in order to gain productivity and sustainability. By means of stimulus, schools and education have been given priority, hence, a long-term investment opportunity for the Australian government. The way of financing the Australian state system has in the meanwhile undergone changes from state financed to federal financed, which results in students receiving less and less money. Australia had already 3 years ago undertaken improvements that were interest-driven and not pushed by the crisis. Buffinton highlighted the need for mobility between students of different campuses. She stressed that it is better spending money on people getting skills than on unemployed. A governmental report concludes that initiatives must take the point of departure in what is affordable. The Australian curriculum now has to be internationally relevant.

Robert Strand questioned what should be taught at business schools. As a point of departure he contrasted the evolvement of the concept of wealth between the USA and Denmark. Followed by self-interest, today's society has evolved into interests of their stakeholders. The later is according to Mr. Strand especially the case in Denmark and, hence, he argues in order to move forward the debate we must explore more outside the framework, suggesting the importance of cross-thematic 3D MBA programmes in order to secure sustainable management education. Such a framework would thereby be extended to include 'broader, dynamic and deeper' education. This raises the question as to what point government should cut support. Contrasting Denmark and the USA, the point is that whereas the government of the former supports the candidate all the way up, the later only supports the first 3-4 years. He stressed the importance of ensuring bachelors are educated well. Finally, an extended perspective to include stakeholders should go both ways so that corporate social responsibility is not only supplied by universities but also demanded by the society.