

# UNIVERSITY AUTONOMY IN EUROPE



**Thomas Estermann<sup>1</sup>**

## Abstract

The article addresses the questions of University autonomy in Europe and countries of Tempus project ATHENA, which is to contribute to the development, reform and modernisation of higher education systems in Armenia, Moldova and Ukraine. The «institutional autonomy» is defined as constantly changing relations between the state and universities and the differing degree of control exerted by public authorities, which are dependent on particular national contexts and circumstances. Meanwhile autonomy reforms are an important driver of university modernisation. The article provides a general overview of the main trends in the four areas of university autonomy, namely: organisational autonomy, financial autonomy, staffing autonomy and academic autonomy. Finally, the main directions of further developments are identified.

**Key words:** , autonomy, institutional autonomy, reforms, ATHENA.

<sup>1</sup> European University Association. Thomas Estermann is Director of Governance, Funding and Public Policy Development at the European University Association. He is responsible for EUA's work aimed at strengthening universities autonomy, governance, management and their financial sustainability. He is developing EUA's policy on higher education finance and autonomy and has published on both topics («Financially sustainable universities II: European universities diversifying income sources», 2011; University Autonomy in Europe I: Exploratory Study», 2009; «Financially sustainable universities: towards full costing in European universities», 2008).

## Introduction

Many governments, the university sector and the European Commission have all recognised that increasing university autonomy represents a crucial step towards modernising higher education in the 21st century. The European University Association (EUA) has monitored and analysed the development and impact of autonomy and governance reforms through a wide array of studies as well as through stakeholder debates, conferences and its Institutional Evaluation Programme. With its study, University Autonomy in Europe II – The Scorecard<sup>2</sup> EUA has provided data on institutional autonomy, which enables university practitioners and policymakers to compare systems more effectively across Europe. It ranks and rates higher education systems according to their degree of autonomy thereby helping to improve higher education systems. Following extensive consultancy in different European Higher Education systems in the last decade, EUA is now implementing the major Tempus project ATHENA<sup>3</sup>. This project aims to contribute to the development, reform and modernisation of higher education systems in Armenia, Moldova and Ukraine. As a structural measure, it is designed to support structural reform processes and the development of strategic frameworks at the national level. ATHENA ultimately aims to enhance the quality and relevance of higher education systems in the three partner countries. It fosters the transfer of good practices in order to promote efficient and effective governance and funding reforms and tries to build the capacities of universities in the partner countries to modernise the management of financial and human resources. This article will explore the importance of institutional autonomy, identify European trends and analyse some of the challenges related to autonomy for the ATHENA partner countries.

## Terminology

Perceptions and terminologies of institutional autonomy vary greatly across Europe, and separating the various components of autonomy to ensure that we are looking at like-for-like is a difficult process. There is a vast amount of literature on the topic, which has led to a wide

<sup>2</sup> Estermann, T., Nokkala, T., Steinel, M., (2011) University Autonomy in Europe II: The Scorecard, EUA, Brussels.

<sup>3</sup> <http://www.athena-tempus.eu/>

range of definitions and concepts of university autonomy<sup>1</sup>.

The rules and conditions under which Europe's universities operate are characterised by a high degree of diversity. This variety reflects the multiple approaches to the ongoing search for a balance between autonomy and accountability in response to the demands of society and the changing understanding of public responsibility for higher education. Indeed, the relationship between the state and higher education institutions can take a variety of forms, and it should be stressed that an «ideal» or «one-size-fits-all» model does not exist. In this article therefore, «institutional autonomy» refers to the constantly changing relations between the state and universities and the differing degree of control exerted by public authorities, which are dependent on particular national contexts and circumstances.

### Why do universities need autonomy?

There is broad agreement between stakeholders that institutional autonomy is important for modern universities. While this notion has been empirically substantiated in various studies, it should also be noted that autonomy alone is rarely enough. Though institutional autonomy is a crucial precondition that enables universities to achieve their missions in the best possible way, other elements are equally necessary to ensure real success.

The relationship between university autonomy and performance has been widely discussed. For example, in their contribution «Higher Aspirations: an Agenda for Reforming European Universities», Aghion et al. analyse the correlation between performance in rankings, the status of autonomy and levels of public funding. They found «*that universities in high-performing countries typically enjoy some degree of autonomy, whether in hiring or in wage setting*» and that «*the level of budgetary autonomy and research are positively correlated*»<sup>2</sup>.

In addition, autonomy helps to improve quality standards. EUA's Trends IV study found that «*there is clear evidence that success in improving quality within institutions is directly correlated*

*with the degree of institutional autonomy*»<sup>3</sup>. This correlation was confirmed by EUA's most recent Trends VI study<sup>4</sup>.

Third, there is a link between autonomy and universities' capacity to attract additional funding. The 2011 EUA study «Financially Sustainable Universities II: European universities diversifying income streams» found that a university's ability to generate additional income relates to the degree of institutional autonomy granted by the regulatory framework in which it operates. This link was established for all dimensions of autonomy, including organisational, financial, staffing and academic autonomy. The data revealed that financial autonomy is most closely correlated with universities' capacity to attract income from additional funding sources. Staffing autonomy, and particularly the freedom to recruit and set salary levels for academic and administrative staff, were also found to be positively linked to the degree of income diversification<sup>5</sup>. Finally, by mitigating the risks associated with an overdependence on any one particular funder, a diversified income structure may, in turn, contribute to the further enhancement of institutional autonomy.

It should be noted that policy-makers tend to regard autonomy reforms as an important driver of university modernisation. And higher education institutions, too, consider the further improvement of university autonomy as a priority. According to EUA's Trends VI report, 43% of university respondents viewed autonomy reform as one of the most important institutional developments in the past decade<sup>6</sup>.

### Trends in the different autonomy dimensions

Although stakeholders broadly agree on the importance of university autonomy, success in implementing the necessary reforms has varied considerably across Europe. The following provides a general overview of the main trends in the four areas of university autonomy.

#### Organisational autonomy

Although higher education institutions in Europe operate in the context of a regulatory framework, the extent and detail of these regulations vary significantly as far as universities'

<sup>1</sup> see for example Clark, B., (1998) *Creating Entrepreneurial Universities: Organizational Pathways of Transformation*, Pergamon-Elsevier, Oxford. AND Salmi, J., (2007) *Autonomy from the State vs Responsiveness to Markets*, *Higher Education Policy*, Vol. 20, pp. 223-242. AND Sporn, B., (2001) *Building Adaptive Universities: Emerging Organisational Forms Based on Experiences of European and US Universities*, *Tertiary Education and Management*, Vol. 7 Issue 2, pp. 121-134. AND Huisman, J., (2007) «The Anatomy of Autonomy», *Higher Education Policy*, Vol. 20, pp. 219-221.

<sup>2</sup> Aghion, P. et al., (2008) *Higher Aspirations: an agenda for reforming European universities*, *Bruegel Blueprint Series*, Volume V, Belgium, p.5.

<sup>3</sup> Reichert, S. & Tauch, C., (2005) *Trends IV: European Universities Implementing Bologna*, EUA, Brussels, p.7.

<sup>4</sup> Sursock, A., Smidt, H. (2010) *Trends 2010: A decade of change in European higher education*, EUA, Brussels, 2010. Retrieved from: [http://www.ond.vlaanderen.be/hogeronderwijs/bologna/2010\\_conference/documents/EUA\\_Trends\\_2010.pdf](http://www.ond.vlaanderen.be/hogeronderwijs/bologna/2010_conference/documents/EUA_Trends_2010.pdf).

<sup>5</sup> Estermann, T., Bennetot Pruvot, E., (2011) *Financially Sustainable Universities II: European universities diversifying income streams*, EUA, Brussels.

<sup>6</sup> Sursock, A., Smidt, H. (2010), p.18.

organisational autonomy is concerned. In the majority of countries, institutions are relatively free to decide on their administrative structures. Their capacity to shape their internal academic structures within this legal framework is more restricted.

In addition, there is a trend towards the inclusion of external members in the institutional decision-making bodies, especially where universities have dual governance structures. While this is seen as an important accountability measure, it also clearly serves other, more strategic, purposes. Indeed, external members in university governing bodies are frequently selected to foster links with industry and other sectors (Figure. 1).

As far as leadership is concerned, the shift towards more CEO-type rectors in a number of Western European countries goes hand in hand with greater autonomy in management and the capacity for universities to design their own organisational structures. On the other hand, more traditional models still exist, in particular in Southern and Eastern Europe, in which the rector is a «primus inter pares» who is selected by and comes from the internal academic community.

Finally, dual governance structures — with some type of division of power between bodies, and usually comprising a board or council and a senate — as opposed to unitary structures, are on the rise.

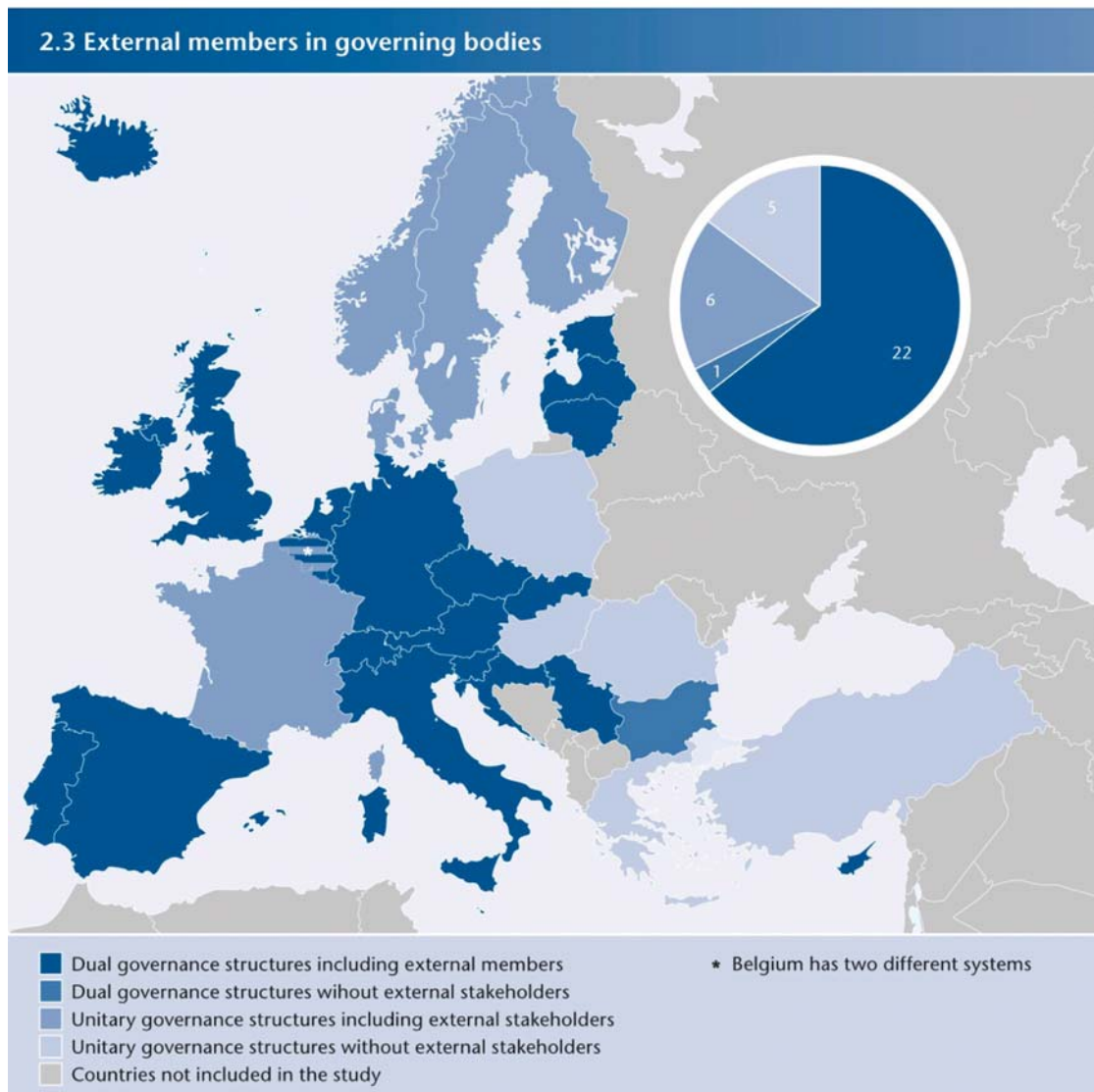


Figure 1. External members in governing bodies in European universities

In comparison to the majority of European Higher Education systems, the three participating ATHENA countries have more regulations and restrictions in this dimension. The movement towards including independent external stakeholders, an independent selection of the leadership and more freedom in the development of academic structures will be areas that need specific attention in further reform processes in these countries.

### *Financial autonomy*

In a majority of European countries, universities receive their funding in the form of block grants. In some systems, line-item budgets are still used, and institutions are thus unable to shift funds between budget lines. This is mainly the case in certain Eastern European and Eastern Mediterranean countries. In a small number of cases, even self-generated revenue is strictly regulated.

While universities in most systems are allowed to borrow money, laws specify certain restrictions, especially in Northern Europe: they may prescribe the maximum available amount, or require the authorisation by an external authority.

Only in half of the surveyed countries are universities allowed to own their buildings. Even those who do own their facilities may not automatically decide on investing in real estate, nor are they necessarily free to sell their assets. Restrictions range from requiring the approval of an external authority to complete inability to sell.

In many European systems, universities can collect tuition fees or administrative charges from at least part of the student population. Nevertheless, this does not mean that these fees reflect a significant contribution to the costs of education or an important source of income. In most cases, additional limitations are placed on the ability of universities to set fees as a means of generating income.

When all aspects of financial autonomy are taken together, Western European countries seem to benefit from greater freedom than their Eastern European counterparts. In general, universities in Western Europe are more autonomous in how they use the public funding they receive, but less so with regards to raising tuition fees. Eastern European countries tend to be less autonomous in the use of their public budgets, but are often able to decide on privately-funded study places and use the fees the latter generate.

The three participating ATHENA countries have a similar pattern in this dimension. On the one hand there is a greater freedom to collect fees from students, while on the other hand there are restrictions on the allocation mechanisms, the ability to keep surplus and to borrow money.

Above all, the management of university finances is subject to excessively burdensome bureaucracy, which limits efficient management of resources.

### *Staffing autonomy*

In many European countries, universities are gaining greater flexibility in dealing with staffing issues, as staff are being paid and/or employed directly by the university rather than by the state. However, the decisions on individual salaries are still to a large degree controlled by the government. In almost half of the countries studied, all or a majority of staff has civil servant status, which underlines the sustained need for more flexible forms of employment for university staff.

The analysis also shows that there are significant differences in the recruitment of staff, ranging from a considerable degree of freedom to formalised procedures that entail an external approval, sometimes by the country's highest authorities. Although this may be a formality in some cases, it nevertheless impacts on the length of the recruitment procedure and therefore on the ability to act quickly in a competitive and increasingly international recruitment environment. Some Mediterranean countries have very little freedom with regards to staffing matters, as they are unable to determine the number of staff they recruit and hence lack control over overall salary costs. Individual salary levels may even be determined by national authorities.

The ATHENA participating countries seem to have more formal autonomy here than in the other dimensions. However, in practice informal intervention of public authorities effectively limits the universities' margin for manoeuvre.

### *Academic autonomy*

In a majority of European countries, universities are essentially free to develop their academic profile, although restrictions remain in other areas of academic autonomy. The introduction of new programmes usually requires some form of approval by the relevant ministry or by another public authority and is often tied to budget negotiations, which demonstrates the interdependence of different dimensions of autonomy. Universities are generally free to close programmes independently; only in a small number of systems does this matter have to be negotiated with the pertinent ministry.

In most countries, admission to higher education institutions is unrestricted for all students that meet the basic entry-level requirements (usually a secondary education qualification and/or a national matriculation exam). Only in a minority of countries are universities free to decide on the overall number of students to take in. In most cases, overall numbers are either determined by the relevant public authorities or decided jointly

by the public authority and the university. In a third of the countries analysed, universities can freely decide on the number of study places per discipline. However, the allocation in some fields may be subject to negotiations with an external authority, or set within the accreditation procedure.

Academic autonomy is the area where ATHENA participating countries lack most freedom. This concerns restrictions on the number of student places, heavy accreditation and licensing procedures and, in particular, the inclusion of state-mandated content in study programmes. Reform processes need to address these limitations and restrictions.

#### **Conclusion: What else is needed to exploit autonomy?**

Although the institutional freedom of European universities has generally increased, a number of countries still grant their higher education institutions too little autonomy and thereby restrain their performance.

It is particularly important to underline the strong interrelations between different autonomy areas: if universities are constrained in their financial freedom of action, other dimensions of autonomy, such as organisational, staffing and academic autonomy, may be severely limited by implication. Policy makers should adopt a holistic approach to autonomy reforms, taking account of all dimensions of institutional autonomy.

Insufficient funding can severely limit the benefits of institutional autonomy. In Europe the economic crisis has had a profound effect on the sector, sometimes leading to steps back in previously granted autonomy. In a number of systems, national governments have gone back to resorting to more direct steering mechanisms, while tighter public budgets have generated heavier reporting procedures. In some countries, short-term reactions to the crisis have also translated into drastic public funding cuts, putting strong financial pressure on universities. Although institutional autonomy is crucial, its full benefits cannot be reaped without a firm commitment to stable and sufficient university funding.

The low level of public funding in all three ATHENA participating countries is problematic and represents a particular challenge. Reform processes often lack appropriate implementation procedures and, considering the lack of general funding, support to implement reforms is often scarce. It will be of crucial importance to develop a long-term vision on how more money can be channelled into higher education and research. To maximise funding sustainability via income diversification, there will need to be a balanced

mixture of both more public and private resources. In order to increase the percentage of private income sources, public authorities need to develop appropriate incentive mechanisms.

There also remains a frequent gap between formal autonomy – autonomy «on paper» – and a university's actual ability to act independently. Heavy accountability measures curtail university autonomy, highlighting the importance of striking a balance between institutional freedom and adequate accountability tools. In the three ATHENA participating countries, reducing bureaucracy in financial management and procurement will be an important element in moving towards more efficient systems.

Finally, reforms in the field of governance and autonomy will not be successful unless they are accompanied by measures aimed at building institutional capacities and human resources. The need for efficient and effective management and leadership and for renewed technical and specialist expertise in a variety of areas must be addressed if universities are to respond to the new demands placed on them. Crucially, this issue needs to be dealt with jointly, both by universities and the relevant public authorities.

#### **References**

- Aghion, P. et al., (2008) Higher Aspirations: an agenda for reforming European universities, *Bruegel Blueprint Series*, Volume V, Belgium.
- Clark, B., (1998) Creating Entrepreneurial Universities: Organizational Pathways of Transformation, Pergamon-Elsevier, Oxford.
- Estermann, T., Bennetot Pruvot, E., (2011) Financially Sustainable Universities II: European universities diversifying income streams, EUA, Brussels.
- Estermann, T., Nokkala, T., Steinel, M., (2011) University Autonomy in Europe II: The Scorecard, EUA, Brussels.
- Huisman, J., (2007) «The Anatomy of Autonomy», *Higher Education Policy*, Vol. 20, pp. 219-221.
- Reichert, S. & Tauch, C., (2005) Trends IV: European Universities Implementing Bologna, EUA, Brussels.
- Salmi, J., (2007) Autonomy from the State vs Responsiveness to Markets, *Higher Education Policy*, Vol. 20, pp. 223-242.
- Sporn, B., (2001) Building Adaptive Universities: Emerging Organisational Forms Based on Experiences of European and US Universities, *Tertiary Education and Management*, Vol. 7 Issue 2, pp. 121–134.
- Sursock, A., Smidt, H. (2010) Trends 2010: A decade of change in European higher education, EUA, Brussels, 2010. Retrieved from: [http://www.ond.vlaanderen.be/hogeronderwijs/bologna/2010\\_conference/documents/EUA\\_Trends\\_2010.pdf](http://www.ond.vlaanderen.be/hogeronderwijs/bologna/2010_conference/documents/EUA_Trends_2010.pdf).