

# **REAL-TIME SYSTEMS**

## **Reflections on Higher Education in the Czech Republic, Hungary, Poland and Slovenia**

**Jon File and Leo Goedegebuure (Eds.)**

Real-time systems (*An ICT definition*)

In real-time multiprocessing there is the extra requirement that the system complete its response to any input within a certain critical time. This poses additional problems, particularly in situations where the system is heavily loaded and is subject to many simultaneous demands. Real-time systems are always dedicated. Most systems are not real-time.

**Logo CHEPS Center for Higher Education Policy Studies –  
University of Twente, Enschede, the Netherlands**

**Logo CROSS Bureau CROSS  
The Hague, the Netherlands**

**Logo Vutium, Brno University of Technology,  
Brno, Czech Republic**

This book, and the multi-lateral higher education co-operation programme from which it originates, was made possible through the financial support of the Dutch Ministry of Education, Culture and Science (via Bureau CROSS) together with supplementary funding from the Ministries of Education of the Czech Republic, Hungary, Poland and Slovenia.

ISBN 80-214-2384-6

CHEPS

Internet: [www.utwente.nl/cheps](http://www.utwente.nl/cheps)

Email: [secr@cheps.utwente.nl](mailto:secr@cheps.utwente.nl)

VUTIUM

Internet: [www.vutium.vutbr.cz](http://www.vutium.vutbr.cz)

Email: [mizerova@ro.vutbr.cz](mailto:mizerova@ro.vutbr.cz)

© 2003 CHEPS (Center for Higher Education Policy Studies), University of Twente, P.O. Box 217, 7500 AE Enschede, the Netherlands  
Brno University of Technology, VUTIUM Press, Antoninska Street 1, 601 90 Brno, Czech Republic

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Printed by UNITISK, Czech Republic.

Cover Design: Communication Department, University of Twente, the Netherlands

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## Preface

Most of the books and reports produced by CHEPS are the outcomes of our research programme and projects, or commissioned research and consultancy activities. This book is different – it is an outcome of a dialogue.

In 1998 the Center for Higher Education Policy Studies (CHEPS) was asked by the Dutch – Hungarian joint committee on educational co-operation between the two countries to offer a series of workshops on higher education policy questions for a selected group of Hungarian higher education decision-makers. On the initiative of the then Minister of Education, Culture and Science of the Netherlands, Jo Ritzen, and with the support of the joint committee, an invitation was extended to the Czech Republic, Poland and Slovenia to participate in the workshop series.

In the planning stages our Hungarian partners indicated a preference for a broad exposure to trends in Western European higher education, rather than solely the Dutch experience. CHEPS, although a Netherlands based center, specialises in comparative higher education policy research and is able to draw on a wide-range of experience, both amongst our own staff and within our international networks.

Thus began what turned out to be an intense multi-level dialogue between the four countries themselves on the higher education challenges they face, between participants based in institutions and those working in Ministries, and between the four countries and Western European higher education policy researchers. In the first phase of the project (1999–2000) a series of five workshops were held for a core group of some twenty representatives from the four countries. Participants were drawn from people working at senior management levels within universities, and senior representatives of the Ministry of Education and national co-ordinating bodies for higher education. In the second phase of the project (2001–2002) two further policy workshops were organised as well as national workshops in each of the four countries designed to take the discussions deeper into each system. In addition, a candidate from each country was selected to start work on a PhD in higher education policy with CHEPS.

On the basis of these two multi-lateral programmes over the past four years there is no doubt that the policy issues that have been debated are of particular relevance to the participating countries. The impact of the programme, however, was not intended to be a direct one: CHEPS was not commissioned to work with a particular national education Ministry or with an individual university in a specified change process. The impact of the programme lies in the creation of a strong multi-country network of Ministerial and institutional representatives, with a deepened exposure to comparative higher education policy insights, and to the dilemmas and challenges of systems going through far-reaching reform processes.

In this book we have attempted to capture some of the insights that have emerged from this dialogue. We hope that these insights will make a modest contribution to the ongoing policy development and reform process in the four countries, and will add to our understanding of the dynamics of higher education system change in more general terms. Although the logic of the process that led to four countries participating in the programme was strictly diplomatic – not a scientifically drawn sample of Central and Eastern European higher education systems – we also believe that these insights will be of interest more widely in the region, and particularly to the other six pre-accession countries in Central and Eastern Europe. CHEPS has had the opportunity to arrange three workshops for this wider group of 10 countries over the past two years, and hopes that this book will provide further impetus for the broadening and deepening of this dialogue in the crucial years ahead.

### **Structure of the book**

The book consists of four parts.

In Part One, the *Introduction*, we asked Guy Neave, our scientific director, to place our dialogue in the broadest possible context by drawing on his unique historical and European perspectives on higher education.

In Part Two, *Infrastructure, Trends and Policy Issues*, two of our colleagues at CHEPS (Jeroen Huisman and Frans Kaiser) together with authors from the four countries present a concise overview of the structure of the four systems in terms of infrastructure and trends, and identify some key contemporary policy issues in each country.

In Part Three, *Developments and Challenges in Four Key Areas*, we focus on four of the policy areas that emerged as the most complex and intriguing in our dialogue. In each area we attempt to provide a broad comparative and analytical framework within which the situation in the four countries can be explored. Ben Jongbloed considers institutional funding and institutional change; Hans Vossensteyn looks at the question of cost sharing in higher education; Marijk van der Wende and Don Westerheijden explore quality assurance and degree recognition and the relationship between these two policy instruments; Harry de Boer and Leo Goedegebuure reflect on governance, management and system change.

In Part Four, *Comparative Reflections*, we try to integrate the overall picture developed of the four systems and to draw some comparative observations.

Clearly, a book of this nature would not be possible without contributions, large and small, from a great number of people. We would like to select three groups of people from the list that follows for particular thanks: Linda Beijlsmit and Theo Siskens of



Bureau CROSS<sup>1</sup> for their ongoing belief in the value of the workshop series; the national co-ordinators for their enormous organisational and substantive contributions on top of their (real-time) obligations over the four years; and all the contributors to this book – authors, co-authors and the providers of information, comment and ideas. Despite all this support, this book in essence contains the reflections of our center on a four-year dialogue with (now) close colleagues from the four countries. If you like, it is CHEPS on CHPS<sup>2</sup>, with (more than) a little help from our friends.

Jon File and Leo Goedegebuure  
Enschede, the Netherlands  
April 2003

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<sup>1</sup> Bureau CROSS is part of the Directorate: International Policy of the Dutch Ministry of Education, Culture and Science. Its primary task is the execution of educational co-operation programmes between the Netherlands and Russia and Central and Eastern Europe.

<sup>2</sup> Czech Republic, Hungary, Poland and Slovenia.



## Acknowledgements

### **Bureau CROSS, The Hague**

*Linda Beijlsmit and Theo Siskens*

### **The CHEPS team**

#### CHEPS chapter authors and workshop presenters

*Harry de Boer, Jon File, Leo Goedegebuure, Jeroen Huisman, Ben Jongbloed, Frans Kaiser, Guy Neave, Hans Vossensteyn, Marijk van der Wende, Don Westerheijden*

#### Other CHEPS workshop presenters

*Jeroen Bartelse, Jürgen Enders, Peter Maassen, Vojin Rakic, Henno Theisens*

#### Invited workshop presenters

*Thierry Chevaillier (France), Marlies Leegwater and Peter Powell (The Netherlands), António Magalhães and Virgílio Meira Soares (Portugal), Krzysztof Ostrowski (Poland), Ole-Jacob Skodvin (Norway), Malcolm Tight (UK), Jef Verhoeven (Belgium)*

#### Project Administration

*Marlies Golbach, Hilly ter Horst-Meester, Monique Snippers*

#### Assistant editorial team

*Martha Henry, Tom Phillips, Carlo Salerno*

#### Production, liaison and layout

*Gillian Luisman and Monique Snippers (Enschede)  
Emanuel Ondráček, Helena Šebková and Aleš Vlk (Brno and Prague)*

#### CHEPS PhD candidates from the four countries

*Tibor Csizmadia (Hungary), Wojciech Duczmal (Poland), Aleksandra Kovač (Slovenia), Aleš Vlk (Czech Republic)*

### **Workshop participants**

#### Czech Republic

*Helena Šebková and Josef Beneš (National co-ordinators), Tomáš Čermák, Václav Havlíček, Josef Koubek, Eva Münsterová, Emanuel Ondráček, Miroslav Pidra, Vladimír Stejskal, Josef Trna, Václav Vinš, and the 50 participants at the national workshop in Prague in May 2002*

### Hungary

*István Bilik (National co-ordinator), Orsolya Csepes, László Dinya, László Kiss, János Lógó, Sándor Nagy, Zsolt László Nagy, József Reffy, Vilmos Sándor, Tibor Szántó, Zsolt Varga, Pál Veres, Sarolta Zarda, Gyula Zeller, and the 40 participants at the national workshop in Győr in April 2002*

### Poland

*Piotr Wach and Hanka Matuszak (National co-ordinators), Teresa Bader, Ireneusz Bielecki, Danuta Czarnecka, Julita Jablecka, Andrzej Kaczkowski, Tatiana Klonowicz, Krzysztof Leja, Hanna Reczulska, Franciszek Rybicki, Ewa Sieczek, Tatiana Tymosiewicz, Marek Wąsowicz, Marek Witkowski, and the 40 participants at the national workshop in Warsaw in November 2002*

### Slovenia

*Darinka Vrečko (National co-ordinator), Iztok Arcon, Janez Benkovič, Andreja Erjavec, Lučka Lorber, Mojca Ifko, Eva Marjetič, Bogomir Mihevc, Matjaž Mokoš, Danijel Rebolj, Marjana Šaukal Ribičič, Nada Trunk Širca, Polona Miklavc Valenčič, and the 120 participants at the national workshop in Portorož in November 2001*

## **Part 1**

### ***Introduction***



# 1. On the Return from Babylon: A long voyage around history, ideology and systems change

Guy Neave

*Hier ça semblait à la fois plus court et plus long, de toute façon on avait pas eu l'idée de compter, puisque ça n'était pas terminé. A présent, c'est terminé. C'était un faux avenir. Tout ce qu'on a vécu depuis vingt ans, on l'a vécu à faux. Nous étions appliqués et sérieux, nous essayions de comprendre...*

J-P. Sartre *Les Chemins de la Liberté vol.2, Le Sursis*, Paris, 1972.  
Gallimard éditions folio, p. 86.

## Introduction

This book is about achievement. More particularly, it is about how four systems of higher education in the Czech Republic, Hungary, Poland and Slovenia moved from one very specific vision of society to another. It is important to recognise this feat for what it is – in effect, a rare example of social mobilisation on a scale unprecedented in the recent history of the four countries involved. And more to the point, it took place peaceably, in marked contrast to previous attempts in 1956 and 1968 to challenge an order internally established but externally maintained. It is important to recognise the unique nature of these events. And it is no less important to do so before the impression sets in that what once demanded courage, vision and determination has, by the passing of time and the weight of hindsight, assumed a new light and is looked upon as predestined, inevitable or economically both necessary and unavoidable. The passing of days tends to smooth out what were very real uncertainties, just as higher education policy tends to give short shrift to the alternative once contemplated but which subsequently never took root. They also bring with them a further attendant risk, namely, to make crucial actors and their decisions seem like banalities, and very especially when both figure in an odyssey whose outcome is now known. Thus even our perception of what is involved in the 'transition' from one vision of society to another carries with it its own mutations usually induced by selective forgetfulness.

## Fashion, Transition and the Imperialism of Economics

There are, of course, many ways of characterising events that mark a watershed in the social and institutional history of a Nation. Today, one of the more fashionable is to cast them in terms of 'studies in transition'. Such a term has its uses, though very often what it tends to conceal is the temptation to write political and social history in terms of economic history, if not always economic ideology (Neave, 2003a). Such an interpretation is in point of fact a subset in a rather broader phenomenon, itself inseparable from the ways it has influenced the spirit of these times. This phenomenon

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sails under the flag of economic integration within a specifically European setting. Or, if we cast our minds further afield, then it takes on the form of what is equally presented as Neo-Liberalism's counterpart to economic determinism, namely the pervasive and apparently irresistible spread of globalisation (De Wit, 2003).

No one will deny the economic nature of the transition – from a command economy to a market economy. Nor will they waste their breath in arguing about the changes it has brought about in the sheer size and institutional profile of the higher education systems involved, in the ways higher education is governed, has increasingly come to regulate itself or seeks to ensure the means by which higher learning may be pursued and passed on. '*L'argent*', the Emperor Napoleon is supposed once to have remarked, "*c'est le nerf de la guerre*." It is no less the sinew of higher education. Such a 'market' perspective has both plausibility and the not inconsiderable advantage of bringing together both halves of Europe within a common framework. It strengthens the promise that participating in a common venture holds out.

Still, if we care to consider the history of higher education over the past quarter century in the Western end of the European landmass, then 'transition' is no less evident there as well. Moreover, it may be written in broadly similar terms - to wit, the demise of higher education based upon the concept of social demand and the triumph, in some systems blatant, in others reluctant, of higher education as a 'market driven' enterprise. Certainly, there are differences in timing, in scope, in symbolism and in meaning between the various geographical and historic regions of Europe, just as there are within the individual Nations that compose them. Since higher education never develops in a social or historic vacuum, it is useful to make a short incursion into the history of higher education in these four Nations.

### **An Excursion into History**

Any analysis that brings in the historical perspective to examine the development of universities has always to bear in mind that there are basically two narrative lines. The first considers the university in its territorial, political and social setting – in effect, the development of the University *within* the Nation (Huisman, Maassen & Neave, 2001). The second examines the history of *universities* if not independent of the different political units and regimes, then as an institution *sui generis*. The second narrative tends then to look at universities as they develop across different Nations – or regions. The former approach takes the Nation as the prime frame. It examines the way the university has evolved within it. The latter concentrates on the development of the university *per se* as an organisation broadly similar – in short, as its etymology suggests – as an expression of the universal. Here, national differences and exceptionalisms form part of the background. They are important to the extent they contribute to altering or modifying the form, structure, working, organisation and tasks the university undertakes and performs.



## Great Work

Irrespective of the perspective one chooses, whether the history of the University in Europe or the history of the Universities in a particular Nation, the account as it unfolds in the Czech Republic, Hungary, Poland and Slovenia is singularly turbulent. Establishing centres for diffusing universal knowledge around a universal system of belief – the Christianity of the Western Church – was very early in evidence in both the Kingdom of Bohemia and the Kingdoms of Poland and Hungary. Charles University at Prague was established in 1348 by Charles IV, King of Bohemia and Holy Roman Emperor, an initiative shortly followed in the Jagiellonian Kingdom of Poland with the founding by King Casimir the Great of the University of Krakow in 1364. And, to set these events in a slightly broader context, the same half-century witnessed the foundation of the Universities at Vienna (1365) and Heidelberg (1386). Similar motives underlay the foundation of the University of Pécs in 1367, the work of King Louis the Great of Hungary.

## A Medieval 'Higher Education Area'

To use a deliberate anachronism, creating the earliest universities in those lands which, more than half a millennium later, were to become Czechoslovakia, Hungary and Poland, was an integral part of a process, which bears a certain historical parallel in medieval Christendom, to the European Higher Education Area in today's world<sup>1</sup>. Not only were these lands in the forefront of that venture and that from the earliest times. Their universities exercised a drawing power well beyond the formal territorial limits of the Kingdoms in which they served. Thus, for instance, in the 15th century, 44% of the students at the University of Krakow came from abroad. (<http://www.ces.uj.edu.pl/european/krakow.htm>)

The Universities of Bohemia, Hungary and Poland, however, were important not simply for what they did. They were also important for where they were – that is, at the easternmost limits of medieval Europe's 'Higher Education Area'. They were then frontier posts. They marked major cultural, religious and ethnic divides. They set off the Europe that worshipped according to the rites of the Roman Church; those who observed the rituals of the Eastern Church and those who, following the penetration of the Ottoman armies into South East Europe after the fall of Constantinople in 1453, were brought under Islam.

Yet, the very reason these universities were established was also the reason for many of the difficulties they faced over the centuries. Established in the marcherlands,

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<sup>1</sup> For those who deride both the analogy and the notion, I would simply point out that 'supra national' as opposed to 'inter governmental' control over the equivalent of such contemporary responsibilities as the right to found a university, accreditation and quality (the granting of the *Studium Generale*) and quality control over academic staff (the *jus ubique docendi*) were not only integral parts of this medieval prototype of a Higher Education Area. They were also exercised – at least early on – by the Sovereign Pontiff – as good an analogue of a 'supra national organisation' as one could possibly wish. (For this point see De Groof, Neave & Svec, 1998, pp. 3–8). Indeed, on such criteria, one could very well argue that even taking into account the Bologna Process itself, a lot of catching up has still to be done before we can get back to the future.

Neave

marking the boundaries between Catholic Europe and Orthodoxy at the limits of the Northern European Plain, with a similar location in the South East at the edge of the Central Hungarian Plain, these universities covered an area where organised beliefs, peoples, and monarchical ambition came together in a continual turmoil of invasion, shifting frontiers, conflicts for the possession of bodies and souls, castles and land. Put dramatically, these universities – and others that came after them – for example, in Poland, Vilnius (1578) and Lvov (1661) or Olomouc (1573) in Moravia – stood at the juncture of what may be regarded, within the history of Europe broadly conceived, as the cultural and religious equivalent of tectonic plates. Not surprisingly, the fortunes – or, more often, the misfortunes – of war, diplomacy and princely and territorial calculation had direct impact on the fate of universities. Thus, Hungary's earliest seat of learning – the University of Pécs – did not survive the onward surge of the Ottoman Turk, his janissaries, *bazhi bazouks* and camp followers. Though established in medieval times, the direct lineage of higher education in Hungary is usually taken to date from the early 17th century, coinciding with the ebb tide of the Ottoman Empire and the spiritual reclamation of that country by the Society of Jesus – the Jesuit order (Darvas, 1998).

### **The Enduring Nature of the University**

Seen both historically and comparatively, higher education in the Czech Republic, Hungary, Poland and Slovenia – short though the latter is – are illustrations, rarely equalled in their clarity, of the aphorism coined by Clark Kerr, one-time President of the University of California, in his Godkin Lectures of 1964. “The University”, Kerr remarked, “is one of the three recognisable institutions to have survived for the best part of a millennium and in a form that is still recognisable today. The other two are the Catholic Church and the Parliament of the Isle of Man” (Kerr, 1964). Thus, Charles University endured, despite the disappearance of the independent Kingdom of Bohemia at the start of the Thirty Years War (1618–1648) and its subsequent assimilation into the Austrian Empire. Likewise, the University of Krakow survived the dismemberment of Poland and its phased ingestion by Austria, Prussia and Russia in the latter half of the 18th century onwards.

### **Transition: an amazing and recurring condition**

Such a rapid foray into the historical background of the four systems analysed in this book has a purpose. That purpose is to remind ourselves that the Fall of the Berlin Wall and the ‘transition’ it precipitated for some and accelerated for others, is very far from being so unprecedented an event as it is so often made out to be. Even if we limit our excursion to the history of these four countries as it unfolded during the course of the 20th century, there are, in addition to the events of Autumn 1989, at the very least two – if not three – examples of ‘transition’. Each took place with varying degrees of consequence, happiness or horror for both society and for higher education.

The first of these was, of course, the restoration of Hungary and Poland to the comity of Nations that followed upon the Versailles Peace Settlement of 1919. The same

treaties also created both the Republic of Czechoslovakia and the Kingdom of Yugoslavia, following the implosion of the Dual Monarchy of Austria – Hungary at the end of the Great War. Poland, which had existed only as an historic memory, was resurrected one hundred and thirty years after its final extinction. And, in an enlarged form, the Kingdom of Bohemia once again saw the light of day after almost three centuries in the tomb.

The second ‘transition’ came in the shape of the Second European War with the explicit destruction of higher education in Poland as part of the occupiers’ programme of conquest, of its closure in Czechoslovakia and its *de facto* suspension from 1941 onward following the Nazi invasion of Yugoslavia.

The installation by the Soviet Union of a Communist government in post-war Poland and Hungary, the coup d’etat of 1948 in Czechoslovakia and the consolidation of Titoism in Yugoslavia, thus constitute a third breakpoint in the recent history of these four countries.

#### **Transition: viewed from the keyhole of history**

Viewed from the keyhole of history, the implosion of the Soviet Union and the collapse of the Berlin Wall, seventy years after the demise of the Dual Monarchy of Austria-Hungary, is in effect the fourth transition that Central Europe has undergone this century. Each of these transitional episodes affected radically the territorial definition of these States. Each brought in its train a different fundamental principle for governing the behaviour between Nations – which in its turn defines the international order (Renouvin, 1957). The Versailles Peace Treaty was, for Europe, the culminating moment in recognising the principle of National self-determination that had redrawn Europe’s boundaries throughout the 19th century, in East as much as West. In obedience to this principle, the Versailles Treaty resuscitated Poland, created Czechoslovakia and Yugoslavia. Hungarian claims to self-government, already largely recognised within the Austrian Empire by the *Ausgleich* of 1867, were fully acknowledged – though at the price of certain territorial sacrifices.

The first and second transitional episodes involved the clash of contending forms of Nationalism and their more extreme derivatives. The third and fourth, however, turned less around cultural specificity, identity and exceptionalism – or, its more detestable forms of cultural and racial superiority – than around conflicting interpretations of a world order defined by the economies of Nations, by their industrial production and the social order that followed therefrom. Like older notions of belief and salvation, which rang down the curtain on the medieval world, shattered its Higher Education Area, gave rise to legitimacies counter to the universal – that is ‘super-ordinate’ – power of the Church of Rome, the clash of contending economic beliefs met head on in the very same region where the bitter strife between Protestantism and Catholicism

Neave

in 17th century Europe had been detonated<sup>2</sup>. Historically speaking, Central Europe was the arena where these rivalries faced each other down.

It does not take too much imagination to detect a certain broad parallel with the situation that followed the demolition of the Great Wall in 1989 and earlier events when, in the 17th century, a more ancient Empire from the East began its centuries-long withdrawal back to the edge of the Sea of Marmora. Both had strikingly similar consequences. Today's dissolution of Communist orthodoxy saw the influx of the new Jesuits of the Free Market, complete with attaché cases and laptop computers, come to preach the virtues of Liberalism's new doxology arraigned around the four Gospels of marketisation, managerialism, competition and privatisation. They could do so because certain countries in Western Europe were themselves, at that very moment, also undergoing conversion to the benefits of Ultra-Liberalism and, with varying degrees of repentance, were absolving themselves from the errors of the welfare state, of Keynesian economics and of institutional inefficiency, not least by overhauling their systems of higher education.

### **On Timing, Rhythm and Policy**

That Western Europe had begun its move towards the 'marketisation' of higher education half a decade earlier, gave it no small advantage. It meant that Western Europe could, to a certain extent, tackle the various aspects of transition towards 'marketising' higher education incrementally and successively. Thus, in Western Europe, reform passed from the crisis in funding, on to introducing measures of efficiency, to governance reform (Hirsch & Weber, 2001; de Boer, Goedegebuure & Denters, 2000) and, finally, to the setting up of the complex trappings of agency oversight that may variously be interpreted as the rise of the 'Evaluative State' (Neave, 1998; Henkel & Little, 1994) the rise of 'New Managerialism' (Pollitt, 1994) or the advent of consumerist ideology in higher education. Indeed, this has been higher education's particular and unending saga in Western Europe for the best part of two decades.

Transition in the four lands studied here is a very different kettle of fish. Unlike their neighbours to the West, they faced a very particular condition perhaps best described as a transition challenged by simultaneity. Not only were they faced with those aspects of transition with which Western Europe was struggling – funding, academic output and efficiency. There were others both specific and additional to their particular circumstances. Amongst the latter, the tidal wave of student demand unleashed from the shackles of state manpower planning, the restoration of academic self-governance and the non-negotiable restoration of the freedoms basic to the academic community – namely, the freedom to teach and the freedom to learn. These pressed in upon governments, ministries and academia at one and at the same time, rendering both the setting of priorities and the negotiation of change more than ordinarily delicate and fraught.

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<sup>2</sup> The Defenestration of Prague and the Battle of the White Mountain, which followed that hilarious - and for some, painful - incident in 1618, marked the start of the Thirty Years War.

### **Other Interpretations**

Even if the present-day notion of ‘transition’ carries with it literally a ‘mercantile’ perspective on the affairs of humankind and its institutions, this does not mean alternative interpretations are absent or may be dismissed. For though transition may be used as a self-standing category to describe the progress made towards the goals and purposes governments set, academia accepted and students fell in with, the move from Ancien Regime to Brave New World is very rarely an example of history moving onwards either tidily, predictably, still less majestuously. To be sure, we are eager to see – and governments no less to demonstrate – that progress has been made, that universities are more efficient in shaping their programmes to the changing vagaries of the market, to the newly restored voices of community and of stakeholders. It is very rare indeed for different interests to share the same vision of the same process or even to subscribe to the same interpretation of events as they unfold.

Those directly involved in the events of the late Autumn of 1989 and throughout the following year, tend naturally to underline the radical nature of change. They point to the dissolution of the supremacy of Party over State, to the regaining of sovereignty (Jablecka, 1998) and to the triumph of civil society over a *Nomenklatura* whose time was quickly and suddenly up. Outside observers, however, often stress the degree of continuity beneath the apparent watershed. They are apt to offset the radical interpretation of transition by a more nuanced account that focuses on events earlier in the decade (Scott, 2002, p. 139). In other words, not only do we have to pay due attention to the particular circumstances prevalent in each country. We have also to attend to those aspects, which they might possibly share in relation to the history of their systems of higher education.

### **‘Triggering Events’**

If we look closely at the ‘triggering events’ which ushered in one of the most intense periods of reform the higher education systems of these four countries have undergone, there are very clearly different processes and different degrees of political mobilisation involved. From which it also follows that the reform of the university possessed a very different symbolic value, depending on the particular society involved. Hungary is perhaps the best example of country where attempts to move beyond central planning were evident well before the collapse of the Communist regime (Darvas, 1988). The development of internal models of a quasi-market economy was visible from the mid-1980s, though such initiatives did not have any direct and immediate consequences for higher education. In effect, the reform of higher education in Hungary followed in the wake of legislation aimed at other areas of the economy and society, these reforms being aimed at extending private control over the public sector, and cutting back state control over both the market and civil society (Darvas, 1998).

In Poland, by contrast, whilst the ties between political crisis and economic reconstruction are no less close, legislating directly for the higher education sector took place relatively soon after the elections of June 1989 which effectively put an end to the monopoly of the Communist party over political power. In September 1989, two

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Parliamentary Acts were passed – respectively the Higher Education Act and the Act on Academic Titles and Degrees (Jablecka, 1998). A further Act setting up a Committee of Scientific Research was passed the following January. Taken together, these three enactments demolished the central mechanism of planning and admissions quotas, opened the path up for the establishment of private institutes of higher education, and placed the responsibility for student admission upon the individual institution of higher education.

Similar measures are contained in the Slovenian Higher Education Act, promulgated in December 1993. In essence, the Act laid down the legislative foundations incorporating three main lines of action: expansion of the non-university sector through a policy of institutional diversification; the granting of autonomy and the right to establish private higher education; and provision for the establishment of quality assurance mechanisms (Kump, Podmenik & Vrecko, 1998).

Most extraordinary of all were developments in the Czech Republic. Rather than figuring as contingent upon initiatives put in train elsewhere in the social fabric, the reform of higher education mustered an unprecedented consensus in society at large, a consensus all the more remarkable for the speed of its emergence. Furthermore, prior to the political crisis, the wish to see higher education changed nowhere formed an issue on its own account. The Higher Education Act of June 1990 explicitly restored the basic academic freedoms and university autonomy – and indeed endorsed an interpretation and an application that carried these sacred principles well beyond their usual scope in Western Europe (Hendrichova, 1998). The passing of this Act also enshrined a conscious symbolism that spread far beyond the groves of academe. Bringing freedom back to the university was not simply a technical measure applied to academia alone. Its significance went further – both an earnest and a clear demonstration of freedom's restoration to society at large.

### **System Differences**

Both the timing and the priorities contained in the reforming legislation, as too their place in, the overall strategy for social and economic reform, show that 'The Paths to Freedom' differed significantly between the four polities. Nor should this be especially surprising. Certainly, the Czech Republic, Hungary and Poland had shared a common lot in being part of the Communist sphere of influence. And Slovenia, as member of the Yugoslav Federation, for its part, was moulded by a different variation of Socialism, grounded in the principles of worker self-determination. Their systems of higher education were very far indeed from being cast in the same mould. The structural profile of higher education in Poland differentiated clearly along the lines of universities 'the most prestigious type of higher education' as against professional and other types of higher vocational training, directly linked with the economy and for that reason, qualified as 'the most appreciated' (Szczepanski, 1992, p. 573).

In Poland, such a pattern, developed in the course of the 1950s, echoed the Soviet model of higher education (Jablecka, 1998). A similar distinction, between university and polytechnical institutes was also evident in Czechoslovakia. Polytechnical

institutes hived off the faculties of Engineering, Electronics and Civil Engineering. In Czechoslovakia of the Ancien Regime, however, differentiation was less clear cut than in Poland. Nor was it based on horizontal segmentation between sectors, a feature prominent indeed between the Polish university and specialised institutions. Rather, in Czechoslovakia, differentiation was vertical. It drew the line between parallel types of establishments at a broadly similar level. Thus, on the eve of the collapse of the Berlin Wall, higher education in Czechoslovakia included five universities, two veterinary universities, two economic (sic) universities, ten technical institutions - four of which were polytechnics – four institutes of agriculture and forestry and six academies of fine arts (Mokosin, 1992, p. 172). Vertical differentiation within the university sector as opposed to horizontal differentiation between university and the specialised applied sector is a subtle distinction. It gave some credence to the claim that “higher education in Czechoslovakia was one tier and non-differentiated” (Mokosin, 1992, p. 173). As such, it represented an interesting variation upon the Soviet model of higher education.

Though the ‘binary’ pattern between universities and ‘colleges’ was no less evident in pre-1989 Hungary, the outstanding characteristic of its higher education system lay in combining a complex form of differentiation between universities and colleges, based on the difference in duration of studies. The ‘college sector’ generally corresponded to what was once known in Western circles as ‘short cycle higher education’ (Furth, 1992). In addition, there existed a very fine degree of specialisation within the university sector itself (Vegvari, 1992, pp. 292 – 300). Though far from being unique to Hungary<sup>3</sup>, the presence of universities dominated by or specialising in, a particular specialist field set a very particular stamp upon Hungary’s higher education profile. Hungarian higher education was then characterised by several universities with very restricted numbers of students: the Universities of Horticulture, Veterinary Science and Economics were often cited as illustrations of the situation. And whilst the Czech authorities broke out Engineering into establishments separate from but parallel to the University, their Hungarian counterparts applied the same policy to Medicine, which added to the number of specialised universities. Thus, Hungary’s higher education profile brought together high differentiation and specialisation both within and between each of the university and non-university sectors – a differentiation both vertical within sectors and horizontal between them.

### **Making and Unmaking of Laws**

Whatever the exigencies a command economy, central State control and Marxist-Leninist ideology placed upon higher education, sufficient room if not a marginal latitude existed for national variation to assert itself. Systems which, from the outside, may appear to have a certain generic similarity, begin to take on nuance and difference when scrutinised more closely.

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<sup>3</sup> Curiously, the pattern of specialist universities, dominated by one or two faculties, was adopted in the aftermath of the French Time of Troubles in 1968, mainly as a ‘cordon sanitaire’ around the more politically infectious faculties of Social Science. Hence, what Americans call ‘a comprehensive university’ – namely, that which cultivates all the faculties – is very much a minority form in France’s university sector. (for this see Neave & Edelstein, 1993)

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Here, it is only fair to point out that Slovenia followed a rather different dynamic. Whilst national variety and variation are very far from absent in the three systems just analysed, Slovenia obeyed a very different political dynamic. As part of the Yugoslav Federation, each Republic and self-managing community exercised responsibility for the policy, organisation and development of its education system (Mandic, 1992, p. 815). Federal policy, however, provided an additional framework and very particularly in the area of higher education.

In the course of the 1960s, Yugoslavia had been one of the pioneers in creating short cycle higher education (Neave, 1978). Falling demand for this particular type of institution (Mandic, 1992) forced the merger of vocational colleges and faculties under the Law of 1975 (Kump, 1998). The incorporation of short cycle programmes into the University, gave rise to considerable tension, and very especially when legislation, five years later, introduced further measures of curriculum differentiation within the university as a substitute for the institutional differentiation that had reigned earlier. The development of a single sector higher education system, bringing together in a single institutional framework, skills programmes for work, training for the professions and education for teaching and research, fragmented the university. It split programmes between short and long course format. It sundered the university from one of its basic missions – research. Opposition was not lacking, nor were the grounds on which it rested. Such an arrangement "reduced higher education to qualifying for a vocation in a system of artificial manpower planning" (Kump, 1998). Thus was quality ousted by the demand for efficiency.

The Slovenian Higher Education Law of 1993 was largely given over to undoing that which the then rapidly dissolving Yugoslav Federation had spent such effort putting in place. Short cycle higher education was summarily expelled from the university. Competition was encouraged by establishing the right to found private institutions of higher education. Interestingly, the burden of re-diversification was confided almost wholly to private initiative (Kump, Podmenik, & Vrecko, 1998).

### **The Roads to Freedom: those who walk and those who watch**

Yet, Roads to Freedom have a starting point just as they have a journey's end. And whilst all Roads led away from the Babylonian Captivity that lasted some four decades or more, not all travellers took the same route. Nor did they necessarily set out with the same destination in mind. Moreover, as we have remarked, some had already taken the first hesitant steps even before "the (Berlin) Walls came tumbling down". As with any social phenomenon, how it is to be told depends on whether it is narrated from the standpoint of he – or she – who stumbles over the cobbles on foot, or whether it is told from the comfortable vantage point of he who stands afar off, microphone and camcorder in hand.

It is amongst the more ludicrous examples of self-deception to believe that, in the first instance, one of the driving forces that sparked off the Velvet Revolution was the "lure of the West" (Scott, 2002, p. 148). Or, to nuance matters somewhat, that within the community of scholarship, the particular lure which academia in East and Central



Europe gazed upon eagerly in effect, fell in with our own perception about the state of our own systems. If we go back to the burden of the earliest legislation, which followed the collapse of the Great Wall – or in the case of Slovenia, the recognition of its status as a country independent from the Yugoslav Federation – several interesting features emerge. In all instances, academic freedom and university autonomy were specifically recognised and invoked. So too was the right to found private establishments of higher education, together with a very rapid modification to the status of the Academies of Science as the centre of the Nation's research system and its research degree accreditation agency (Jablecka, 1998; Hendrichova, 1998, Darvas, 1998).

### **Folie de Grandeurs à l'Occidentale**

The West's self-delusion resides in a species of syllogistic reasoning precisely about academic freedom and university autonomy. The syllogism runs thus: Western Universities enjoy academic freedom and university autonomy. Under Communism, universities in East and Central Europe had no academic freedom and no autonomy. By introducing academic freedom and university autonomy as a prime credo in their legislation, East and Central Europe specifically endorse a return to a Western system of values in higher learning. Such self-congratulation is all the more out-of-place and unseemly because it wallows in a deep and abiding insensitivity, if not lamentable unawareness, of the history of higher learning in the nations so recently quit of the Babylonian Exile. However, it is not entirely fair to lay so dismal a burden foursquare upon the heads of management consultants from the European Union. A similar self edifying construct in the form of the rise of private sector universities – sometimes better termed 'non state sector higher education' (Tomusk, 2003) – has been the source of similar consolation and excitement to others even farther to the West.<sup>1</sup>

### **Academic Values as Restatements of the University Community**

By evoking academic freedom and the freedoms to teach and to learn as prime priority, academia and the legislator were very far from seeking to flatter the West. They were, on the contrary, giving utterance to a desire, well documented elsewhere in Western Europe<sup>4</sup>, namely to return to a time in their own history when these fundamental values were part of the given order of things. That is, higher education as it existed prior to both the post-war Russian expansion westward and prior to being brutally erased – and deliberately so - during the Second World War. Much more to the point, evoking these two abiding values did not lend itself to the simple interpretation of 'rejoining the West', for the self evident reason that academic freedom and the

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<sup>4</sup> A similar *Drang nach der Vergangenheit* may be seen in the case of the West German universities in the aftermath of World War II when reconstruction sought to turn the clock back to the period prior to 1932. For this see Thorsten Nybom (2003). *The Humboldt Legacy – Reflections on the Past, Present and Future of the European University. Higher Education Policy*, 16 (2). And also Fritz K. Ringer (1969). *The Decline of the German Mandarins: The German Academic Community, 1890–1933*. Cambridge: Mass.

freedoms to teach and to learn were nowhere the exclusive possession of the Western University. Nor were they limited to the academic community construed exclusively in terms of the various referential systems, which had their roots there<sup>5</sup>. Still less, it should be noted, was the concomitant idea one of 'rejoining' at all. If anything, the master concept – the *idée motrice* – was to re-join a community defined *in history* – in the individual histories of the Nations concerned as well as a broader and more specific definition of history, that of the Universities in Europe. It was not, in first instance, associated with becoming part of a community that sought to give itself political visibility by monopolising the term 'Europe', confining it to a geographic entity identified primarily as a trading bloc which, from time to time, exhumed the occasional fluttering ambition to demonstrate cultural trappings.

### **Humboldt: the ambiguous symbol of order and reform**

Over the period from 1988 and 1992, academia in Poland, Hungary and the Czech Republic rallied to the notion that the university restored should cleave closely to what was construed as the Humboldtian ethic<sup>6</sup>. This phase in the saga of transition tends to be played down by Western observers. It is dismissed either because it appears as yet another example of academia's acting to protect its corporate interests – a revealing comment on the observers' esteem for that body! Or, it is passed over on the ostensibly populist argument that any allusion to Humboldtianism is tantamount to reviving the 'classical' or the 'elitist university'. Such justifications are a trifle facile (Scott, 2002, p. 138). More unforgivable by far, they tend to pass lightly over an episode of the utmost importance. Its importance lies in the fact that the use of common historic points of reference, and the invocation of historic personalities qua God-Objects, very often disguise – albeit inadvertently - both differences in meaning and a very different symbolic importance that are created by changed circumstances and a context different from that perceived by the observer.

Indeed, to brandish the Aunt Sally of an elitist university resuscitated involves merely projecting the prejudices of the Western observer onto a world where the elitist university was a non-issue. Under a planned economy, all universities in Central and Eastern Europe were – on quantitative grounds – elitist for the simple fact that none during the era of Soviet occupation, reached a participation rate of 15 percent of the age group, the tipping point between elite and mass higher education (for this see Trow, 1974). The significance of Humboldtianism revived lay elsewhere.

It lay both in the symbolism involved and in the vision of the university in the emerging new order. This phase in the saga of transition reminds us that if our account is to be even moderately balanced, it is as well to pay a little attention to the perceptions of those who walked the Roads to Freedom rather than harking to the

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<sup>5</sup> For the notion of 'referential system' see Guy Neave (1998b) "Quatre modèles pour l'Université", *Courrier de l'UNESCO*, septembre 1998.

<sup>6</sup> For an insight into this aspect see 'On Perspectives and Visions: the role of the CCPU in the higher education policies of Europe: 1986–1993' *Report to the Division of Higher Education and Educational Research of the Council of Europe*, Strasbourg, February 1995, pp. 76.

languid comments of those who sit in the pavement café, occasionally gazing on the passers by.

Calling up the ghost of Wilhelm von Humboldt was an act of faith, conviction and political necessity. But, the appeal to the shade of the Father of the Research University was also ambiguous. It could be interpreted both as a gesture of radicalism and as a gesture of conservatism. Furthermore, the Humboldtian institution carried with it other overtones, which if they have echoes in the West, possessed a very different symbolism in the universities of Central and Eastern Europe. Let us simply note that higher education in Poland, the Czech Republic and Hungary drew heavily upon the Humboldtian 'tradition'. Very particularly, they drew upon that form, which developed, as it did in the course of the 19th century, within the confines of Europe's first multi-cultural Empire – the Dual Monarchy of Austria-Hungary. Another and more direct influence operated within those areas of Poland that had once been part of Prussia, which a century earlier had helped itself to large swathes of territory occupied by Polish speakers. That tradition is summed up as the Freedom to Teach (*Lehrfreiheit*) and the Freedom to Learn (*Lernfreiheit*).

### **A Common Heritage**

For three of the four systems of higher education, the Humboldtian 'entente' was part of their earlier common heritage. Acknowledging such a heritage may, naturally, be seen as supremely conservative inasmuch as it seeks to re-establish a particular institution – in this case, the university – around a vision that hailed from an earlier time and an earlier ethic. Yet, set against the referential model that drew, in varying degrees of faithfulness, upon the Soviet pattern of higher education, Humboldtianism stood as a radical alternative indeed. It did so on a number of counts. One of the essential features of Humboldtianism involved looking to the State to guarantee and ensure the university's intellectual independence (Nybom, 2003; Berchem, 1987). Implicitly, Humboldtianism stood at logger-heads with the basic principles of Marxism-Leninism, which were the subordination of the State to the Party and thus by extension, the control of the university by the same (Tomusk, 2003).

Interpreted in this particular context, the appeal to Humboldt's ghost provided excellent grounds both for putting an end to the Party monopoly and, through reasserting the dual concept of the freedom of teaching and learning, the termination of the ideological monopoly that lay at the heart of the Soviet model of university. In effect, the power of what is best alluded to as 'Neo-Humboldtianism', rested upon two points. As symbolic of a counter legitimacy, it could draw on grounds that were both historical and, equally telling, educational as well. In the particular circumstances of Central Europe during the twilight of the Soviet Regime, the educational dimension of 'Humboldtianism' made it a doctrine explosive indeed. This dimension turned around the basic pedagogic assertion, which lay at the heart of Humboldt's vision of the university – namely, the unity of teaching and research in the achievement of education (*Bildung*) (Rothblatt, 2002).

### **Principles, Symbols and their Political Context**

Seen in this light, the axiom of the indivisibility of teaching and research which, in the original Humboldtian vision, was deemed the hallmark of the university *stricto sensu*, acquired immense – and above all, renewed - political symbolism, and most specially so when set against the basic pattern and organisation of the Soviet model of higher education. It was as a critique of the separation of research from teaching and the organisation of research in and around the Academies of Science, that Neo-Humboldtianism was most devastating and rapidly effective. The Academies of Science not only carried out the major part of the Nation's scientific research (Rabkin, 1992; Mokosin, 1992, p. 173). They also exercised close control over the awarding of higher and advanced research-based degrees. Lying outside the University, Academies constituted a separate and countervailing influence whose power resided in the close bonds that the Party bestowed upon Academies of Science and upon their denizens as party intellectuals. It is not coincidental therefore that one of the first consistent acts that legislation undertook in Poland, the Czech Republic and Hungary was the repatriation of the research function to the university and with it the responsibility for awarding higher and research degrees.

One of the more astounding ironies of history is, surely, that the Soviet model of higher education should thus have contributed to the preservation – and, not least, to the resuscitated relevance and strength - of the Humboldtian ethic in the contemporary politics of higher education? It is all the more astounding since in the West, Humboldtianism was very far from enjoying the same overtones or status. If not always symbolic of a world we have lost, all too often in the discourse of policy in Western Europe, Humboldtianism serves as an elegant euphemism or code word to castigate what the ranks of 'change agents' hold to be the obdurate mind set of academia, sceptical and unimpressed by the passing fashions, brightly displayed in the managerial boutiques of the plausible solution (Varia, 2003; Gallardo & Ruiz Navarro, 2003).

### **Applications and Expectations**

Neo-Humboldtianism could certainly be interpreted in terms of the newly emancipated systems of higher education coming home from Babylon and reaching out to their fellows in the West. Even so, Neo-Humboldtianism remained primarily for home consumption. This is not to deny its symbolic significance as an Ideal to which both East and West could subscribe and could do so on a footing of equality and as an inheritance shared. Indeed, the argument could easily be made, that precisely because Humboldtianism had moulded universities in East and West, it could now serve as a new rallying point, common to all and, just as important, could do away with the temptation to define the newly refurbished Republic of Scholarship in Europe in terms of Ancients and Novices, seniors and juniors. Nevertheless, its importance lay in the home territory. It was a powerful counter-legitimacy that justified, historically and intellectually, the casting off of the shackles between Party and State. It justified terminating with extreme prejudice the ties between Party and University. Many of its advocates hoped it would retain the role of the State as Lord Protector, as the guarantor

of the basic academic freedoms as, indeed Wilhelm von Humboldt had once hoped, the King of Prussia would assume (Nybom, 2003).

### **A View of Central Europe as it might have been**

It is, one has to admit, little more than idle speculation to surmise what might have been, had events unfolded other than as they did. Still for all that, examining those alternatives that might have been, often gives us a new purchase over what we now take for granted. Had the reform of academia in Central Europe limited itself to the Neo-Humboldtian restoration, there can be little doubt that the university equivalent of zones of shared influence – the map which accompanies and is an indicator of the weight that different ‘referential models’ of higher education exercise spatially – would have been very different from what they are today. Without seeking to inflame particular sensitivities, it is reasonable to suggest that the Humboldtian referential model might well have regained the place it once occupied in the period between the wars, rather than being overtaken by a species of *Drang nach Osten* in the shape of new institutional forms, practices and models, templates and procedures variously rooted in what is often alluded to by scholars in Eastern and Central Europe as ‘the European’ or more imprecisely still, the ‘Western’ model of higher education (Tomusk, 2001). Succinctly stated, if the Neo-Humboldtian revolution was both radical and necessary within the groves of academe, it was not on its own sufficient.

### **The Fragility of the Neo-Humboldtian Revolution**

Precisely why this ‘inner revolution’ was insufficient is to be found in the pressures, economic, political and social that beset each of the four societies, collectively and individually. The unleashed demand for higher education, pent up for two decades and at the same time the shrinkage in what the feline phrase terms ‘the resource base’, both raised a very central question: Was academia capable actively to contribute to the process of transition, as opposed to being simply one of its beneficiaries? Equally telling were broader developments that lay beyond their frontiers. Certainly, the ‘inner revolution’ served to bring academia out from that species of ‘inner exile’ which, in the history of many societies in Central Europe has, in times of occupation or dissent often been its self-imposed condition (Krasuski, 1992)<sup>7</sup>.

The Neo-Humboldtian restoration, important and central though it was to academia, in reality stood as a sub-theme in a rather broader debate. That debate, though obviously very different in context, had a certain resonance with similar issues that higher education and governments in Western Europe had since around 1985 been engaged in dissecting with an equal keenness. At one level, the bone of contention involved the place the State ought to occupy in the business of the Nation, whether and if so, how

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<sup>7</sup> For a broader discussion of the notion of academia going into ‘inner exile’ elsewhere in Europe see Guy Neave (1992). War and educational reconstruction in Belgium, France and the Netherlands: 1940–1947. In: Roy Lowe (Ed.), *Education and the Second World War*. London: Falmer Press, pp. 84-127.

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and how far the ‘frontiers of the State should be rolled back’? At another level, the debate in both East and West raised parallel issues. How to restore enterprise and initiative to the individual citizen. In the long run how to replace the State as society’s major regulator by the market and more particularly with the institutional symbol of the market, namely ‘the Enterprise’. At the very moment higher education in Central Europe successfully called upon the ghost of von Humboldt to cast out the demons of Party and *Nomenklatura*, so their colleagues in the West were summoned to exorcise the spectre of the same gentleman, the better to assimilate Enterprise Culture, managerialism and the cash nexus into higher education.

### **The Irresistible Rise of Neo-Liberalism**

What is no less remarkable, though readily understandable in the circumstances, was how rapidly the Neo-Liberal discourse permeated the policy debate over the future of higher education in Poland and the Czech Republic though, as we noted previously, Hungary had long been toying with introducing market forces into the economy. Let us consider, for example, the first policy initiatives, which in the West are often seen as placing higher education on the path towards becoming market driven. In the United Kingdom, such initiatives emerged with the publication of the Jarrett Report on University Efficiency in 1985. And in the Netherlands, that other epicentre in Western Europe of Neo-Liberalism applied to higher education policy, the spate of reform began even earlier with the appearance in 1982 of the policy document *Taakverdeling en Concentratie van het Wetenschappelijk Onderwijs*. By contrast, the speed at which Neo-Liberalism assumed a virtual domination over the discourse of higher education reform, both in the speed of its acceptance and its power over debate in the four countries studied, are astounding. Why this should be so is not difficult to explain. Neo-Liberalism stood as the supreme symbol of wholesale renewal. It broke asunder all ties with an intellectually, morally and financially bankrupt order. It enshrined the determination to set an enduring and radical marker – a species of political benchmark – against which the task of renovating society’s major institutions could be re-defined, set out and judged, higher education included.

### **Neo-Humboldtianism Outflanked**

Both its speed of dissemination and the broad social consensus Neo-Liberalism commanded in the newly liberated societies, placed the Neo-Humboldtian reform in a rather different light. Important though it was within the confines of higher education, it took for granted precisely issues which Neo-Liberalism explicitly challenged. Amongst them was the place of the State as Lord Protector of the university, the question of ownership and its de-collectivisation, all of which presupposed a very different understanding of the place higher education ought to occupy in the social fabric. In short, Neo-Liberalism outflanked and enveloped the Neo-Humboldtian restoration. As a result the reforms, as much technical as political, that ought inevitably to follow on from the Neo-Humboldtian restoration were dealt with within a very different set of priorities and according to a model of society very different from the

scholarly detachment of the university that Humboldtianism once upheld (Nybom, 2003).

When the moment came to move on and negotiate, promulgate and act on such issues as internal participation, governance, the structures of management, issues of funding, certification, quality and accreditation – the operational structures and procedures for maintaining the university's task and role in society – the agenda was defined in terms and under circumstances very different from those that the adepts of Humboldtianism hoped for. Nevertheless, if Neo-Liberalism provided the most powerful of symbols, a testimony of the determination to pursue change, of the individual raised up and of the collective startlingly reduced from its seat, continuity and progress of a very singular kind were evident for all to see. For if the Soviet Model of higher education subordinated higher learning firmly to the productive process, Neo-Liberalism makes higher learning part of the product!

### **The Significance of Neo-Liberalism**

Neo-Liberalism was not simply the major channel through which policy debate was conducted within the four systems under scrutiny. It also acted as the general anchor point between those systems of higher education in Western Europe, currently in the throes of the 'managerial revolution' and those in Central Europe who saw in the managerial revolution both a counterweight to over-weening state control (Neave & van Vught, 1991, 1994) as the shape of things to come, and as the central identifying feature of higher education in the West. It ensured that re-constructing higher education in Central Europe was not simply a domestic issue. It was, on the contrary, an undertaking solidly and explicitly founded on an international dimension.

'Westernising' higher education, 'introducing Western standards', bringing qualifications, length of study and sometimes programmes closer in line with what was perceived as 'Western practices' (Tomusk, 2001) was an equally powerful driving force, though whether the same interpretation was shared between institutions and national administration remains subject to nuance. Such eagerness to set higher education upon a new, efficient and stable footing was very far from being unidirectional. Nor, for that matter, was the desire amongst higher education leadership in Central Europe to catch up with the West, free of certain ambiguities.

### **Exchange and Mutual Aid**

Neo-Liberalism laid down a solid bridge between Central and Western Europe. Along it flowed ideas, information, individuals and good advice, all of which the West was prepared to offer in profusion (Čerych, 2002, pp. 111–121). But those same flows also rendered a not insignificant service to the systems, which were so profligate in their advice. The West provided the recipes, templates and models, some of which had been 'battle tested'. Others, and very especially those aspects of reform which involved the reconstruction of managerial systems, procedures and techniques, had most certainly been tried within the confines of trade, industry and the firm. What they still lacked

was their proven appropriateness and clear indications as to their usefulness and efficiency when transposed to the Halls of Academe. Though obviously how far individual countries followed up the advice given them will amply repay further study (Čerych, 2002 pp. 111–121) the implications are clear. Whether knowingly or not, those advised, assuming they acted thereupon, performed a sterling service by providing further ‘ground testing’ to proposals which, because they had only recently been introduced in the West, were light indeed on that particular aspect<sup>8</sup>. That their adepts could point to their application elsewhere in Europe doubtless served to strengthen the claims made about relevance and plausibility still further.

### The Hidden Tussle

Yet, the power of Western practice also deserves a certain degree of nuance. In effect, beneath the perception of ‘Western practices’ or ‘Western standards in higher education’, lay two very distinct policy pathways. They are most easily described as the ‘American’ solution and the ‘Western European’ solution and though they can be brought together under the broad church of institutional reform, they are, not surprisingly, very different species.

Of the two, the ‘American’ solution appears the more radical. Its prime feature involved the privatisation of higher education, that is placing ownership, initiative and development in the hands of private individuals or associations with their funding coming from student fees, gifts, endowments etc. In short, the provision of higher education, as had been the case in the historic development of that same institution in the United States (Trow, 2003), was to reflect the energy and drive of enterprising individuals. Privatising higher education provided a practical demonstration of the importance of the market – as opposed to the State – and a clear example of what individual initiative, spurred on by the opportunities the market created, could achieve. Higher Education was itself to act in priming the pump of initiative and competition and in changing society’s driving ethic.

Private provision of higher education, at least in the early stages in the overall process of transition, which some have argued lasted up to 1994 (Tomusk, 2003) – had other ambitions as well. Such ambitions were not limited to introducing new skills and study areas – business studies, informatics, business economics, management etc. – that would lay down the base for and subsequently sustain the burgeoning service economy. They also extended to providing an education that in the medium term would create an alternative social and technical elite rooted in the private sector. Such a private sector elite would offset, counter and eventually replace the *Nomenklatura* whose educational roots had drawn largely on the state sector of higher education (Tomusk, 2003).

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<sup>8</sup> The real medium term benefit of management techniques and procedures often turns out to be remarkably sparse when set against their original claims. For a wider discussion of this phenomenon within the United States see Robert Birnbaum (2000). *Management fads in higher education: Where they come from, what they do, why they fail*. San Francisco: Jossey-Bass.



The ‘Western European’ solution extended the basic strategy and the instruments that accompanied it, hitherto applied to developing sustainable patterns of co-operation between institutions of higher education within the Member States of the European Union. This, the European Union could do with relative expedition. The ERASMUS programme for student mobility, created in 1987, was extended to certain higher education systems of Central and later, Eastern Europe in the shape of the Trans European Mobility Programme for University Students, specially set up to bring those systems newly returned from exile into the ambit of the Union (Brouwer, 1996). The ‘Western European’ solution, apart from the attraction of student mobility and exchange, which was considerable, concentrated less on proposing radical alternatives to the higher education system already in place. Rather it sought to modify existing provision the better to cater for the rapid growth in student demand. The main thrust of its recommendations turned around the further development of short cycle higher education, similar to the German *Fachhochschulen*. This solution effectively extended the system of horizontal differentiation and, like its original edition in Western Europe, sought to deflect student flows into the non-university sector (Neave, 2003b; Cerych, 2002). How far such a strategy of deflection was taken up is, not surprisingly, very much a ‘mixed bag’. If embraced wholeheartedly by the Slovenian authorities<sup>9</sup>, it was less appealing to the Czech.

Less radical though it is, the ‘Western European’ solution had several advantages. Sheer proximity is one. The promise of resources is a second. That higher education in Western Europe is already mobilised around cross-national exchange and building ‘academic trade routes’ is a third. And, last but not least, the ‘Western European’ solution was immeasurably strengthened by the events of June 1999 and the inclusion in the Bologna Process of 14 signatory states from outside the European Union (Van der Wende, 2002).

Several points follow from this analysis. First, that both solutions ‘American’ and ‘Western European’ involve adapting higher education to a particular interpretation of the market. To do this, the former in part replicates here and there the institutional forms and programmes which had proven successful in its own particular circumstances. The second likewise seeks to export a solution the origins of which extended back over the past 35 to 40 years. The former interpreted the market in global terms, the latter in terms of extending the Western European market Eastward.

## Envoi

When we contemplate the flurry of exchanges, proposals, recommendations and suggestions that accompany the overhaul of higher education, we tend to pass over one trend of considerable interest. That is how strangely collective and international the reconstruction of higher education systems has become. Certainly, we can find other examples and other instances of national policy-making being swayed and influenced by external forces. In the recent history of higher education, we can find instances

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<sup>9</sup> See for instance, the analysis of the Slovenian Higher Education law of 1993 above.

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aplenty of national models serving as the basis for major reform elsewhere – though the circumstances when this tends to happen are not always the happiest<sup>10</sup>. Still, this is very different from the sheer volume, range of organisations – some governmental others international – agencies and individuals engaged in the reconstruction of national systems of higher education. This is not to deny the basic fact that if advice is international, the decision on whether or not to act upon it remains decidedly and rightly a matter for national Parliaments and authorities. What we can say, however, is that overhauling the Nation's provision of higher education is no longer wholly and exclusively a domestic affair. It is also a key dimension in cultural diplomacy, if not an instrument of diplomacy *tout court* (Coombes, 1964).

Yet, in all this, we should remain constantly aware that if higher education may provide, supply, equip and respond to – a market, it is not itself wholly and utterly to be understood, still less portrayed in this one dimensional fashion. Other dimensions remain outside the market, though doubtless human ingenuity can, if pushed that far, bring them in. These dimensions are to do with the role the university plays in both sustaining and revigorating community identity, social cohesion, in fostering those talents, hallmarks and abilities which uphold variety in that identity, whether it is called the genius of Nations or of the particular peoples that make up the Nation. The recent history of higher education in Central Europe, if nothing else, serves to keep us very alert to the dangers of the single belief triumphant.

**Guy Neave** is Scientific Director and Professor of Comparative Higher Education Policy Studies at CHEPS, and Director of Research at the International Association of Universities, Paris.

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<sup>10</sup> For instance, the post war reconstruction of the Japanese education system along American lines, quite apart from the various proposals – never implemented – by American, French and British authorities for the reform of higher education in their respective zones of occupation in post-war Germany. For this see David Phillips (1989). Wartime planning for the 're-education' of Germany: professor E.R. Dobbs and the German universities'. In: *Oxford Review of Education*, 12 (2), 195–209; Arthur Hearnden (1978). *The British in Germany: educational reconstruction after 1945*. London: Hamish Hamilton.

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## **Part 2**

### ***Infrastructure, Trends and Policy Issues***





## 2. The Czech Republic

*Josef Beneš, Jeroen Huisman and Helena Šebková*

### **A Short Sketch of Developments**

Charles University, founded in Prague in 1348 by the Czech King and Holy Roman Emperor Charles IV, was the first university in Central Europe. The university consisted then of four faculties: law; medicine; theology; and arts. A second university, established in Olomouc in 1573, was later abolished but then re-established after the Second World War. The first Czech university of technology, the Engineering School, was founded in 1707. It was often renamed during its existence and is now known as the Czech Technical University. Other old institutions include the Academy of Fine Arts, established in 1799, and the Brno University of Technology (its present name), established in 1849. Over time, new institutions were added to the system, some institutions merged, and some university branches became independent. The period between the promulgation of the independent Czechoslovak Republic in 1918 and the start of the Communist Period in 1948 was relatively stable in terms of growth of the system: only about ten new institutions were established.

Higher education was heavily influenced by communist ideology and policy throughout the communist regime up until November 1989. The state authorities used directive methods of control, and research and teaching activities were based on Marxist-Leninist ideology. New institutions were established, but the growth of the system did not keep pace with the developments in student numbers. Particularly in the 1980s this lag was seen as a response to the general crisis in society, eventually leading to the abolition of by the communist regime.

The transition to a more market-driven economy was marked by the ratification of a new higher education act (No. 172/1990) by the Federal Assembly of the Czech and Slovak Federal Republic in May 1990. This Act instituted a quite different organisation and management of higher education. Higher education institutions were considered autonomous institutions which were based on principles of self-government and academic freedom and which were leading centres of education, of independent knowledge, and of creative activity. The Act emphasised the role and the responsibility

of higher education institutions in the development of education and particularly their role in the cultural, social and economic development of society.

This rapid development, strongly influenced by international dynamics, implied additional changes in society in general and in higher education in particular. Adjustments to the legislation, accepted in April 1998, enabled the step-by-step integration of the Czech Republic into European structures. The 1998 Act, more detailed than the 1990 Act, should be viewed as the result of a long period of discussion and negotiation. It was adjusted in 2001 to reflect the implications of the Bologna Declaration (the Bachelor-Master structure is obligatory for all study programmes with a few exceptions; and life long learning has been given specific attention in the regulations). The most recent changes are reflected in a number of important policy documents: the 2000 White Paper (National Programme for the Development of Education in the Czech Republic), the Education Strategy of Tertiary Education Development up to the year 2010, and the 2001 Long Term Plan on Higher Education Development.

### **The Basic Structure of the System**

Before turning our attention to the different types of higher education institutions, we present an overview of the quantitative developments of these types of institutions. There are different ways to distinguish the types of higher education institutions in the present Czech higher education system. Two dimensions play an important role: the distinction between university type and non-university type institutions and the distinction between private and public institutions. The classification of higher education institutions (university and non-university types) stems from the 1998 Act and in particular relates to the new three-level structure of study programmes (Bachelor, Master and PhD). Up until 1999, institutions mainly provided study programmes comparable to the Masters level and only rarely were Bachelor's study programmes offered (although the 1990 Act did allow for such programmes). In the following sections, we outline the distinction between university and non-university types of institutions, acknowledging that the public-private dimension is equally important and relevant. Table 1 illustrates the increased number of higher education institutions (university and non-university) during the last decade. It is clear that the number of institutions (particularly private, non-university institutions) has grown considerably.

*Table 1: Number of university and non-university institutions*

Type of higher education institution	1989	1999	2001	2002
Universities (multi-field)	3	9	10	10
Technical universities (multi-field)	2	4	5	5
Technical universities (specialised)	5	1	1	1
Veterinary universities	1	1	1	1
Universities of economics	1	1	1	1
Agriculture and forestry universities	2	2	2	2
Universities of education	-	1	-	-
Universities of arts	4	4	4	4
State higher education institutions	4	4	4	4
Non-university institutions	-	9	14	25
Independent faculties of education	5	-	-	-
Total	27	36	42	53

In addition to the change in the number and nature of institutions, the internal composition of these institutions also changed. Whereas in 1989 there were 69 faculties, in 2002 the number of faculties and similar units grew to 113. The new faculties and units reflect both the interests of the students and the requirements of the regions.

The establishment of new higher education institutions and faculties has also had a considerable influence on the regional structure of higher education. The proportion of students studying in the traditional university centres of Prague and Brno has dropped by roughly 4%, in favour of the regional centres of Ostrava, Olomouc, Liberec, České Budějovice, Pardubice and Ústí nad Labem. About 40% of students now study in Prague compared with more than 43% in 1989, and 19% are in Brno compared to the earlier 23%. Opava has become a new seat of higher education and detached faculties of universities have been established in Cheb, Zlín, Karviná and Jindřichův Hradec. The last important change in the structure was the establishment in 2001 of the University of Tomas Bata in Zlín, including faculties previously belonging to the Brno University of Technology.

Age is an important distinction between public and private higher education institutions. While the public higher education institutions mostly have a long history, the private institutions were all established after 1998. The general view is that this sector should be complementary to the public sector. The number of students in private institutions is estimated to reach about 10% of the overall number of higher education students.

The private sector is very young and still in basic and substantial development (see Table 2). It is expected that some of these institutions will compete well with public sector institutions and will develop quality education and related creative activities. Others are expected to struggle for their existence and potentially even collapse due to a variety of reasons (e.g. lack of students, lack of qualified teachers, and lack of money in general). The Accreditation Commission has developed and initiated a specific

programme to evaluate the extent to which the goals of ‘projects’ submitted several years ago by private higher education institutions were reached. The programme will result in recommendations as to whether the project activities should continue and, if so, how. It is anticipated that after a reasonable period of time, more concrete data on the private sector will become available and this will allow for a more thorough evaluation.

*Table 2: Developments regarding applications and state approval for private institutions*

Year	1999	2000	2001	2002	2003	Total
Number of applications for state approval	13	20	19	19	1	72
Number of private HEIs. with state approval	5	9	11	2	-	27
Number not granted state approval	8	11	8	14	-	41
Number of applications still under discussion				3	1	4

Note: data for 2003 refer to February

#### University-type higher education institutions

The Czech government is of the opinion that the rapid and extensive development of the university type higher education institutions is almost completed. This means that there is no reason to plan an extensive increase of new public institutions of this type. Priority is to be focused on the improvement of infrastructure, i.e. building maintenance and construction, ICT operation, library improvements, and the development of social and sport facilities for students.

These institutions focus on three levels of study: Bachelor’s study programmes which lead to a *bakalář* degree and last three to four years; Master’s study programmes which lead to a *magistr* degree and last one to three years (exceptionally, those not based on a Bachelor’s programme may last four to six years); and doctoral study programmes which lead to a PhD degree and last three years. The size and range of disciplines varies. In 2002, there were 15 multi-field institutions and 12 mono-disciplinary institutions. The largest institutions are Charles University in Prague (39,500 students in 2000), Masaryk University in Brno (20,100 students) and the Czech Technical University in Prague (20,600 students). Other institutions vary between those having a few thousand students and those, particularly in the arts, which mostly have a few hundred students. Almost all university-type institutions are public institutions, only three are state higher education institutions (the three Military Academies under the Ministry of Defence).

Bachelor’s degrees are awarded on due completion of a study programme and by a State final examination. Part of this examination usually involves the presentation of a Bachelor’s project or thesis. At present, Bachelor’s programmes are offered by most higher education institutions, except in disciplines such as medicine, pharmacy, and veterinary medicine.

Master’s programmes are aimed at presenting new theoretical findings based on scientific knowledge, research and development. Students are required to master the application of these findings and to develop skills for creative and scientific activities.

Study results are evaluated by examinations, supervised written work, project work or colloquia. Master's programmes are completed with a State final examination, and in most cases with the presentation of a diploma thesis. The length of programmes differs by discipline. The awarded academic degree differs for various study fields and is precisely stipulated by the Act. After the Master's degree, students may continue working towards the doctoral degree (PhD). These programmes focus on scientific research and independent creative activity and have a nominal length of three years. Students follow an individual study plan under the guidance of a supervisor.

In order to award degrees in a specific programme, the programme must be accredited. The institution sends the relevant materials to the Ministry and the Ministry is obliged to ask the Accreditation Commission to judge the programme and to issue an expert opinion. Should the Accreditation Commission issue a negative opinion, the Ministry is bound by the Act to withhold accreditation. In the case of a positive opinion, the Ministry may refuse accreditation but only in specific situations listed by the Act (e.g. insufficient financial, material or technical backing for the programme). Accreditation is valid for a maximum period of double the nominal length of the programme. In the case of the doctoral study programme, accreditation is valid for ten years.

#### Non-university higher education institutions

These institutions provide primarily Bachelor's study programmes. They may, if they meet accreditation requirements, provide Master's study programmes but they are not allowed to offer doctoral programmes. There are 26 of these institutions: 25 private institutions and one state higher education institution (the Police Academy under the Ministry of the Interior, established in 1992). Following the 1998 Act, the newly established private higher education institutions were strongly recommended to submit (primarily) their Bachelor's study programmes for accreditation and they are all, at the present time, of the non-university type of institution.

A private higher education institution may come into existence on the basis of an accredited study programme(s) and state permission awarded by the Ministry. The Ministry passes a resolution on the state permission in accordance with the Accreditation Commission's positive expert opinion.

The establishment of a public higher education institution (no matter of what type) requires an adjustment of the law, and thus acceptance by Parliament. There are some 'applicants', mostly very good and ambitious state tertiary professional schools which would like to become part of the higher education sector. It means that such a tertiary professional school could become a kind of 'stepping stone' for the establishment of new public non-university higher education institutions. The state's intention is to support this development and, in the case of the Accreditation Commission's positive ruling, to submit the law enabling the establishment of the respective higher education institution to Parliament. The process is quite demanding and time-consuming but it is expected that several non-university public higher education institutions will come into being in the near future.

While the government is of the opinion that there are sufficient higher education institutions, it is anticipated that interest among private legal persons to establish non-university higher education institutions will not decrease for some time and so that this development will continue. The Czech Republic will, however, not follow the case of some other Central and Eastern European countries where the number of private higher education institutions has grown tremendously and where that number has caused significant problems for the state authorities and relevant stakeholders. There is already some concern regarding the unequal situation between public and private providers. In addition, as mentioned above, several public non-university higher education institutions may come into existence in the near future.

The study programmes of the non-university higher education institutions focus particularly on economics (56%), law (11%) and the arts (11%). Most of the institutions offer programmes in a restricted number of fields, such as banking and business studies. At present, there are some 3,000 students enrolled in the Bachelor's programmes in the non-university higher education institutions; the total number of students is about 8,500. It follows that most of the institutions are relatively small and – due to the fact that some are very new – have not yet had students complete the three-year study programmes. The largest institutions are the European Polytechnic Institute in Kunovice (800 students) and the Hotel College in Prague (400 students). The state higher education institution (the Police Academy) had 2,300 students in 2000.

#### Access

The regulations regarding access apply to both university type higher education institutions and to institutions of the non-university type. To enter a higher education institution students need a qualification from a gymnasium or a technical secondary school. In exceptional cases arts applicants may be admitted to art study without having completed secondary education. Holders of foreign secondary school leaving certificates apply to the relevant regional school authority for recognition. If an international agreement on recognition of equivalence exists, confirmation of the equivalence is issued by the higher education institution.

For access to the “continuing” Master's programmes, graduation from a relevant Bachelor's programme or its equivalent is required. According to the Act, students should be able to demonstrate not only the required level of education but also the necessary ability and motivation to pursue higher education studies. Methods of examining and selecting candidates are the competency of the higher education institution and the conditions of acceptance are approved by the Academic Senate of the institution. In practice, there is usually a written examination, an interview or both. For art schools and programmes in education, architecture, sports and dentistry, part of the examination is a test of talent or practical skills. There are no stipulated restrictions on admissions, however, institutions can utilize selective measures if required by limited capacity and financial resources. Admission to a doctoral programme is conditional upon graduation from a Master's programme. Applicants are required to take a special entrance examination or take part in an interview.

*Participation*

The number of new entrants in 2002 was 43,181 which is lower than the maximum of 53,464 in 1998, but considerably higher than in 1989 (26,786 first year students). The total number of students also increased substantially. In total there were about 244,000 students in 2002, which is almost double the number in 1989 (112,980 students). Engineering (about 25%), economics and teacher education (each about 20%) are the largest disciplinary fields. Smaller percentages of students enrol in agriculture (approximately 4%) and arts (about 3%) programmes.

Figure 1 shows development of student numbers by discipline since 1994. Even though the total number almost doubled over the decade there is still significant unmet demand. This is valid throughout the tertiary sector of education including tertiary professional schools and other educational institutions.

*Figure 1: Enrolment in higher education by discipline*

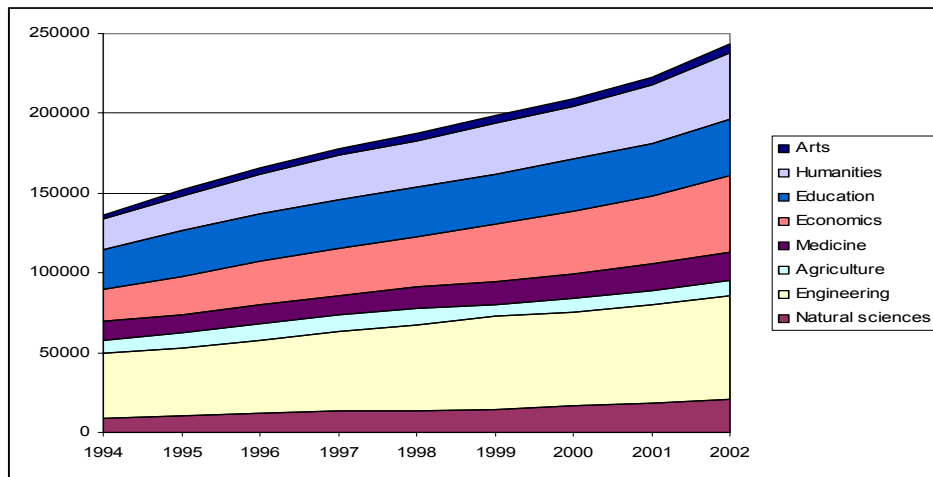


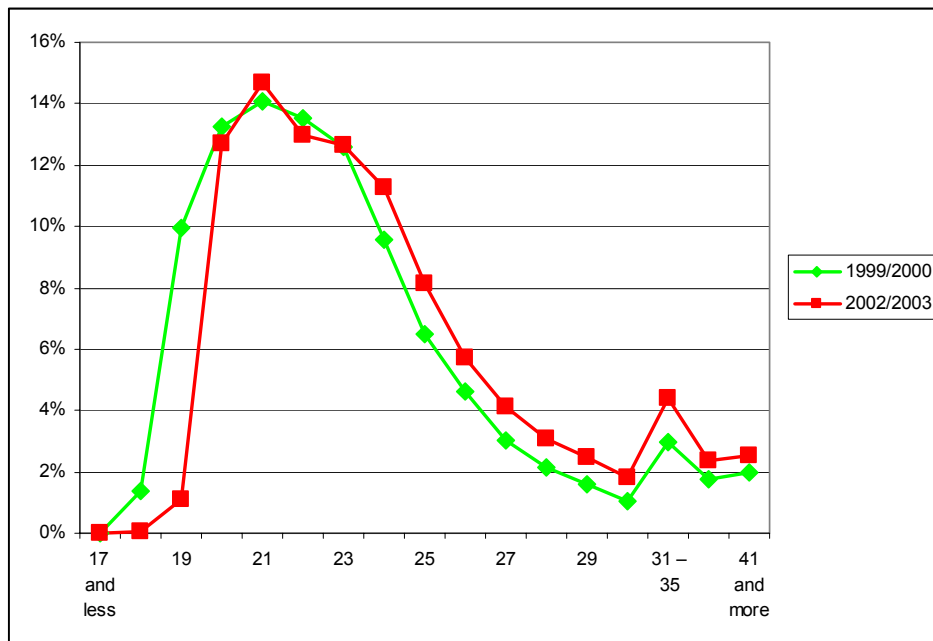
Table 4 shows the number of students per type of programme. The large number of Master's students is still a remnant of the situation before the (almost) completed introduction of the Bachelor-Master structure. In addition, it must be stressed that many stakeholders (not only the academics themselves, but also employers and students) must still become accustomed to the idea of shorter programmes after having been used to longer programmes over the past decades. It is therefore not yet fully accepted to leave higher education (even temporarily) after a Bachelor's programme. The 2001 White Paper aims to have 50% of graduates enter the labour market after a Bachelor's programme.

Table 4: Development of student numbers by programme type

Year	Bachelor's students	Master's students	PhD students	Total
1989/1990		112,980		112,980
1990/1991		118,194		118,194
1991/1992		111,990	1,664	113,654
1992/1993	12,628	101,557	3,452	117,637
1993/1994	15,624	106,832	4,681	127,137
1994/1995	28,147	101,306	7,113	136,566
1995/1996	34,821	104,953	8,659	148,433
1996/1997	36,668	119,200	10,267	166,136
1997/1998	39,410	122,963	11,453	173,826
1998/1999	41,433	132,796	12,910	187,148
1999/2000	33,872	150,082	15,007	198,961
2000/2001	40,186	157,302	17,719	215,207
2001/2002	46,120	155,117	17,969	228,635

Figure 2 provides some insight into the age structure of students enrolled in higher education. In 2002, about 32% of the 19-year-old cohort of the population enrolled in higher education. The percentage of first-year students (as a % of 19-year-olds) increased considerably over the last decade (from 15.3% in 1990 to 22.3% in 1996).

Figure 2: Age structure of students enrolled at higher education institutions





### Outflow

Approximately 31,200 students graduated from higher education institutions in 2002. The distribution across the disciplines is similar to enrolment patterns in those disciplines: economics and engineering programmes produced the most graduates while agriculture and arts programmes produced the smallest share of graduates.

The number of unemployed higher education graduates in April 2002 was 2,222 or 3.5% of the total number of graduates and in September 2002 the number was 5,045 or 8.3% of the total number of graduates.

Table 5 shows the rates of unemployment related to various fields/disciplines in 2000. The total average unemployment rate in the Republic is slightly more than 10%. It is evident that the unemployment rate of higher education graduates is significantly below this rate.

Table 5: Unemployment rates by field (April 2000)

	Total (%)	Technology (%)	Agriculture (%)	Health (%)	Humanities (%)
Vocational education	26.4	28.3	31.7		22.6
Secondary education	16.1	21.3	18.3	4.8	15.7
Higher professional education	12.0	23.1		2.7	12.9
Higher education	5.4	7.2	9.9	2.9	4.5

### Personnel

In total, there were approximately 26,600 staff members employed by higher education institutions in 2001. A little more than half of the staff members (52%) were academic staff. This number has remained relatively stable over the last decade. Academic staff members carry out teaching, research and development, and artistic/creative activities. Academics may achieve the rank of professor after successfully passing a procedure in which their education and scientific or artistic qualifications are approved. The prerequisite for starting this procedure is prior nomination as an associate professor on the basis of the *habilitation* procedure. Professors are appointed by the president of the Czech Republic upon approval of the scientific board of the higher education institution. Admission to employment for all staff is confirmed by a work contract and the working conditions of higher education teachers are governed by general labour laws.

Table 6 gives an overview of the development of staff over the last decade. The increase in student numbers is not reflected in a comparable increase in the number of staff. The number of staff increased until the mid 1990s, decreased for some years, and recently has remained relatively stable.

*Table 6: Staff at higher education institutions (full time equivalent)*

	Total staff	Academic staff	Non-academic staff
1989	27,970	11,644	16,326
1990	28,247	11,839	16,408
1991	27,428	11,958	15,470
1992	27,784	12,105	15,679
1993	29,266	12,561	16,705
1994	28,936	12,625	16,311
1995	29,280	12,890	16,390
1996	25,514	12,969	12,546
1997	25,809	13,216	12,593
1998	25,809	13,292	12,518
1999	26,285	13,579	12,706
2000	26,050	14,800	11,250
2001	26,578	14,963	11,616

The main aim of Czech higher education is to foster activities which lead to the improvement of its academic staff. Structure and qualification level, it is emphasized, are the most important aspects of long term higher education development. Taking this fact into consideration higher education institutions have analysed the structure of personnel capacity in their units and, on this basis have developed, plans for furthering the professional careers of academics. Developments in this field will be assessed regularly.

A serious problem concerns the relatively high average age of academic staff and the lack of properly qualified younger personnel. The latter leave the educational sector because of very low wages in comparison to attractive occupational fields in the private sector (e.g. banking and computer companies.). The average age of professors is over 60, although a slightly better situation can be found in the associate professor and assistant categories. Most of the higher education institutions intend to broaden and intensify doctoral study programmes with the aim of changing the unsatisfactory age structure and of employing young PhD graduates. They also plan to improve the conditions of research work for young members of staff.

Gender inequality at higher education institutions is not considered a significant problem. Table 7 illustrates that the number of female staff reaches almost half of the total staff. The situation is less positive when analysing the percentage of females in the highest academic positions where the numbers at the rank of professor (as well as at the rank of academic leader) are not so balanced. Only four women occupy the rector's position at public and state higher education institutions.

*Table 7: Number of female staff at higher education institutions (headcount)*

	1998	1999	2000	2001	2002
Total staff	33,609	34,035	36,005	33,054	36,121
Female staff	16,832	16,975	17,894	16,844	17,838
Total academic staff	15,763	15,939	15,782	18,040	17,809
Female academic staff	5,253	5,284	5,369	6,135	6,022

Note: The percentage of female staff has only been monitored from 1998

The long term plan for the higher education system is to support the professional improvement of all ranks of teachers with regards to up-to-date knowledge in computer science, languages and new interdisciplinary disciplines. In addition, external experts with practical experience will be recruited to become part of the staff.

### Tertiary professional schools

Tertiary professional schools are in fact not part of higher education, but they belong to tertiary education. They offer professional education leading to a diploma, mostly in economics (more than 30% of the students) and health care (about 20% of the students). The first schools started these programmes in the mid 1990s. It is anticipated that they will also offer short (one or two year) courses of post-secondary education in the future. Tertiary professional schools can form agreements with higher education institutions and within this framework provide Bachelor's study programmes. It is assumed that this collaboration might, in some cases, be the first step towards the establishment of a new non-university higher education institution.

Table 8 illustrates the development of the number of tertiary professional schools. The number of institutions grew significantly in 1996. This was the consequence of the decision of the Ministry, which led – in the eyes of many in the higher education system – to an unsatisfactory situation. The schools are mostly very small and are of differing quality. These institutions are often schools which focus primarily on secondary education with perhaps only a few dozen students involved in the tertiary sector. Most schools, as shown in the table, focus on economics, engineering and health care.

*Table 8: Tertiary professional schools by discipline*

Disciplines	1992	1996	1997	1998	1999	2000	2002
Natural sciences	0	3	3	3	4	4	4
Engineering	9	35	36	39	39	40	38
Agriculture	1	10	11	11	10	10	10
Health care	0	36	32	33	33	33	33
Economics	7	57	61	66	64	63	60
Teacher education	2	18	19	20	21	22	22
Humanities and social sciences	2	7	6	8	8	8	21*
Law	1	7	7	12	13	13	
Arts	3	11	12	14	14	14	17
Total number of schools	25	158	156	168	167	166	171

Note: \*Humanities and social science and Law professional schools are classified in one category as of 2002

The White Paper and the Tertiary Education Development Strategy delineate the requirement to re-structure the tertiary professional school network, to redirect their future development, and to provide the schools with a suitable legislative framework.

Table 9 shows student enrolments at tertiary professional schools from 1996 (data before 1996 are not comparable as these schools were run on an experimental basis with only a very small number of students). The continuing interest of students is evident even if there has been some decrease in the last two academic years. The reason for the decrease stems from the government's decision in 1995 to prolong obligatory schooling which meant that the number of secondary education graduates consequently dropped in 2000. The influence of demographic changes will most probably be felt in the future as well.

*Table 9: Number of students at tertiary professional schools by discipline*

	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
Natural Sciences	104	228	263	278	193	243
Engineering	2,440	3,447	4,332	3,670	2,834	3,109
Agriculture	343	671	855	1,070	823	848
Health Care	2,509	4,556	6,100	6,754	5,951	6,248
Economics	5,768	9,079	11,445	11,362	9,045	8,566
Teacher Education.	999	1,190	1,279	3,873	3,754	3,722
Law, Humanities and Social sciences	2,459	3,764	4,615	3,365	3,319	3,262
Art	309	591	677	701	686	682
Total	14,931	23,526	29,566	31,073	26,605	26,680

#### Other educational institutions

Tertiary education is composed of the various state recognised courses which require a completed secondary education as an entrance condition. That means that there are courses covering a wide spectrum of additional training, re-qualification, and general interest activities which contribute to lifelong learning in general. It is expected that secondary schools will also provide certain courses which allow for continuing education after the *Maturita*, the final qualification of secondary education. Reliable data on the numbers of institutions and students are not available.

#### Co-operation between institutions

It is anticipated that co-operation in joint study programmes will take place mainly among the research institutions of the Academy of Sciences of the Czech Republic and higher education institutions (particularly those of the university type). This co-operation would focus preferably on doctoral study programmes and, if possible, also on those programmes leading to the Master's degree. Close collaboration in joint study programmes has already started and may evolve further – also between tertiary professional schools and higher education institutions. Such partnerships seem especially relevant for small tertiary professional schools. These types of co-operation – as well as partnerships between private and public institutions – are allowed by

legislation (although full mergers between higher education institutions and tertiary professional schools can be problematic given possible differences in national and regional regulations and policy objectives).

### **The Research Infrastructure**

The Act of 1998 requires that higher education institutions maintain and disseminate acquired knowledge, and cultivate scholarly, research, developmental, artistic or other creative activity according to its type and objectives. Most importantly, the Act ensures the connection of educational activities with research activities. The different types of higher education institutions and their units are characterised by different study programmes and also by different types of research: developmental, scientific, artistic, and creative. It is expected that natural development will allow for the distinction of perhaps three significant or basic faculty groups in university type higher education institutions, as expressed in the White Paper:

- Faculties with a focus on Master's and doctoral study programmes providing outstanding staff involvement and significant student involvement (preferably in doctoral study programmes) in research teams.
- Faculties with a high level of research connected to only a limited amount of study programmes while the others would focus more on applied research and collaboration with the business sector.
- Faculties and higher education institutions with a focus primarily on Bachelor's study programmes that are concerned with applied research exclusively and that work closely with the regions, taking into consideration their needs.

It is commonly agreed that it is necessary to respect, and to take fully into consideration, the various paths of such development. It is important to emphasise that none of these groups should be considered of a higher quality than others. Tertiary professional schools are not obliged to connect teaching with research and development, but their teachers are expected to be involved in creative activities responding to the needs of the regions, to collaborate with potential employers of graduates, and to transfer their experience to the students.

Higher education institutions are encouraged to collaborate with other research institutions in the country, especially with the Academy of Sciences of the Czech Republic. The rules for the allocation of research funds support the very important organisational structure of collaboration – the establishment of Research Centres (see Chapter 6).

### **Trends and Policy Issues**

Most of the current policy issues and trends have a history dating back to the 1990 transition. The 1992 OECD review identified issues such as a diversified structure, long-term strategic planning, and the renewal of academic staff. Čerych (1997) has pointed to the role of pre-war models and traditions and the heritage of the communist regime as important factors in the period of transition.

On the other hand, in the period from 1990 to 1998, a significant effort was devoted to the preparation of new regulations for higher education. The intention was to discuss strategic issues in parallel to the work on the relevant regulations. It was expected that the required (and agreed upon) changes would be implemented and assured by means of new legal provisions. This approach indicates that the Czech reform process was to a considerable extent meant as a process of modification. Some codification elements can also be observed where positive reform experiences during the first years after the "Velvet Revolution" were kept and reformulated in the provisions of the 1998 Act.

At the same time, recent years have been characterised by high levels of activity relating to the reconceptualisation of the educational sector. The draft of *Education and Development of the Educational System of the Czech Republic* was prepared during the year 1999 and its main goals were approved by the Czech government. It involves the entire sector of education and, naturally, it is relatively general. Its further elaboration resulted in the National Programme for the Development of Education (White Paper) based on a nation-wide debate and accepted by the government in 2000. *The Strategy of Tertiary Education Development until 2005* was finalised at the end of the 2001. The strategy paper takes into consideration ideas from the White Paper and elaborates more concretely on the particular goals and the instruments needed to reach them.

Parallel with the above mentioned national activities, each higher education institution was asked to work out a long-term strategic plan to update it annually and to make it public. These plans and the subsequent mutual agreements (between the government and the institutions) play a decisive role in the allocation of the state budget. In addition, negotiation on ministerial and institutional plans leads to a better understanding of important topics and issues at both the state and institutional level. All the national documents, their updates and their implementation incorporate the main ideas of the international development expressed in the Lisbon Convention, the Sorbonne and Bologna Declarations, and the Prague Communiqué. The main aim for the near future is to create a distinctly diversified tertiary education sector with sufficient capacity to lead to an overall balance between applicant demand and available study places. In accordance with one of the main goals of government policy and the White Paper, the aim is to have half of the 19-year-old population group participating in one of the existing types of tertiary education by the year 2005. This idea, generally considered attainable, is based on an estimation of institutional capacity as influenced (quite strongly) by new study structures and by demographic developments. A sufficiently diversified higher education structure will enable an individual to reach the highest level of qualification matching his or her abilities without a decrease in the quality of education. It should also contribute to a significant decrease in drop-out numbers.

The three level structure (Bachelor, Master, PhD) of higher education will be introduced in accordance with the most important objectives of the Bologna/Prague process. This will be well coordinated with tertiary professional education programmes which play an important role in the regions and are based on regional needs.

The structure of the tertiary system of education is described below. Most of the elements currently exist but some are still under construction and require considerable attention in terms of regulations (e.g. post-*maturita* courses and tertiary professional education programmes possibly being offered by higher education institutions).

*University type higher education institutions* focus on the three levels of higher education studies as well as on all courses in the framework of lifelong learning.

*Non-university higher education institutions* primarily provide Bachelor's study programmes and, quite rarely, Master's study programmes (if they meet accreditation requirements). These institutions are also expected to play a significant role in the field of lifelong learning.

*Tertiary professional schools* offer professional education leading to a diploma; they may collaborate closely with higher education institutions and are also expected to also offer short (one or two year) courses in post-secondary education.

*Other educational institutions* may offer various courses of tertiary education covering a wide spectrum of educational possibilities. It is expected that secondary schools will also provide some courses which allow for continuing education after the *Maturita* (this is suggested by the new act on education which is currently under debate in the Czech Parliament).

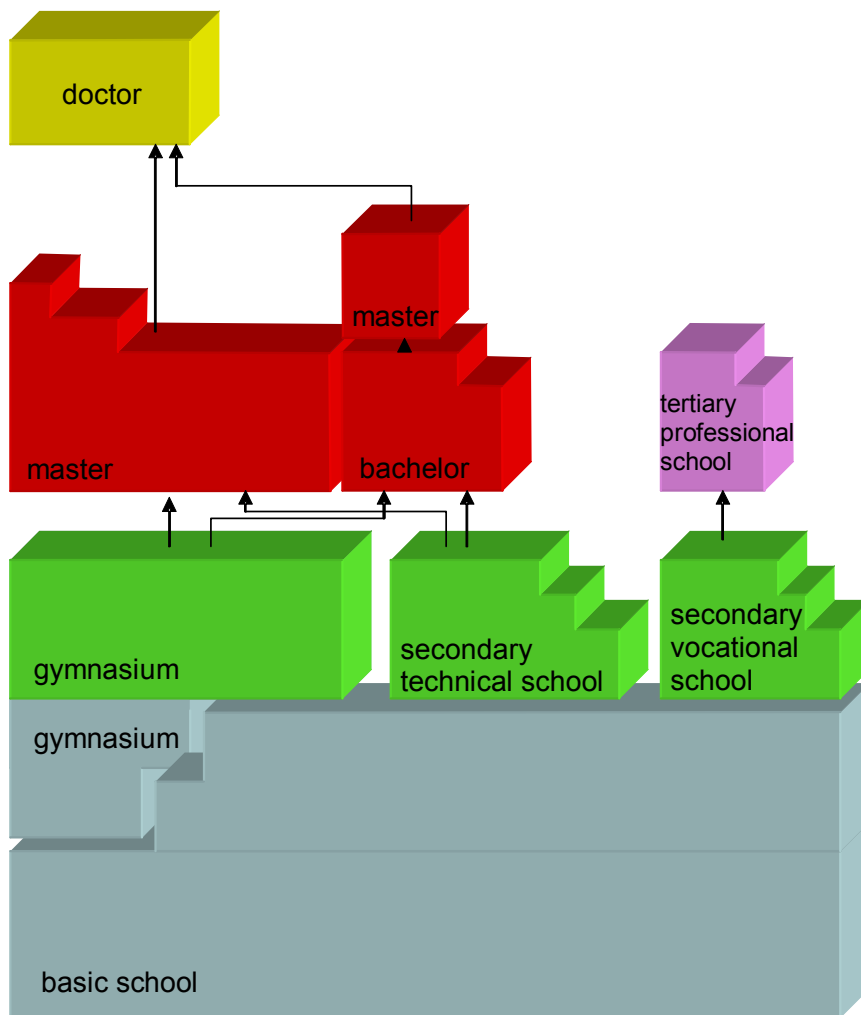
One of the most important goals for the near future is to support the ability of students to transfer from one type of institution to another in the tertiary system of education. The new approach to the recognition (acceptance instead of equivalency) of higher education studies or their parts (Lisbon Convention) taken externally to the initial framework of higher education (Bologna Declaration) seems extremely innovative but there is still hesitation about how and to what extent to adopt it. There are considerable problems to be solved in this field, but the general attitude towards these new goals has been gradual acceptance.

**Josef Beneš** is Director: Higher Education of the Ministry of Education, Youth and Sports of the Czech Republic.

**Jeroen Huisman** is Research Co-ordinator and a Senior Research Associate at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

**Helena Šebková** is Director: Centre for Higher Education Studies, Prague, Czech Republic.

## Czech Republic: Education Structure





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### 3. Hungary

*Orsolya Csepes, Frans Kaiser and Zsolt Varga*

#### **A Short Sketch of Developments**

The history of Hungarian universities goes back many centuries. After unsuccessful attempts to found a university in the 13th century, the first Hungarian university, with faculties of law and medicine, was established in the town of Pécs in 1367. It survived for only a decade. In 1435 another university was founded in Óbuda with four faculties, which existed for a quarter of a century. The University of Pozsony (in present day Bratislava, Slovakia) was founded in 1467 and survived only a few years.

The next development took place a century later in Transylvania where Prince István Báthory established a university. In addition to universities, colleges and academies also contributed to an increase in the number of scholars, as did the traditional custom of attending universities abroad. The founding of the University in Nagyszombat (in present day Trnava, Slovakia) in 1635 brought a change in higher education. Bishop Péter Pázmány re-organised the Jesuit College into a university, starting with faculties of theology and philosophy, and later extending to include a faculty of law and, in 1769, a faculty of medicine. This university has operated continuously since its establishment; first in Nagyszombat, from 1777 in Buda and since 1784 in Pest.

The bourgeois-democratic revolution required an educated middle class, which promoted the development of Hungarian higher education, as did the fact that ministers of public education and religion were aware of the need for intellectuals. An important figure was József Eötvös, who dealt with the statutes of the university and defined the requirements of academic freedom in 1848.

The founding of the University of Kolozsvár (in present day Cluj-Napoca, Romania) was proclaimed in Act XIX of 1872 under the ministry of Ágoston Trefort. In addition to these universities, colleges of dramatic art, music, trade and veterinary science were also established. In 1912, an act declared the founding of the universities in Debrecen and Pozsony (Bratislava). The number of university students had significantly increased: in 1866 there were 4,955 students; by 1913 this number had risen to 18,899.

Due to the enormous territorial losses imposed by the Peace Treaty of Trianon, great effort was made to preserve the universities of Kolozsvár and Pozsony for Hungary. The university in Kolozsvár was moved to Szeged and the one in Pozsony, to Pécs.

In the period between the two world wars, the standard of university education was equal to that of the general quality in Europe; however, participation in the various sciences was not proportionate. In the academic years of 1937 and 1938, almost half of the 11,747 students graduated in law and theology, with only 11% graduating in medicine and 7.2% in engineering. After the end of World War II, evening and correspondence courses were initiated though many impugned these methods. Women were admitted without limitations.

After 1949, Hungarian universities were forced to undergo a series of reforms aimed at eliminating academic freedom. Soviet schoolbooks and curricula were introduced and Marxism and the Russian language were made obligatory subjects. The principals of admission were based on the ideologies of the administration; therefore, several brilliant lecturers were dismissed by reason of either their noble birth or alternative ideology. The strict central governance eliminated the autonomy of the universities.

New universities were founded: the University of Economics in 1948, the Heavy-Industry and Technical University of Miskolc in 1949, the University of Transport based in Szeged, (later in Szolnok) in 1951. In the same year, the medical universities were transformed into individual institutions. An executive order of 1950 declared the separation of theology faculties from the organisation of universities. The political changes in 1949 lead to a decline of values at the universities and to university students playing an initiating and significant part in the revolution of 1956.

After the suppression of the revolution and the events of retaliation, gradual changes attempted to restore the status of university education. University lecturers, independent of politics, played the major role in this restoration. Certain changes included the abolition of discrimination based on birth in 1963, and the reform of universities' organisational statutes in 1968 (this provided more autonomy to the university councils in which one third of the representatives could be students.)

The undeniable turning point, as in other areas of life, was brought about by the change in the political regime. The principles of the autonomous university and of academic freedom were once again acknowledged. New institutions were founded and new faculties extended the old ones. Of particular importance was the establishment of Péter Pázmány Catholic University and Gáspár Károli University of the Reformed Church in 1993. In the 1990s, amalgamation of the disintegrated institutions became a major policy instrument to strengthen Hungarian higher education. Act 52 of 1999, which reflects the result of integration, outlines the new structure of Hungarian higher education and propels academic training into the next millennium.

### **The Basic Structure of the System**

Hungarian higher education, a binary system, has colleges and universities. The binary divide, however, is not very clear: some colleges are associated with universities as college faculties of those universities; and universities may offer college-level courses. The length of the college level programmes (corresponding to the Bachelor's level) is at least three years with a Maximum of four years. The university level programmes (corresponding to master's level) last at least four years with a maximum of five years (with the exception of medical universities where the programmes last six years). Higher education institutions may also organise short-cycle (two year) post-secondary courses called Accredited Higher Vocational Training (AHVT) courses<sup>1</sup>. The AHVT training has a strong practical orientation. These courses do not lead to a degree but to a certificate. The AHVT programmes are offered mainly by colleges and, in many cases, in co-operation with secondary vocational schools. In addition to the Bachelor's and Master's programmes, universities offer PhD courses (taking three years), specialised accredited post-graduate courses (with a normal duration of two years), and various continuing education courses.

According to the Higher Education Law, the definition of a university (and the conditions for an institution to be recognised as a university) is that they: are higher education institutions able to organise training courses in more than one field of science (that is, social sciences, natural and technical sciences, life sciences and theology), and inside a field of science in more than one branch of sciences; carry out scientific research activity; have accredited PhD courses; are empowered for habilitation process; have university professors with a PhD and habilitation.

A college, according to the law, can operate if: it is able to organise more than one training course in a branch of science; it carries out research and development activity, and if its professors have a PhD. Following a binary pattern, Hungarian universities and colleges grant college degrees and university degrees. In order to facilitate international comparison, the Higher Education Law makes it possible for graduates of Hungarian higher education institutions to use the title 'Bachelor' if they have completed a college education, and the title 'Master' if they have completed a university education. The area of study is also indicated.

Doctoral education in Hungary is provided by disciplinary-accredited university doctoral schools for university degree (Master's) holders. Applicants must pass entrance examinations. There are three basic forms of doctoral training: as a full-time student with a state scholarship (state-financed student); as a full-time student without a state scholarship; and as a part-time student.

Doctoral education may only be offered in the framework of PhD schools and DLA (Doctor of Liberal Arts; hereinafter referred to as 'DLA'; or, both together as 'PhD') schools. Doctoral schools may be organised by disciplines and by multidisciplinary fields at a university.

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<sup>1</sup> The July 1996 Amendment of the Higher Education Law integrated the post-secondary Accredited Higher Vocational Training into the system of higher education.

*Table 1: Number of doctoral candidates and number of PhD graduates*

	Mode of enrolment	2001/2002
First year students	Ft	1,814
	Pt	988
Second year students	Ft	1,597
	Pt	698
Third year students	Ft	1,402
	Pt	531
Total	Ft	4,813
	pt	2,217
Students receiving state scholarship		2,587
PhD degrees awarded		834

Source: Statistics of the Ministry of Education (ME), national doctorate records of the Hungarian Accreditation Committee (HAC)

*Table 2: University and college data 2001/2002*

Type of Institution	Number	Number of students						No. of Academic staff
		AHVT	Bachelor	Master	Voc. training	PhD, DLA	Total	
State Univ.	17	971	81,522	108,567	17,724	6,815	215,599	15,615
Church Univ.	5		1,441	8,539	856	215	11,051	1,111
<i>Total Univ.</i>	<i>22</i>	<i>971</i>	<i>82,963</i>	<i>117,106</i>	<i>18,580</i>	<i>7,030</i>	<i>226,650</i>	<i>16,726</i>
State College	13	3,287	75,660	452	5,362		84,761	3,807
Church Coll.	21		7,144	389	338		7,871	841
Foundation C.	9	217	29,524		278		30,019	1,489
<i>Total College</i>	<i>43</i>	<i>3,504</i>	<i>112,328</i>	<i>841</i>	<i>5,978</i>		<i>122,651</i>	<i>6,137</i>
<b>Total</b>	<b>65</b>	<b>4,475</b>	<b>195,291</b>	<b>117,947</b>	<b>24,558</b>	<b>7,030</b>	<b>349,301</b>	<b>22,863</b>

Although the number of non-state higher education institutions is higher than the state ones, 86% of students study in the latter type.

The number of the institutions and faculties changed in parallel to the political changes of the last century. The modification of the Higher Education Law in 1999 reduced the number through a merger process, but the number of faculties is still rising.

*Table 3: Number of HE institutions and faculties*

Year	Institutions	Faculties
1990/1991	77	117
1992/1993	91	132
1999/2000	89	143
2000/2001	61	155
2001/2002	65	156
2002/2003	65	161

As with other aspects of life in Hungary, higher education is also capital-centred: more than 50% of students study at one of the Budapest institutions. The main provincial university towns are Debrecen, Szeged, Pécs and Miskolc. These towns, in addition to their role as regional centres of education and culture, are also the biggest settlements in the country.

### The Higher Education Law

The Higher Education Law (ratified by Parliament in 1993) places all higher education institutions – with the exception of the national University of Defence and the Police College – under the supervision of the Ministry of Education (previously supervision of higher education institutions had been divided among five ministries).

The Law established two key intermediary institutions to provide professional advice on the development and control of higher education: the Hungarian Accreditation Committee (HAC) and the Higher Education and Scientific Council (HESC). The HAC renders opinions on the establishment or recognition (by the state) of higher education institutions and on the establishment or abolition of fields of study (courses) by accepting the requirements for qualifications of a given course. It also gives permission for starting a course (with the already accepted requirements of qualification) at a given higher education institution (course accreditation). In addition, the Law specified that the HAC must assess the standard of education and research for each higher education institution every eight years (institutional accreditation). The HESC should propose and advise on: priorities in development programmes and research; the establishment and abolition of courses, faculties and institutions; the recognition of non-state higher education institutions; budget distribution; and the size and allocation of student admissions.

The July 1996 Amendment was the starting point for an extensive merger process among universities. The Amendment allowed the formation of higher education federations to become fully merged within two years. The main goals of the integration are as follows:

- Offer a wider range of courses for students and increase the standards of education with an emphasis on the establishment of a flexible educational structure that responds to the changing demands of the labour market;
- Unify intellectual resources (initiating multi-, trans- and interdisciplinary activities),
- Establish higher educational institutions as intellectual centres of regional development, taking into account the tasks related to the inevitable consequences of Hungary's accession to the European Union;
- Improve the stability of institutions as the co-existence of various disciplines should make institutions become less sensitive to swift changes in the market and economy;
- Focus on performance and quality oriented financing as a way to enable institutions to elaborate long-term institutional policies (institutions must make sure that rationalising will not result in decreasing financial support provided from the state budget);

- Cultivate the efficient use of intellectual and infrastructural capacities, thereby eliminating redundant multiple structures, and;
- Develop more efficient income generating activities for the institutions.

Table 4: Number of university and college institutions

Type of institution	1996/1997	2000/2001	2002/2003
State University	25	17	18
Church University	5	5	5
Foundation University	0	0	1
<i>Total University type</i>	30	22	23
State College	31	13	12
Church College	23	20	21
Foundation College	5	6	9
<i>Total Non-university type</i>	59	39	42
Total	89	61	65

#### Access

The 1993 Higher Education Law regulates admission to Hungarian higher education institutions. All necessary information regarding admissions is available to applicants in a publication entitled the *Higher Education Admissions Guide*, which is published along with the necessary application forms on December 15th of each year. The deadline for the majority of applications is March 1st.

Applications to the standard programmes at Hungarian higher education institutions can be submitted by anyone with a valid high school final examination or the equivalent high school degree (a few exceptions exist at institutions that maintain special requirements). Non-Hungarian citizens may also apply to institutions, though the Ministry of Education must approve their educational certificates.

The National Office of Higher Education Admissions (NOHEA) co-ordinates admission procedures, organises exams including exam preparation and production of test materials, and provides information to applicants about admissions through its publications, World Wide Web page and information service office. It also ensures that all requirements and procedures comply with the Higher Education Law. NOHEA, in co-operation with the higher education institutions, processes all submitted application forms for admission.

The current admission procedures and requirements are strongly influenced by the individual requirements of the higher education institutions themselves. Consequently, there are multiple methods that are utilised when measuring the quality of applicants. A rather complex scoring system is used for calculating an overall score for each applicant. One common method for calculating an admission score involves the so-called 'accumulated score'. This is calculated based on high school achievement (final examination grades, grade point averages, etc.) Another method considers both the accumulated score and the 'achievement score'. This latter method refers to the score obtained on the entrance exam by the applicant. Admission is also possible based



solely on the achievement score. In addition to these methods, higher education institutions can award partial or full exemption from the entrance examinations. This is generally granted as a result of top performance on one of the national study competitions. Extra points can be also given for language exams and certain professional training certificates, etc. Additional conditions or skills may be expected by certain institutions for admission (e.g. artistic abilities). The institutions ultimately generate a final score for each applicant. These are then used to order the applicants by rank.

Applicants may apply for multiple majors and institutions but will ultimately be accepted by not more than one. For this reason, each applicant must rank their preferences when filling out the application form. The necessary score for admissions to each major is determined during the second half of July each year. These scores are published by NOHEA. If an applicant achieves the necessary score that fulfils the requirements of a particular place on the ranked list, he or she is accepted to that place and the lower ranked applications become invalid.

The Ministry of Education is currently developing a long-term plan for the reform of the higher education admissions process. The establishment of a more standardised system is the goal. This system should allow for a more thorough and fair evaluation of the applicants' abilities, promote a more comprehensive measurement of the overall secondary school curricula, and place greater emphasis on the results of the secondary school final examination. As opposed to the very specific admission requirements for particular subjects, the entrance examination of the future will focus on certain subject areas based on the students' interests.

*Table 5: Access to higher education*

Year of entrance examination	Number of Places available	Number of applicants	Number of new Entrants	Rate of acceptance %
1990	18,470	46,767	16,818	36.0
1991	19,566	48,911	20,338	41.6
1992	24,399	59,119	24,022	40.6
1993	25,000	71,741	28,217	39.3
1994	31,300	79,805	29,901	37.5
1995	33,975	86,548	35,081	40.5
1996	39,553	79,369	38,382	48.4
1997	42,000	81,924	40,355	49.3
1998	43,000	81,065	43,629	53.8
1999	45,000	82,815	44,538	53.8
2000	47,000	82,957	45,546	54.9
2001	49,000	84,380	49,874	59.1

*Table 6: New entrants (total and first year students) by entrance qualification*

Year	Secondary		Technical high school	Higher Education	Other	Foreign	Total
	School	Trade school					
1997/1998	26,952	13,144	2,157	929	538	1,949	45,669
1998/1999	29,008	14,067	2,406	764	603	2,037	48,886
1999/2000	31,099	14,701	2,257	569	550	2,410	51,586
2000/2001	28,692	15,052	1,690	149	0	1,935	47,518
2001/2002	30,251	16,117	2,035	303	0	2,099	50,805

The majority of new entrants to higher education (over 90%) come from secondary school and trade school. The number coming from trade schools has increased slightly.

### Participation

Enrolment in higher education has grown substantially: from 1990 to 2001 it more than tripled. Approximately 90% of all students are enrolled in Bachelor's or Master's programmes. In 2001, 59% of all students were enrolled as full-time students, 3% as part time students, and 38% as correspondence students. Enrolment in correspondence courses has become more popular in the 1990s: in 1990 only 21% of all Bachelor's and Master's students were enrolled in such courses.

*Table 7: Students enrolled by type of programme*

	AHVT	Bachelor and Master	Postgrad. voc. Training	Doctoral school	Total
1990/1991		102,387	5,989		108,376
1991/1992		107,079	7,611		114,690
1992/1993		117,460	8,414		125,874
1993/1994		133,956	9,077	1,527	144,560
1994/1995		154,660	12,803	2,477	169,940
1995/1996		179,565	12,565	3,456	195,586
1996/1997		199,032	12,353	3,730	215,115
1997/1998		233,657	17,031	4,005	254,693
1998/1999	819	258,315	15,999	4,264	279,397
1999/2000	2,153	278,997	20,250	4,302	305,702
2000/2001	3,464	295,040	22,033	6,752	327,289
2001/2002	4,475	313,238	24,558	7,030	349,301

Table 8: Student numbers in Bachelor's and Master's programmes at higher education institutions by mode of enrolment

Year	Full-time	Part-time	Correspondence	Total
1990/1991	76,601	4,737	21,049	102,387
1991/1992	83,191	4,372	19,516	107,079
1992/1993	92,328	4,298	20,834	117,460
1993/1994	103,713	4,640	25,603	133,956
1994/1995	116,370	5,453	32,837	154,660
1995/1996	129,541	5,764	44,260	179,565
1996/1997	142,113	5,750	51,169	199,032
1997/1998	152,889	6,538	74,230	233,657
1998/1999	163,100	6,566	88,349	258,315
1999/2000	171,612	7,861	99,524	278,997
2000/2001	176,046	8,625	110,369	295,040
2001/2002	184,071	9,665	119,502	313,238

The breakdown by discipline shows that there have been some significant shifts in the interests of students enrolled in full-time Bachelor's and Master's programmes. The proportion of students enrolled in economics has doubled in the 1990s (from 9% to 18%), whereas in education related subjects, enrolment has decreased (from 22% to 13%).

Figure 1: Full-time students enrolled in Bachelor's or Master's programmes by discipline

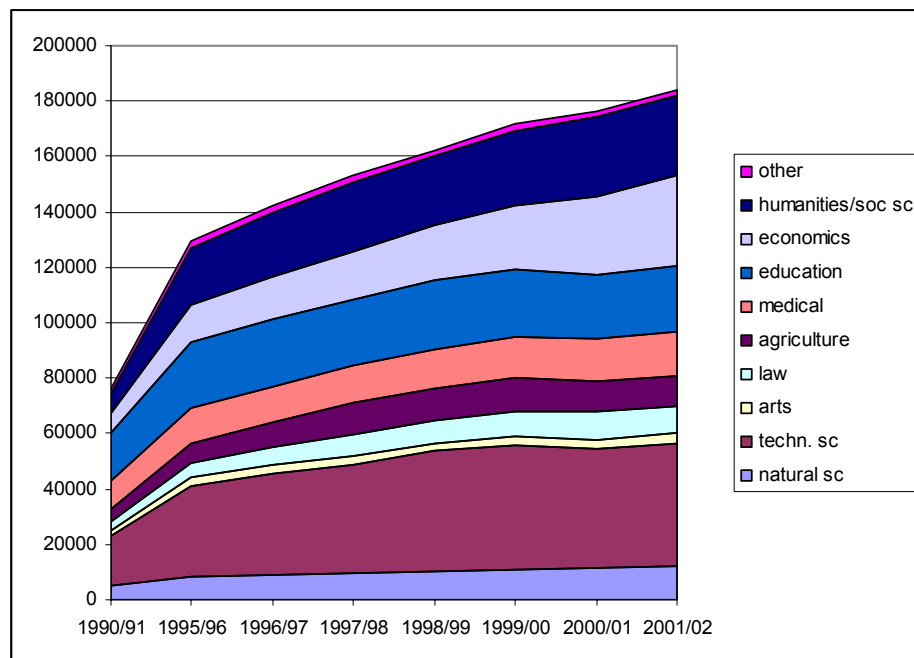
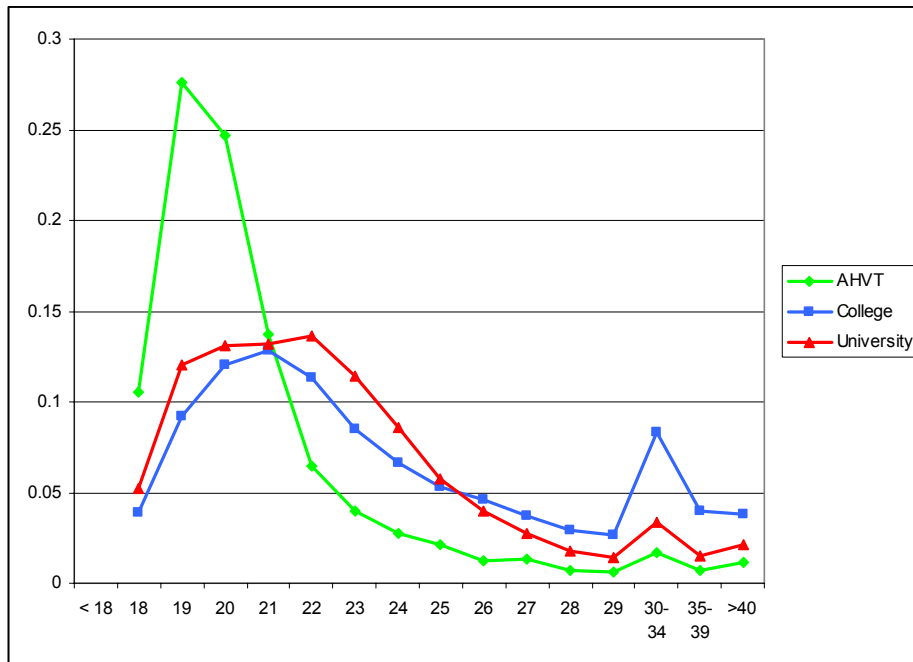


Figure 2: Age structure of students enrolled at higher education institutions



The age structure of the student body differs significantly among the types of institutions and programmes. The youngest students are in AHTV. It is remarkable that students at the colleges (Bachelor's level) are older than students at the (universities Master's- level). The post-graduate courses (vocational training and PhD) clearly have an older student body.

### Outflow

The number of graduates of Bachelor's and Master's programmes has doubled in the 1990s. The growth is less than the growth in enrolment (which tripled in the same period). The proportion of full-time graduates (63%) is slightly higher than the proportion of full-time students (59%). The strong decrease in the proportion of full-time enrolment can also be seen in the proportion of full-time graduates although this trend started a few years later.

*Table 9: Number of degrees awarded at the college and university level*

Year	Full-time	Part-time	Correspondence	Total
1990	15,963	1,294	6,846	24,103
1991	16,458	923	6,267	23,648
1992	16,201	905	5,278	22,384
1993	16,223	1,109	6,283	23,615
1994	18,041	1,024	5,477	24,542
1995	20,024	1,269	4,944	26,237
1996	22,147	1,385	7,778	31,310
1997	24,411	1,807	10,572	36,790
1998	25,338	1,696	11,575	38,609
1999	27,049	1,491	13,811	42,351
2000	29,843	2,114	15,021	46,978
2001	29,741	1,981	15,704	47,436

Broken down by subject, the largest groups are the social science and law graduates (around one third). The second largest sector is education.

The general assumption is that the position of higher education graduates in the labour market is positively related to the level of degree earned. This is considered to be a major stimulus for young people to enrol in higher education. What is remarkable in this context is that the unemployment rate of Bachelor's degree holders is lower than the unemployment rate of Master's degree holders.

#### Personnel

In the 2001/2002 academic year, the number of academic staff in higher education institutions was 22,863. 16,089 people were employed full-time – church financed institutions employed 899 people and foundation financed institutions employed 472 people. The rate of female employees was 38%, and 8% of the academic staff was younger than 30 years.

The number of academic staff has grown in the 1990s by more than 30%. Despite such growth, the student staff: ratio has risen from 5.9 in 1990 to 13.7 in 2001.

In terms of full-time academic staff, 0.5% were members of the Hungarian Academy of Sciences, 5.1% had academic titles (DSc), 31% had academic degrees (PhD) and 11% had completed their habilitation. Almost 70% had passed one or more language proficiency examinations.

*Table 10: Distribution of staff at higher education institutions (full-time equivalent)*

	2001/2002	Change 1997–2001
Professor	3,039	+4%
Associate professor	5,255	+ 21 %
Assistant professor	5,457	+ 7 %
Assistant lecturer	3,643	+ 9 %
Foreign assistant	1,324	+ 11 %
Prefect*	3,924	+ 53 %
Other	221	- 12 %
<b>Total</b>	<b>22,863</b>	<b>+ 16 %</b>

Note: \* Prefects are teachers, who work in higher education student hostels, usually young people after graduation

The proportion of female academic staff members (fte) is approximately 37% and has remained stable during the last five years.

## **The Research Infrastructure**

### Research in higher education

2002 was a breakthrough year for Hungarian research and development. Input into higher education started to grow in 2000 and began approaching the European level. As a result of the increase of earmarked resources under the Széchenyi Plan and the 2001 introduction of tax allowances to benefit the business sector, Hungarian research and development is expected to catch up with leading European countries in the foreseeable future.

The participation of higher education in research and development (R&D) expenditure was 23.6% in 1999 and 24.4% in 2000. In 1999, 58% of the total R&D work force worked in higher education, which corresponds to 34.9% of the full-time equivalent work force. In 2000 these figures were 57.3% and 37.6%, respectively.

In 2000, 63.8% of the total number of research development staff holding a degree worked in higher education, which corresponds to 40.7% of the full-time equivalent work force. An important qualitative parameter is the number of research and development staff holding a PhD. or DLA. With respect to this group, 72.5% were employed in higher education in 1999.

The participation of higher education in research and development projects was 12.6%, and the figure in 2000 was 12.1%. This is considerably lower than the participation of higher education shown by the indices in other fields. Therefore higher education produces the current R&D results by implementing a significantly lower proportion of projects than other R&D sectors.

The following indices express the participation of higher education in terms of output instead of input. The participation of higher education in academic publications greatly exceeds the proportion of input it gets. According to Central Statistics Office (CSO) data, 73.7% of the books published and 67.9% of the academic publications produced by Hungarian R&D sites written at an R&D unit in a higher education institution. There is a specific index in the field of publications in which Hungary is considered the best in the world: this is the number of publications per one million USD expended on higher education or research institutions.

The participation of higher education in the field of inventions is not so strong. Clearly, corporate research and development units take the lead in this area. The participation of higher education in the number of inventions reported from Hungarian research and development sites is 33.3%, whereas its participation is 47.3% with respect to inventions reported abroad.

## **Trends and Policy Issues**

### **Co-operation between institutions**

Within the sphere of their tasks, higher education institutions may co-operate in academic planning and research and development with other higher education institutions and with economic organisations. The conditions under which co-operation takes place are determined by contracts. In the absence of counter provisions, the state subsidy due to the co-operating institute for fulfilling its shared task is to be assigned to it.

Higher education institutions perform their tasks as members of the international higher education and research institutions system, and with the co-operation and support of the state organs, the Hungarian Academy of Sciences, the academic research institutes, and other organisations.

Higher education institutions co-operate with other higher education institutions and with research institutes in the preparation of syllabi and in the coordination of academic research and developmental tasks. They also work together in teaching, in doctoral education, in the adjudication process for the awarding of doctoral degrees, and in the conducting of habilitation processes.

Higher education institutions, under a separate contract, may establish research and educational relationships with the Hungarian Academy of Sciences and its institutes and with other research institutes. The purpose of the agreement may be:

- a) the establishment of research groups within the higher education institution;
- b) the operation of academic institutes and other research sites as departments placed in the higher education institutions; or
- c) the participation of academic institutes in doctoral education.

## Policy issues

### *Reshaping the institutional landscape: setting up an integrated network of higher education institutions*

Higher education has recently gone through a major transformation process. This complex process started years ago. Experts say that efforts at integration in the past failed because the network of higher education was under the control of six ministries and co-operation, therefore, seemed impossible due to conflict of interests. In 1993, an amendment to the Higher Education Law established unified control of the institutions. Some say that this was the most important measure taken by the Antall government as far as education is concerned. The Horn government, however, considered institutional transformation essential, due to the strict financial measures of the so-called Bokros Package in which, in place of integration efforts, only costs and the number of those working in higher education were reduced.

The 1996 amendment to the Higher Education Law expected the institutions to accomplish integration on their own by introducing a legal basis for a transitional form of higher educational association and subsidies through tendering. As the above shows, integration is not a new concept at all, and many governments have fostered a vision of integration.

In June of 1999, Parliament passed the 1999 Act LII on Restructuring the Institutions of Higher Education and amended the 1993 Act LXXX on Higher Education. By passing the above laws the number of state run universities and colleges significantly decreased. As of January of 2000 the new network of higher education institutions consists of twelve state universities with various faculties, eleven colleges (under the control of the Ministry of Education), five art universities, one state university (under the Ministry of Defence), one college controlled by the Ministry of Internal Affairs, twenty-six church universities and colleges, and six universities run by various foundations.

The key words of the restructuring process were 'continuity' and 'renewal.' Continuity should be maintained in education and research while new goals, which can emerge as a result of the increased size and new tasks of the institutions, should be formed. The restructuring was the first step towards a comprehensive reform of higher education and towards long-term development. The evolvement of a new institutional network promotes the modernisation of higher education and the accomplishment of its tasks undertaken in the development of the society of a new century.

A prerequisite for the effectiveness of the new network of institutions is the gradual introduction of reforms in higher education. Among the most important are: improving the network of residences; facilitating grants from the local governments; improving support provided for talented students; and financing research and libraries. Other important efforts include increasing the number of students; participating in EU research and regional development programmes; and improving salaries for those working in higher education. The implementation and co-existence of the above conditions could guarantee the future development of higher education in Hungary.



*Expansion of participation*

In 1991 only 12% of the 18-22 age group was accommodated in higher education; recently that ratio changed to 28%. The government plans to increase the ratio to approximately 50%. This does not mean the doubling of the absolute number of students, in light of the dramatic demographic decline in Hungary.

*Other Issues*

As regards proposals for amendment of the Law in 2000, the Ministry of Education had the following other significant issues on the agenda:

- quality assurance;
- reform of the admissions system;
- distance learning;
- The role of the so-called 'Public Council' in strengthening regional cohesion;
- Equal access of young people to higher education (through the creation of a student loan system);
- Restructuring of the umbrella organisations of higher education (Hungarian Rectors Conference, Hungarian Accreditation Committee, Higher Education and Scientific Council); and
- Introduction of the credit system in all higher education institutions.

**Orsolya Csepes** is in the Institute of Management Science, Faculty of Economics, University of Miskolc, Hungary.

**Frans Kaiser** is a Research Associate at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

**Zsolt Varga** is Head of the Group for Scientific Affairs, Office of the Rector, University of Debrecen, Hungary.

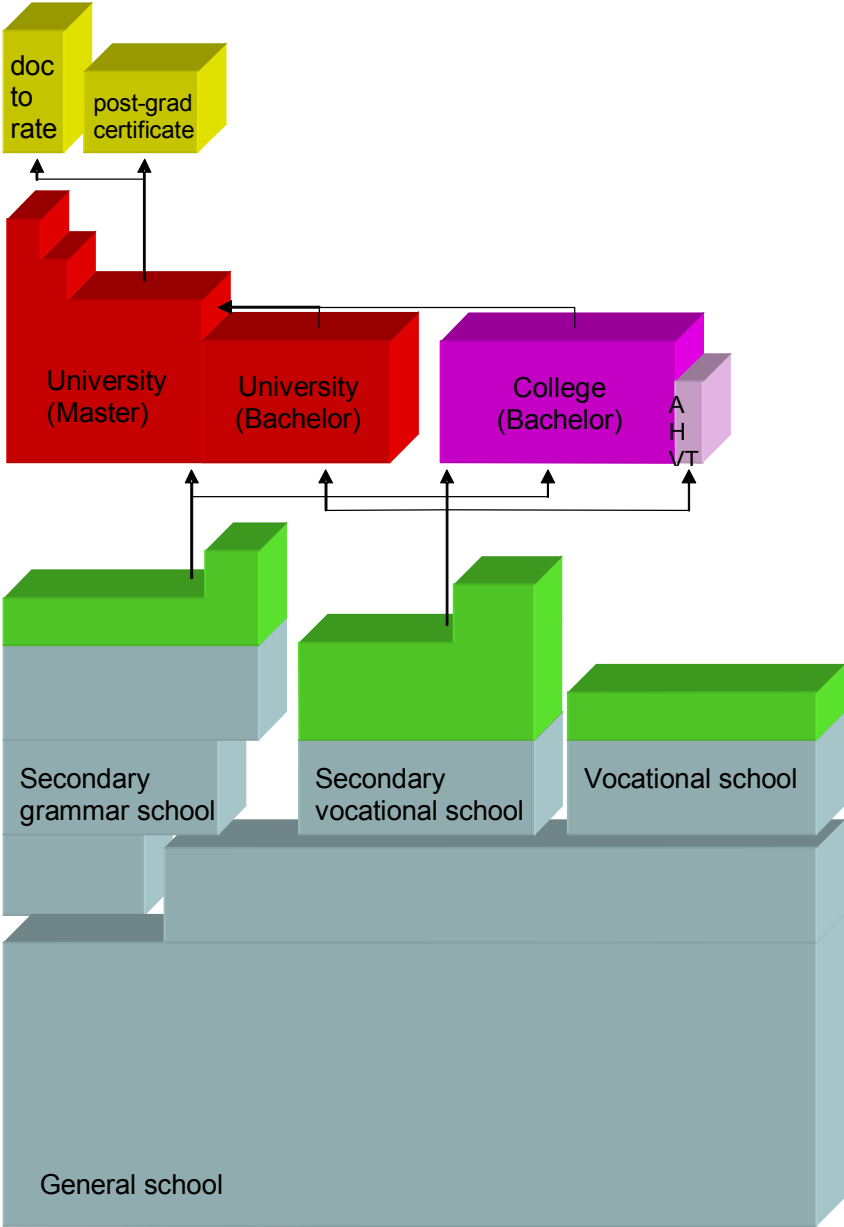
*Table 11: Investments in research and development activities in Hungary, with particular attention to higher education in the period of 1992-2000 (billion HUF)*

Year	R&D expenditure (GERD)	HE from total Expenditure	R&D expenses incurred from total	Share of HE in total R&D expenditure	R&D investments from GERD	Share of HE from R&D investments	Proportion of R&D expenditure in GDP
1992	31,6	6,6	23,0	5,9	3,4	0,7	1.08 %
1993	35,3	7,8	25,0	6,8	3,6	1,1	1.00 %
1994	40,3	10,3	31,3	8,9	4,7	1,4	0.93 %
1995	42,3	10,2	35,0	8,8	4,7	1,4	0.75 %
1996	46,0	11,1	39,1	10,0	5,3	1,2	0.67 %
1997	63,6	14,2	49,1	13,1	8,1	1,1	0.74 %
1998	71,2	17,3	56,2	15,3	11,4	1,9	0.70 %
1999	78,2	17,5	61,5	15,9	12,7	1,6	0.68 %
2000*	105,4	25,3	99,5	23,1	18,1	2,2	0.82 %

Source: Annual reports of research and development by Central Statistics Bureau (KSH)

\* Statistics for the year 2000 are preliminary data of KSH

### Hungary: Education Structure



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## 4. Poland

*Frans Kaiser & Piotr Wach*

### **A short Sketch of Developments**

Poland has a long tradition of university education. The oldest Polish university is the Jagiellonian University in Krakow founded in 1364 by King Kazimierz Wielki (Casimirus the Great). The other old universities are the University of Vilnius (1578) founded by King Stefan Batory and the University of Lvov founded in 1661 by King Jan Kazimierz (these universities are currently the oldest universities in Lithuania and Ukraine respectively.) Before the Second World War there were six state universities in Poland (Krakow, Vilnius, Lvov, Warsaw, Wroclaw (Breslau) and Poznan), and three universities of technology: the Warsaw and Lvov *Politechnikas* and the Academy of Mining and Metallurgy in Krakow. A seventh university, founded in 1918, is the Catholic University of Lublin, which belongs to the church. In addition to the institutions mentioned above there were several artistic academies in the larger cities.

Before 1989, higher education and research in Poland were completely controlled by the state. The higher education system was limited with respect to the number of institutions and to enrolment. Each faculty of each university had limits on entrants. The only non-public, and hence independent, higher education institution was the Catholic University of Lublin, funded by the church and the people of Poland.

In September 1990, a year after the communist state in Poland was abolished, a new Higher Education Act was ratified in the Polish Parliament (*Sejm*) and paved the way for a free, liberal and autonomous higher education system in the country. The main characteristics of this new act were the enhanced autonomy of higher education institutions, and the new, quite liberal, rules defining the establishment of non-state (private) higher education institutions. This has led to a substantial expansion of the system (see Table 1).

*Table 1: Higher education institutions in Poland*

Year	State HEIs	Non- State HEIs	Total Number of students
1990	88	3	385,000
1991	91	3	408,000
1992	91	11	474,000
1993	90	30	561,000
1994	90	50	658,000
1995	90	75	770,000
1996	90	115	904,000
1997	91	148	1,068,000
1998	101	158	1,252,000
1999	105	181	1,403,000
2000	118	206	1,568,000
2001	126	239	1,698,000

### **The Basic Structure of the System**

The clearest division of higher education institutions in Polen is between the state (public) and the non-state (private) sector of higher education.

#### State institutions

##### *Structure*

Public higher education institutions include all state<sup>1</sup> institutions as well as two universities that belong to the Catholic Church but are in great part funded from the state budget. There are 126 state higher education institutions funded from the state budget and supervised by the Ministry of National Education and Sports (85 institutions) or by one of the other ministries (41 institutions).

Universities and Universities of Technology offer the broadest range of study programmes, enrol the bulk of the students, and employ more than half of all academic staff in Polish public higher education (see Table 2). The latest type of state higher education institutions are the vocational higher education schools which were first established in 1997. In that year, the Parliament passed the Vocational Higher Education Schools Act. As of 2003, there were 25 state vocational higher education schools and their number is expected to grow. However, their size in terms of enrolment is still very small (less than 4% of enrolment in public higher education institutions).

<sup>1</sup> In Poland the term school refers to an educational institution: the terms higher education school and higher education institution refer to similar institutions.

Table 2: Characteristics of state higher education institutions (2001/02)

Type of Institution	Students (x 1000)	Full-time (x 1000)	Academic staff	Fields of study offered	No of HEIs
Universities	498	254	25,600	83	17
Univ. of Technology	325	203	18,000	42	18
Agriculture Academies	90	53	5,500	31	8
Academies of Economics	76	32	3,100	10	5
Educational Academies	92	37	4,700	29	6
Medical Academies	33	27	8,800	13	11
Academies of Arts	12	8	2,700	24	18
Acad. of Physical Culture	23	12	1,600	5	6
Maritime Academies	12	5	600	8	2
Vocational HE Schools	43	27	1,800	66*	25
Army and Police Acad.	12	6	1,900		10
<b>Total</b>	<b>1,216</b>	<b>655</b>	<b>73,000</b>		<b>126</b>

\* Number of specialisations offered

The degree structure in Poland is a two track system: a two-tier track and a uniform track. The first level of the two-tier track is completed with the *licencjat* (lic.) which is equivalent to the Bachelor's degree and has a minimum length of six semesters. In engineering studies the first degree is the *inzynier* (inz.) degree. Engineering programmes must last at least seven semesters. There is no formal difference as to whether these degrees are conferred by vocational higher education schools or by academic institutions. This distinction can be made only by inspecting the diploma or by reading the diploma supplement.

The second higher education degree is called the *magister* (mgr.) or Master's degree. It may be obtained in two ways. One is to complete the uniform Master's program, which lasts four to five years, and to pass the final examination. The other way is to undertake second tier postgraduate studies, which last three to five semesters at the Master's level. These studies are intended for people holding a *licencjat*. In engineering, the second tier degree is called the *magister inzynier* (mgr. inz.) which means a Master of Science and Engineer or MSc. Eng.

In medical studies there is only one degree level, the Master's level, and this programme lasts six years. This degree is called *lekarz* – medical doctor, but it does not equate with the scientific degree of Doctor.

The two-tier degree structure in Poland is still a novelty and, until now, many students at the universities prefer the uniform Master's programmes. However, this situation is slowly changing. There is a growing number of universities offering regular (full-time) courses in a two-tier Bachelor-Master structure. Most universities are also adapting to the demand from non-state first-tier degree holders for second tier programmes. These programmes are often organised as part-time studies (for which universities may charge fees).

Since 1990, an increasing number of doctoral programmes have been developed in academic higher education institutions. The nominal duration of doctoral studies is four years, but the actual time to degree is much longer.

*Access*

Applicants to any higher education programme must hold a *Matura* or secondary school final examination certificate. Admission may be open or it may be based on an entrance examination or a qualifying interview. This is determined by the Senate of the institution. Generally, entrance examinations are required for the most popular programmes such as law, medicine, psychology, economics, popular linguistic studies, architecture, and computer science. At most prestigious universities the number of programmes that require entrance examinations is much higher than in other higher education institutions. In these institutions the access criteria most often applied are: secondary school marks; qualifying interviews; or some combination thereof. In some universities a defined number of places are reserved for high scorers in the entrance examination while the rest are reserved for the high school results competition winners. Access to part-time programmes is open; students have to have a *Matura* and pay a fee.

Vocational higher education institutions are located in smaller cities outside the academic centres in a governmental effort to stimulate the cities that lost their status as capital of a province in the last administrative reform, and to distribute higher education institutions in a more uniform way throughout the country (the majority of state academic higher education institutions are concentrated in several big cities).

*Participation*

Enrolment (headcount) in Polish higher education more than quadrupled in the 1990s (see Table 3 - page 89 - and Figure 1 and 2). Full-time enrolment in 2001 was almost three times the number of students enrolled in 1991. Part-time enrolment has grown even more spectacularly. 2001 enrolment was more than ten times the 1991 enrolment, and its share in the total enrolment grew from 23% to 55%. The growth was highest in economics and humanities. Relative enrolment in the medical/health sector has decreased.



Figure 1: Distribution of full-time students by age and rate of participation by age, 2001

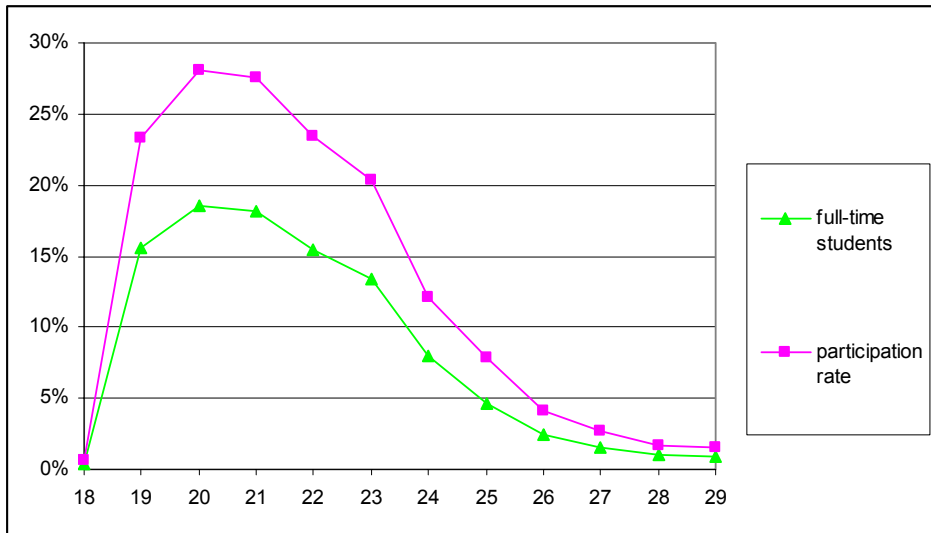
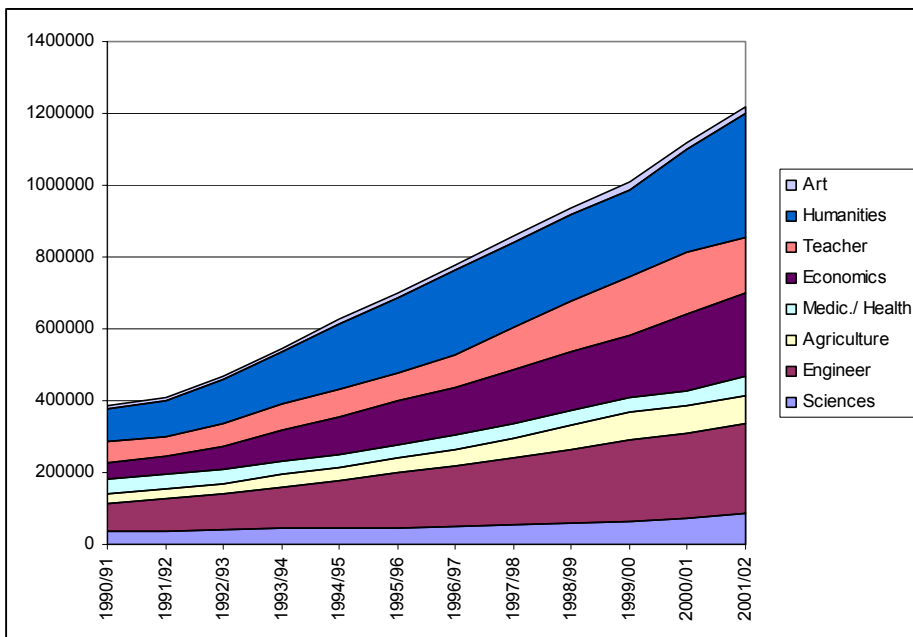


Figure 2: Students at state higher education institutions by discipline



The number of PhD students grew steadily from 2,700 in the 1990/91 academic year to 13,350 in 1996/97, and to more than 28,300 in 2001/2002 (see Table 4).

Table 4: Enrolment and new entrants in PhD programmes

Year	Total	Full-time	Part-time	New entrants
1990/1991	2,695	1,926	769	869
1993/1994	4,428	3,069	1,390	972
1994/1995	7,133	4,697	2,436	1,464
1995/1996	10,482	6,779	3,703	1,946
1996/1997	13,351	8,355	4,996	2,740
1997/1998	16,419	10,819	5,601	3,691
1998/1999	19,735	14,538	5,197	5,061
1999/2000	22,239	16,261	5,978	5,341
2000/2001	25,622	18,882	6,740	6,107
2001/2002	28,345	21,455	6,890	7,016

## Outflow

### Graduates

The number of graduates has paralleled the growth in the number of students over the past decade. This is presented in Table 5 with a distinction between MSc and vocational degrees. In state higher education institutions the share of undergraduate vocational degrees grew from 6% in 1990 to more than 32% in 2001.

Table 5: State higher education institution graduates

Year	MSc degrees*	Vocational degrees	Total number
1990	47,704	3,200	50,904
1991	50,788	4,179	54,967
1992	52,709	4,604	57,313
1993	56,258	7,178	63,436
1994	58,664	7,956	66,620
1995	68,398	14,294	82,692
1996	74,892	25,492	100,384
1997	87,861	32,937	120,798
1998	96,916	43,153	140,069
1999	111,486	48,512	159,998
2000	124,837	55,738	180,575
2001	135,270	64,195	199,465

\* graduates of uniform MSc studies and postgraduate (second degree) studies

Table 6: Scientific degrees conferred by higher education institutions in 2001

	PhD total	PhD female	Habil. Dr total	Habil. Dr female
State HEIs	4261	1922	726	222
Non-state HEIs	4	1	1	
Catholic Univ.	135	34	12	

*Labour market position*

The position of higher education graduates (both from state and from non-state higher education institutions) in the labour market is much better than workers with a lower educational status (see Table 7).

*Table 7: Number of unemployed people registered monthly (in an average month)*

	Unemployed	Unemployed HE graduates	Unemployed HE graduates as % of total number unemployed
1992	129,983	1,100	0.77
1993	164,192	1,117	0.63
1994	174,500	1,242	0.70
1995	197,608	1,525	0.80
1996	185,425	1,008	0.50
1997	170,942	1,333	0.80
1998	177,317	1,783	1.00
1999	213,575	2,933	1.40
2000	206,325	3,925	1.90
2001	206,367	4,933	2.36
2002*	194,183	4,550	2.28

\* Data are not complete

*Personnel*

Academic staff positions in Poland consist of full professors, who require the academic title of professor and who are appointed by the minister; associate professors, who must have a habilitated doctoral degree and who are appointed by the institution; and assistant professors who are required to have a PhD. Additional academic staff include senior lecturers and lecturers who are required to have a Master's degree but preferred to have a PhD, and assistants and language teachers who must have a Master's degree.

The title of professor is the highest academic degree in the country and is conferred by the president of the State on the basis of academic and teaching results. The requirements are presented in the 1990 Academic Title and Academic Degrees Act. Candidates for this title are forwarded by the Central Commission for Academic Degrees.

Table 8 (page 90) presents the data on academic staff in the last decade, and Table 9 (page 90) shows the academic and non-academic staff in state and non-state higher education schools in general.

*Non-state institutions**Structure*

The non-state (non-public) institutions started in 1991, after the passage of the 1990 Higher Education Act. Since that time their number has grown continuously (see Table 1). A second legal change that boosted the development of the non-public sector was the passing of the Vocational Higher Education Schools Act in 1997. New non-public higher education institutions are registered as vocational higher education schools and are obliged to fulfil the requirements that stem from this Act. As a result, the latest 104 non-public higher education

schools have the status of vocational institutions and operate in terms of the above-mentioned Act, while the 135 non-public higher education institutions that had been registered before the 1997 Act are ruled by the earlier 1990 Higher Education Act. This means in practice that the 104 vocational non-public higher education institutions may not apply for Master's degree programmes before they change their status.

According to the law a physical or a legal person – called a founder – may establish a non-public higher education school, after he or she obtains permission issued by the Minister of Education and Sports. Before the permission is granted and the new higher education institution registered, the minister asks for the opinion of the State Accreditation Commission. Due to the limited number of professors available<sup>2</sup>, most of the non-public higher education institutions offer only one or two programmes on the bachelor's level (three years), most often in economy, business, management, education or languages.

Among the 239 non-public higher education schools, two have all academic rights, four have the right to confer PhD. degrees in a single discipline of science, more than 70 are authorised to offer master's degree programs, and 160 offer programs at the Bachelor's level. Non-public higher education institutions are not evenly distributed across the country; many of them are concentrated in and around large academic centres.

#### *Access*

The *matura*, is always a legal requirement for access as set out by the Higher Education Act. In addition, non-state schools very often use interviews as the prime selection instrument. Most popular programmes utilise entrance examinations.

#### *Participation*

Although the number of students in the non-state higher education sector has grown dramatically over the last decade, growth has levelled off in the last few years. Whether this is due to demographic reasons or saturation is not clear.

*Table 10: New entrants in non-state higher education schools*

Academic year	Total	Full-time
1992/1993	2,900	400
1994/1995	19,300	6,500
1996/1997	122,000	15,000
1999/2000	141,900	29,600
2001/2002	151,100	35,600

<sup>2</sup> Standards and requirements are the same for the state and non-public HE institutions, except that non-public schools may employ professors over the age of 70 (who count as staff members), while in the state schools this group of professors does not count formally in financing and staff formulas. In consequence, many of the non-public schools have a problem with employing enough professors, even if they engage retired ones, to meet the standards necessary to offer courses at the Master's level. The standards for the Bachelor's (licencjat) level programs are less demanding – a minimum of four professors are necessary for such programmes, and such employment could be their second position, in addition to, for example, their employment at their university.

The majority of new entrants (approximately 80%), are part-time students. This proportion is almost twice as high as the proportion of part-time students in public higher education institutions (2001).

#### *Graduates*

The number of graduates in non-state higher education institutions still shows increasing growth. This growth is largely due to the growth in vocational degrees conferred by these institutions.

*Table 12: Non-state higher education institution graduates*

Year	MSc degrees	Vocational degrees	Total number
1990	959*		959
1991	963*		963
1992	671*		671
1993	765*		765
1994	807*	478	1,285
1995	1,659	2,100	3,759
1996	2,875	10,035	12,910
1997	3,879	18,870	22,749
1998	5,850	26,145	31,995
1999	10,031	43,202	53,233
2000	14,407	65,332	79,739
2001	18,823	84,786	103,609

\* graduates of Catholic Universities

#### *Staff*

Academic staff in non-state higher education institutions consist of nearly 9.500 people and constitute only 13% of the total academic staff of the country. For many of these people work in a non-public higher education institution is a second job. A comparison of academic and non-academic staff in state and non-state higher education institutions is presented in Table 9.

#### *Labour market position*

There is no reliable breakdown available of labour market opportunities for state versus non-state higher education degree-holders.

#### *Academic versus non-academic institutions*

The third classification of higher education institutions divides institutions into those that are academic and those that are non-academic. Academic higher education institutions have the right to confer doctoral degrees in at least one scientific discipline<sup>3</sup>. The class of non-academic higher education schools comprises all vocational higher education institutions and other schools that offer Bachelor's or Master's level programmes but do not have enough full-time professors necessary to obtain the rights to confer PhD. degrees. The division between academic and non-academic higher education schools is not a formal one and the category of

<sup>3</sup> Altogether there are more than 100 academic higher education institutions in Poland; their rectors are organised into the Conference of Rectors of Academic Schools in Poland (CRASP).

academic higher education institution is open. Each higher education school that obtains the rights to confer the PhD. degree becomes an academic institution. However, there is also a formal distinctive characteristic within the class of academic schools, which stems from the Higher Education Act. Among academic institutions there are some that have so-called 'extended autonomy'. Those schools that employ more than 60 full professors and that have half of their faculties with the right to confer habilitated Doctoral degrees, may have extended autonomy. These schools have a number of prerogatives such as the freedom to create new study programmes or the discretion to validate its own statute (by vote of the Senate).

### The Research Infrastructure

Research in Poland is funded and supervised by a separate ministry called the State Committee for Scientific Research (KBN). State expenditure for research is 0.6% GDP. Research is carried out by higher education institutions, various branches of the institutes of the Polish Academy of Science, Research and Development Units, and industrial research laboratories. The academic higher education institutions play a leading role in research in the country.

The average research budget in an average state academic higher education institution is only about 16% of the whole budget (teaching accounts for nearly 80%). The highest share of research money goes to Technical Universities – about 25% of the overall budget. The average structure of research in a state higher education institution shows that 39% of the funds for statutory research come from the State Committee for Research, 15% are the institution's own research funds, 18.6% comes from grants, and 24% is from contracted research for business and industry. The highest share (approximately 30%) of the contracted research in the entire research budget takes place in technical universities and medical academies.

Statutory research funds, which come to higher education institution from the State Committee for Scientific Research, depend on the research category of the unit (most often it is a faculty or institute)

*Table 13: R&D resources (in million Zloty – one zloty = Euro 0.25)*

R&D resources spent by:	1994	1995	1996	1997	1998	1999	2000
Business enterprise	710	826	1,130	1,325	1,661	1,897	1,730
Government (research institutes)	603	745	859	1,074	1,234	1,4132	1,546
Higher education	407	561	768	961	1,106	1,2743	1,512
Private non-profit sector			3		2	5	6
Total	1,721	2,132	2,761	3,361	4,0051	4,590	4,796

Higher education expenditure by source of resources	1994	1995	1996	1997	1998	1999	2000
business enterprise	46	64	86	100	107	124	118
direct government	330	446	622	799	925	1066	1,286
higher education	23	35	41	41	51	58	78
private non-profit organisations	3	3	4	5	4	4	10
funds from abroad	3	11	14	15	17	20	18

source: OECD/DSTI, *Basic science and technology indicators 2001*

The higher education sector has a growing part in the spending of R&D resources. The 2000 data show a substantial increase in higher education research funding, whereas business enterprise research monies have decreased. The government provides the majority of R&D resources (85%) in the higher education sector.

## Trends and Policy Issues

### New legislation

Work has currently started on new legislation concerning the higher education system in Poland. This new legislation is designed to replace the 1990 Higher Education Act and its amendments. Because this is a presidential initiative, the efforts are carried out by a team appointed by the President of the State. The following main issues are expected to be covered in this legislation:

- integration of the various Acts that concern higher education issues (academic institutions, vocational schools, state and non-state institutions, student loans and grants, accreditation and quality assurance, elements resulting from the Bologna process);
- simplification and update of the law, shorter and more general regulations, more space should be left for decisions in terms of the statutes of institutions leading to more autonomy for the institutions;
- resolution of problems that are unclear and unfair in state – non-state relations;
- simplification of the rules covering student fees.

The Act should be ratified by the end of 2003.

### Financing HE from the state budget

There is sufficient evidence to claim that state schools are insufficiently financed from the state budget. This became obvious after an analysis of the state expenditure per student showed a dramatic decline over the preceding ten year period. In 2003 many schools have been faced with serious financial problems which have forced rectors to undertake drastic measures that include the limitation of enrolment. The opinion that tuition fees should be introduced uniformly for all students is spreading but this would require changes to the Constitution of the Polish State. Additionally some non-state institutions could apply for public money to be granted to their students.

Kaiser & Wach

### Qualified staff problems

The number of high rank teaching staff (professors, habilitated doctors) is too small and this group of teachers is getting older. Precise data concerning aging problems is not available but it is a common shortcoming experienced by numerous universities in the country.

There is considerable discussion about simplifying the academic degree structure by dropping the habilitated doctoral degree and leaving the PhD. only. However, strong opposition to that kind of change prevails with the argument that this change could reduce the academic quality of the staff.

### Study programmes offered

There is a problem of harmonization or of achieving a balance between the needs of the market and job perspectives with the study programmes offered by the higher education institutions. In the last few years it appears that in most popular study programmes the number of graduates was much too large. This concerns mainly management, law, economics and educational studies. Many schools offered these programs and a great number of entrants were admitted. Now the notion prevails that the minister should control admission levels in order to reach a state of equilibrium. Opponents argue that ministerial centralization and limitations were never good and were always too late to prevent problems, and that these would risk spoiling a liberal system in which balance is sought and reached. The Ministry has stressed, in any case, that it will promote studies in the sciences and technology.

### Demographic changes and growing competition.

The demographic decline that has come slowly to the higher education institutions means the end of the educational boom; many signs of growing competition between schools, especially between the state and non-public sector, can be discerned. The beginning of the collapse of many non-public schools with low enrolment has occurred as a result of their low status and very limited offer of study programs. The competition is reflected in various rankings of higher education institutions in popular periodicals and magazines (*Newsweek*, *Perspektywy*, *Rzeczpospolita*, *Wprost*) that have been published over the last five years. At the beginning, institutions and their rectors kept some distance; viewing this new ranking phenomenon with suspicion. Later, however, those that occupied the top of the list became very involved and gave their full support to this publicity. What is typical for these classifications is that some, but not very many, non-state schools permeate the 'open' or 'general' category and year after year climb up the lists, protecting their future position on the market.

**Frans Kaiser** is a Research Associate at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

**Piotr Wach** is Rector of the Technical University of Opole, Poland.



Table 3: New entrants in state higher education schools (x 1000)

	1990/1991		1992/1993		1994/1995		1996/1997		1999/2000		2001/2002	
	stud	ft	stud	ft	stud	ft	stud	ft	stud	ft	stud	ft
Universities	32.6	23.9	53.9	30.0	69.7	33.7	79.8	35.2	97.2	45.5	112.9	61.0
Univ. of Technology	21.5	18.8	42.0	33.0	57.0	40.5	67.3	43.0	81.5	50.7	89.1	60.6
Agriculture Academies	9.1	7.1	13.8	9.7	17.1	11.5	21.0	12.7	20.9	12.0	25.	4.6
Acad. of Economics	6.0	4.4	11.4	5.2	15.7	5.7	14.9	5.4	13.9	5.9	12.9	6.7
Educational Academies	11.1	7.1	12.2	6.8	15.6	6.9	22.2	8.7	24.4	10.1	24.0	11.2
Medical Academies	6.7	6.7	4.5	4.5	4.6	4.3	5.3	4.4	5.6	4.1	8.8	6.4
Academies of Arts	1.7	1.4	1.8	1.5	1.8	1.5	2.1	1.5	2.0	1.5	2.7	1.6
Acad. of Phys. Culture	3.9	2.8	3.7	2.7	3.8	2.5	4.4	2.4	5.0	2.7	5.8	3.3
Maritime Academies	0.7	0.6	0.9	0.6	1.9	0.8	2.0	1.0	2.5	1.2	3.1	1.5
Vocational HE Schools	-	-	-	-	-	-	-	-	7.9	4.9	22.6	14.5
Total	93.3	72.8	144.2	94.0	187.2	107.4	219.0	114.3	260.9	138.6	307.5	181.4

FT: NEW ENTRANTS ENROLLED AS FULL-TIME STUDENTS

Table 8: Academic staff over the last decade

Year	Total number	Female teachers	Professors full & associate	Assistant Professors	Lecturers (senior & junior)	Language teachers & In- structors
1992	59,696	22,515	10,318	38,956	9,234	1,188
1993	61,329	23,393	10,554	39,355	10,182	1,238
1994	62,531	23,934	10,848	40,039	10,384	1,260
1995	63,008	23,393	11,069	40,138	10,527	1,274
1996	64,375	25,281	11,490	40,457	11,120	1,308
1997	65,320	25,799	11,907	40,493	11,614	1,306
1998	66,523	26,459	12,388	40,994	11,851	1,290
1999	67,564	27,144	12,766	41,378	12,168	1,252
2000	80,208	31,087	16,948	46,948	14,298	2,014
2001	82,401	32,369	18,194	47,785	14,612	1,810

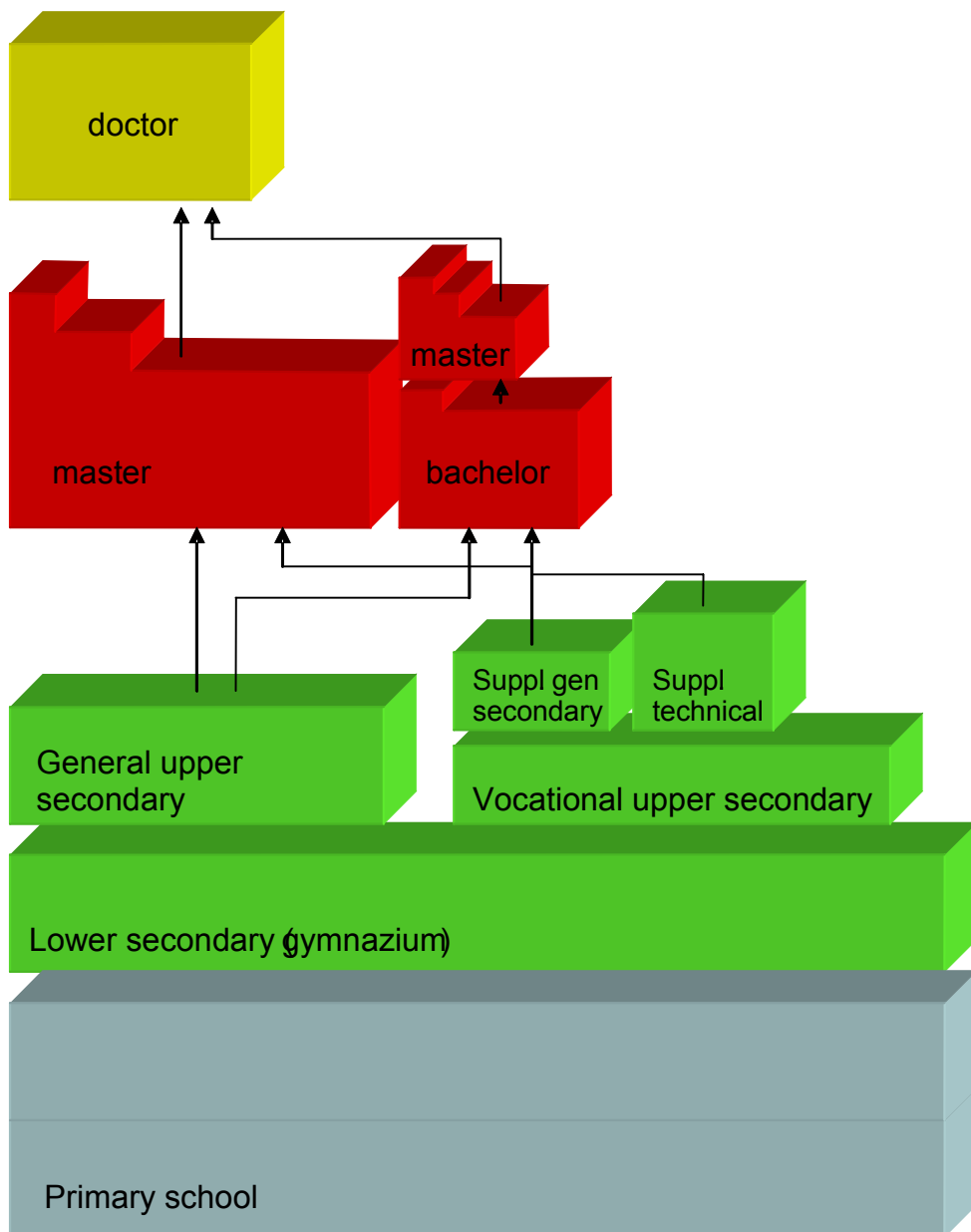
Table 9: Non-academic and academic staff in higher education

Year	Non- academic staff			Academic staff		
	State HEIs	Non- State HEIs	Total	State HEIs	Non- State HEIs	Total
1992	62.459	438	62.897	59.696	497	60.193
1993	60.530	598	61.128	61.329	746	62.075
1994	59.398	998	60.396	62.531	1.214	63.745
1995	58.650	1.415	60.065	63.008	1.792	64.800
1996	58.275	1.690	59.965	64.375	3.132	67.507
1997	57.798	2.641	60.439	65.320	4.904	70.224
1998	58.358	3.317	61.675	66.523	5.948	72.471
1999	59.317	4.301	63.618	67.564	7.630	75.194
2000	63.127	4.929	68.056	71.741	8.467	80.208
2001	63.555	5.840	69.395	72.926	9.475	82.401

Table 11: Students at non-state higher education institutions by discipline

Acad. Year	Sciences	Engineering	Agriculture	Medic./ Health	Economics	Teacher Educ.	Humanities	Art	Total
1991/1992					865				865
1992/1993		105			3,098	255	294	60	3,812
1993/1994		363			9,364	1,118	2,248	243	13,336
1994/1995		1,216			18,374	3,223	8,960	288	32,061
1995/1996		2,285			37,987	7,225	22,440	388	80,325
1996/1997	3,360	5,402	233		69,123	12,088	35,488	491	126,185
1997/1998	5,237	12,759	733		103,827	13,662	70,907	577	207,702
1998/1999	6,708	16,582	1,031		179,892	16,786	93,490	769	315,258
1999/2000	8,779	22,584	2,233	104	224,640	23,020	112,711	916	394,987
2000/2001	10,739	27,394	4,783	1,078	255,520	30,875	117,753	970	449,112
2001/2002	12,481	28,380	3,492	5,520	263,498	44,800	121,621	1,570	481,362

## Poland: Education Structure



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## 5. Slovenia

*Jeroen Huisman and Darinka Vrečko*

### **A Short Sketch of Developments**

The beginnings of higher education in Slovenia go back to the 16th century and the times of the Counter-Reformation and the establishment of Jesuit Colleges. Although higher education studies have taken place in Ljubljana since that time, it was only after the disintegration of the Austrian-Hungarian empire, when Slovenia became part of Royal Yugoslavia, that the first university in Slovenia was established. The University of Ljubljana, founded in 1919 and consisting of five faculties, developed slowly during its struggle for existence in the period between the world wars. After the Second World War Slovenia became a part of the Federal Republic of Yugoslavia and the University of Ljubljana began to develop rapidly: establishing new faculties; introducing two- and four-year colleges; and developing art academies. For decades there were virtually no other higher education institutions in Slovenia. Within the decentralised system of republics, the University of Ljubljana, as the 'national' university, co-operated with other Yugoslav universities, but with an absence of any real division of work or academic competition. The Slovenian higher education landscape changed significantly only after the establishment of a second university. As a consequence of deliberations regarding the industrial development of northeast Slovenia and debates on the polycentric development of the country, six higher education colleges were established in Maribor in the 1960s and these were subsequently joined to form a second university in Maribor in 1975.

Although formally there were then two universities, it would be more accurate to speak of a number of independent entities (faculties, art academies, colleges). In the 1970s, the universities became 'self-managing communities' consisting of the entities mentioned above. In the 1980s, however, serious problems emerged relating to the disintegration of the universities and differing levels of quality. In addition, the 1981 Career-Oriented Education Act implied that all education should be oriented towards work and a vocation. As a consequence, teaching loads expanded and study programmes were prolonged by one or two semesters. The *matura* entrance qualification was also abolished.

In 1988 the two universities demanded the adoption of a law, changing the existing situation, which eventually was accepted in 1993. This new act (Higher Education Act)

took into account not only the critical analysis of the universities, but also – to some extent – the new political situation after the transition period. The most important changes were the reintroduction of the *matura*, the autonomy of the higher education institutions (rather than of the faculties as legal bodies; although these entities – as a kind of compromise – were able to perform certain activities independently), the opportunity to set up new institutions (either private institutions or professional higher education institutions), and the establishment of the Higher Education Council as an important advisory body. After acceptance by the Parliament, the Constitutional Court of the Republic of Slovenia assessed the constitutionality of some elements of the law, particularly the composition of the Senate. The decisions by the court led to changes in the law in 1999.

At the same time, an influential document drawn up by a group of members of the University of Ljubljana Senate appeared. In the 1997 Memorandum for the University of Ljubljana, the authors discussed major issues to be tackled by Slovenian higher education. Among these issues were the salaries of academics, a revision of the funding mechanisms, the quality of study programmes, and the modernisation of management.

1997 was also the year in which the draft Higher Education Master Plan appeared. The Master Plan is stipulated in the Higher Education Act and it defines the purposes of higher education, sets out the activities required for development and effective work in higher education, outlines the standards for performing higher education activities, and sets forth the framework budget to accomplish the plan. The Master Plan requires the approval of the National Assembly. As the Master Plan passed the legislative procedure only in 2002, the draft experienced some changes, among others the inclusion of the Bologna Declaration goals.

The changes and additions of the 1999 Higher Education Amendment Act were built on the assessment of past achievements and the needs of the higher education system, and are related to the introduction of greater democracy in higher education. The Amendment Act changed the composition of the Senates of higher education institutions so that the Senate now represents not only full professors but also all academic and academic support staff. It introduced a new system of integrated (lump sum) funding. The transition from the secondary school level to higher education was liberalised. The *poklicna matura* examination (a type of vocational final examination) makes it possible for graduates of technical secondary schools to enrol in university and not only professional programmes if they pass a *matura* examination in an additional subject.

### **The Basic Structure of the System**

The new higher education legislation (HEA, 1993) introduced two important new features to the system of higher education in Slovenia: private higher education and the so-called freestanding higher education institutions.



Higher education institutions may be established by the state or by private (national and foreign) natural and legal persons. Public higher education institutions are established in order to provide public services. Under certain conditions, private higher education institutions are allowed to perform public services in higher education as well. They can be granted a concession for public service (and consequently public co-financing) by government decree on the basis of a public tender.

Institutions of higher education are:

- faculties, art academies and professional colleges (*visoke strokovne šole*) that are constituent parts or divisions of universities,
- freestanding faculties, art academies, and professional colleges.

The new legislation introduced the establishment of freestanding institutions of higher education. As a consequence, after decades of a unified system, higher education institutions are no longer required to establish themselves under the umbrella of universities. Private faculties, art academies, and professional colleges may be established as freestanding institutions and legal entities. These freestanding institutions of higher education may join a university as affiliated members.

Despite the existence of freestanding higher education institutions, the Slovenian higher education system has only certain features of a 'traditional' binary system. The main reason for this is that only the programmes, and not the institutions, can be distinguished according to an academic or professional distinction. Public faculties and art academies (as part of a university) and private faculties (freestanding) can offer both types of programmes, i.e. academically oriented and professionally oriented study programmes. Professional colleges, on the other hand, can provide only the professional type of study programmes.

Higher education institutions carry out two types of study programmes: degree programmes resulting in a diploma and credential programmes resulting in a certificate. Degree study programmes can be at the undergraduate or graduate level. Undergraduate programmes lead to a professional higher education degree or a university degree. Graduate degrees lead to the *specializacija*, the *magisterij* or the *doktorat znanosti*. Credential study programmes are those that improve, deepen or broaden the knowledge of a specific field covered by a degree study programme.

#### Universities and freestanding institutions of higher education

According to legislation, universities are devoted to the development of the sciences, professions and arts and should transfer knowledge in these various fields and disciplines of the arts and sciences. This educational process is performed by faculties, art academies, and professional colleges. A university is a legal entity. Faculties, art academies, professional colleges and other institutions (as a part or a division of a university) can be established within a university. These divisions have the rights and obligations stipulated by the HEA, the university charter and the university constitution. When executing the Master Plan for Higher Education (see below), funded by the Republic of Slovenia, university divisions, subject to the stipulations of

the university charter and constitution, act for and on behalf of the university. In other cases, they can act for and on behalf of themselves in accordance with the university charter and constitution. These university divisions may have bank accounts.

University undergraduate study programmes last from four to six years (engineering, pharmacy and veterinary medicine can take four and a half or five years, medicine and dentistry can take six years). To finalise undergraduate studies, however, an additional year of studies, called *absolventsko leto*, is added. In this final year students fulfil the remaining academic requirements and prepare their degree dissertation and defence. University undergraduate studies (at present there are about 200 programmes) lead to the degree of *diploma*. At the graduate level students receive either the (second) professional degree of *specializacija*, or the academic degree of *magisterij znanosti* (comparable to a Master's degree) or *doktorat znanosti* (comparable to a PhD). The *specializacija* takes one or two years of study (there are about 60 such programmes) and the *magisterij* takes two years of study (about 115 programmes). The *doktorat znanosti* takes four years of study after a *diploma* or two years after the *magisterij* (the Ministry currently funds approximately 45 doctoral programmes).

Undergraduate studies consist of at least twenty and at most thirty units of lectures, seminars, and exercises per week and last thirty weeks per year. This structure may be adapted for part-time studies. Only a minority of students continue to graduate studies, although the number is increasing.

The Senates of the faculties, art academies and professional colleges may introduce new study programmes after prior approval has been obtained from the University Senate. The Senates of freestanding higher education institutions may introduce new programmes after prior approval from the Council for Higher Education of the Republic of Slovenia. Students may transfer between programs under certain conditions.

There are, as of 2003, three universities in Slovenia: the University of Ljubljana; the University of Maribor; and the recently established University of Primorska. In the 2002–2003 academic year, the University of Ljubljana had 22 faculties, three art academies and two professional colleges (one of these, the College of Police and Security Studies, being an Affiliated Member) with a total of 58,895 students. The University of Maribor had nine faculties and one professional college with a total of 24,103 students and the University of Primorska united under its aegis seven divisions offering study programmes in six study fields with a total of 4,738 students. The core divisions of the new university are three former freestanding faculties and two former professional colleges in the Slovenian coastal area (Primorska), and it is anticipated that they will be joined by new higher education institutions from the Primorska region in the future.

Freestanding institutions of higher education are those institutions that are not full members or divisions of universities (they can only be affiliated members of the universities). The oldest freestanding professional higher education institution (i.e. disregarding those institutions which were freestanding but reintegrated in one of the

universities, for example the College of Police and Security Studies which is affiliated with the University of Ljubljana) is the College of Hotel and Travel Administration (now the College of Tourism). It was founded in 1994 by eleven hotel corporations and an insurance company. A few hundred students are enrolled in the college.

Before the establishment of the third Slovenian university there were eleven freestanding institutions of higher education in Slovenia, most of them private. With 5,260 undergraduate and 173 graduate students in 2002–2003 they represent only a small proportion of the total student body. This share is even further reduced by the fact that five freestanding institutions formed or joined the University of Primorska. The remaining freestanding higher education institutions include two graduate schools and four professional colleges with 1,833 enrolled students in 2002–2003.

Undergraduate professional programmes normally last three years, with two of these programmes lasting four years. The programs include practical training conducted in co-operation with companies and local and state administration. Graduate professional programmes lead to the degree of *specializacija* (one or two years of study).

#### Access

To enrol in an academic university programme, students need a *matura* examination. It became acceptable, after 2001–2002, to use a vocational *matura* examination (*poklicna matura*) plus a *matura* examination in an additional subject as an alternative requirement for gaining access to these types of programmes. The *matura* is the concluding examination of four-year general education (*gimnazija*). It is an externally assessed examination in three compulsory subjects (mother tongue and literature, foreign language, and mathematics) and two electives (from a set of about thirty subjects). Subject committees consisting of secondary school teachers and university professors design the tests, and specially trained external examiners, the majority being secondary school teachers, assess the results. Higher education institutions may set the specific entry requirements for the programmes. Art academies may accept exceptionally gifted students without the *matura*. If the number of applicants listed as first priority significantly exceeds the number of study places (in compliance with the institutions' staff and physical capacities), the competent bodies of each institution may limit enrolment with the approval of the Slovenian Government.

Students with a *matura* may enrol in professional programmes. Those successfully completing the final examination of *poklicna matura* (formerly *zaključni izpit*) may also enrol in these programmes or they may continue on to employment. Candidates for the professional programmes must successfully pass examinations in two compulsory subjects (mother tongue and literature and either foreign language or mathematics) and two electives normally chosen from among vocational subjects. The compulsory subjects are externally assessed. Higher education institutions may set specific entry requirements for particular programmes. The entrance requirement for graduate studies is a university first degree (or a *magisterij* degree for those pursuing doctoral studies). In certain cases students are admitted also to *specializacija* and *magisterij* with a professionally oriented first degree.

## Participation

The number of students in Slovenia has been rapidly increasing since the 1990–1991 academic year. At the same time, the number of study places available for full-time studies financed from the state budget has also been growing. From 1990–1991 to 1997–1998 the pre-registration numbers grew by 39.5%. The following tables show the declared study places, the enrolment in the first year of study, and the enrolment of all students at the two universities (Maribor and Ljubljana). The figures for the most recent academic year also include data for the freestanding higher education institutions with accredited undergraduate study programs. Full-time and part-time studies are presented separately. The data include students repeating the same year of study.

*Table 1: Declared study places and first year enrolment by university or freestanding higher education institutions 1990–1991 and 2001–2002*

Higher Education Institutions	Full-time students				Part-time students			
	Declared		New entrants		Declared		New entrants	
	90/91	01/02	90/91	01/02	90/91	01/02	90/91	½
University of Ljubljana	6,678	9,554	9,475	12,461	2,342	3,757	1,871	4,561
University of Maribor	2,845	4,357	3,823	5,133	2,145	2,643	1,150	4,268
Freestanding HE institutions		520		728		1,050		1,521
Republic of Slovenia	9,523	14,431	13,298	18,322	4,487	7,450	3,021	10,350

*Table 2: Total enrolment by higher education institution: 1990–1991 and 2001–2002*

HE Institutions	Full-time students		Part-time students		All students	
	90/91	01/02	90/91	01/02	90/91	½
University of Ljubljana	22,757	34,252	3,032	10,425	25,789	44,667
University of Maribor	7,987	12,025	2,728	9,351	10,715	21,376
Freestanding HE institutions		1,558		3,144		4,702
Republic of Slovenia	30,744	47,835	5,760	22,920	36,504	70,755

Note: Students of the College of Police and Security Studies, an associated member of the University of Ljubljana, are included in the figures referring to that university.

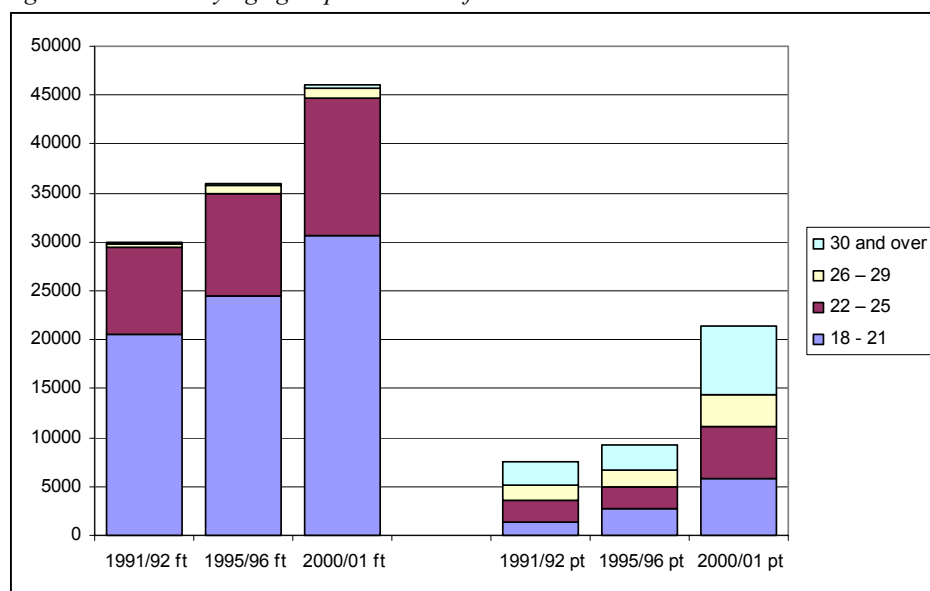
As the tables show, a large share of students in the last decade are enrolled as part-time students. The proportion of students enrolling immediately after completing secondary school has grown significantly; since 1991, between 2% and 4% of each cohort aged 19 enrolled as part-time students. The total number of part-time students quadrupled in the last decade and their share reached 32.4% of all students in 2001. This significant increase can be explained by the fact that part-time students were granted equal status to full-time students and also by the lack of space and staff at higher education

institutions in the past. Part-time students usually enrolled in social studies (economy, law) in which the number of applicants significantly exceeded the number of full-time study places.

In the 1980s and 1990s, the percentage of 19-year olds attending higher education increased significantly. In 1981–1982, 16.5% of the 19-year olds were enrolled in higher education. This percentage grew to 41.7% in 2000. If we take the 18-21-year olds as the reference group, the percentage increased from 13.7% in 1981–1982 to 26.0% in 1997-1998. About 58% (2001) of the undergraduate students are female. The percentage of foreign students is 1% (2001).

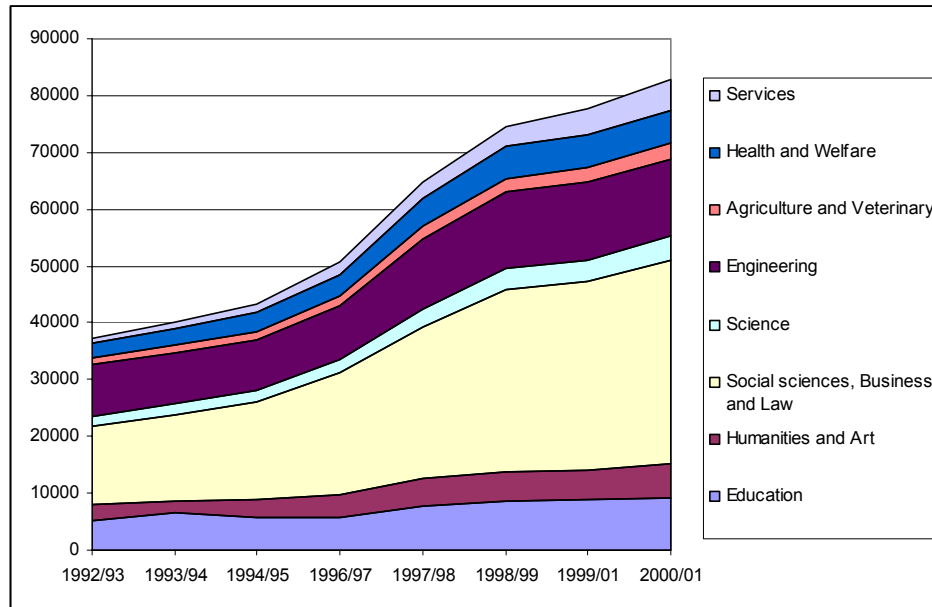
The following figure shows full- and part-time students of typical age groups. The median age of Slovenian students (21.7 years in 1999-2000) is comparable to the EU average (22.7). 97% of all full-time students are under 25 years of age compared to 52% of part-time students.

Figure 1: Students by age group and mode of enrolment



The largest proportion of Slovenian undergraduate students are studying social sciences, business and law (43% in 2000–2001), and engineering, manufacturing and construction (16%). While in the former case the numbers grew constantly over the last eight years, in the latter case there was a decrease of almost 8% in the same period. Still, the share of students in engineering, manufacturing and construction together with science, mathematics and computing is only slightly below the EU average (Key Data on Education in Europe, 2002). The percentage of female students is at the level of the EU average in all disciplinary fields.

Figure 2: The number of undergraduate students in higher education by discipline



The following table shows the enrolments in the first and second year of study, the total number of graduate students and the distribution of students by sex. Only those enrolled in study programs leading to specialist and master's degrees are included. Students who have applied for doctoral studies are not included.

Table 3: Graduate students (1st and 2nd year) by gender 1991–1992 to 2001–2002

Academic year	1st year	2nd year	Total	Females	%
1991/92	1,013	634	1,647	726	44.1
1992/93	1,313	589	1,902	879	46.2
1993/94	1,183	632	1,815	827	45.6
1994/95	...	...	...	...	...
1995/96	1,288	669	1,957	879	44.9
1996/97	1,648	826	2,474	1,251	50.6
1997/98	1,703	881	2,584	1,277	49.5
1998/99	2,008	998	3,006	1,487	49.5
1999/2000	2,272	1,448	3,760	1,905	50.6
2000/01			3,922	1,984	50.6
2001/02			4,944	2,607	52.7

Note: In 1994/95, data was not collected by the National Statistics Office; the data for the next years were collected according to a slightly modified method. Before 1991, data on graduate students was not collected systematically.

## Outflow

From the mid 1980s to the mid 1990s there were about 5,500 graduates in Slovenia annually. Due to increased enrolment, the number has since grown constantly from year to year (see Table 4). In 2002, the University of Ljubljana had 8,846 graduates of undergraduate and graduate programmes and the University of Maribor 3,931. The freestanding institutions of higher education together had 568 graduates in the same year.

Table 4: Graduates of short-type and other undergraduate study programmes 1994 to 2000

Undergraduate degrees				
Year	Short-type studies degrees	Professional higher education degrees	University and equivalent degrees	Undergraduate degrees total
1994	2,668		3,144	5,812
1995	2,746		3,673	6,419
1996	3,217		4,507	7,724
1997	3,099	374	4,538	8,011
1998	2,960	1,164	4,639	8,763
1999	2,525	2,122	4,868	9,515
2000	1,889	3,621	4,937	10,447
2001	1,454	4,374	4,960	10,788
2002	2,077	5,049	5,830	12,956

Table 5: Graduate degrees 1981 to 2002

Graduate degrees				
Year	Specializacija	Magisterij	Doktorat znanosti	Total
1994	47	377	160	584
1995	61	355	199	615
1996	48	418	238	704
1997	81	463	206	750
1998	57	520	265	842
1999	52	597	260	909
2000	51	582	296	929
2001	61	709	298	1,068
2002	71	941	310	1,322

The tables do not include medical doctors who have finished their medical specialist studies according to the special regulations of the Ministry of Health. From a formal point of view, those degrees do not belong to the higher education system and the system of graduate studies at higher education institutions.

In Slovenia, as in the majority of EU candidate countries, the proportion of people with tertiary education qualifications is fairly stable across different age groups, however, it is still below the EU average. In the 35-39 age group, 17,1% have a tertiary education qualification (Key Data on Education in Europe 2002). This percentage is lower for the 40-44 (13,6%), 45-49 (13,6%), 50-54 (16,5%) and 55-59 (13,7%) age groups.

The real disparity in the educational attainment levels between generations can be observed at other educational levels. A specific problem is the over 40 age group with more than 30% of the group not having finished secondary school.

The level of formal education of the active labour force in Slovenia is higher than that of unemployed. As shown in the table below, the unemployment rates are lowest in the group of people holding a tertiary education qualification.

*Table 7: Structure of labour force, persons in employment and unemployed persons by school attainment and gender in Slovenia in 2001– Labour Force Survey Results*

	Labour force			Employed			Unemployed		
	ALL	M	F	ALL	M	F	ALL	M	F
No school education or incomplete elementary school	2.4	2.6	2.3	2.2	2.4	2.1	(5.4)	(6.5)	(4.4)
Elementary school	18.3	16.3	20.5	17.8	15.7	20.3	24.9	25.7	24.0
Lower or middle vocational education	29.7	36.8	21.2	29.5	36.8	20.7	32.1	36.8	27.6
Upper secondary professional education	28.2	27.3	29.3	28.3	27.5	29.3	26.0	23.2	28.9
General upper secondary education	4.8	3.4	6.5	4.8	3.4	6.4	(5.2)	(3.0)	(7.4)
Post-secondary vocational education	6.6	4.9	8.5	6.9	5.1	9.0	(2.3)	((1.7))	((2.8))
Higher professional and university education	9.1	7.5	10.9	9.5	7.8	11.4	(3.9)	(3.1)	(4.7)
Specialist post-secondary education, master's degree and doctorate	1,0	1,1	(0,8)	1,0	1,2	(0,8)	.	.	.
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: . not zero but extremely inaccurate estimation; (( )) inaccurate estimation; ( ) less accurate estimation.

Source: Statistical Office of the Republic of Slovenia: Rapid Reports: Labour Market, No 178, Ljubljana, 2002



## Personnel

Academic programmes are taught only by faculty members with a title of full, associate or assistant professor. Titles are granted for a five-year period with the exception of the full professor (life-time appointment). A mandatory requirement for the title of professor is a research-based advanced degree (*doktorat znanosti*) and research achievements. Lecturers may teach professional programmes. In 2001–2002 there were about 3,500 academic and support staff (excluding non-pedagogical staff).

Professional programmes can be taught by professors as well as by senior lecturers and other lecturers. They are not required to have a doctoral degree, but practical experience is important. Senior lecturers require the *specializacija* or *magisterij* degree.

Table 8 shows the number of higher education employees. The number of part-time faculty and non-academic staff expressed in FTE is added to the number of full-time employees in order to obtain the total. Table 9 shows data on the average age and on the gender of staff. Only the employees of higher education institutions whose salaries are financed by the Ministry of Education, Science and Sport (full-time studies) are included.

Table 8: Faculty and non-academic staff 1991/92 to 2001/2002

Academic Year	Faculty and faculty assistants		Total	Nonacademic Staff
	Faculty	Assistants		
1991/1992	1,485	1,108	2,593	1,674
1992/1993	1,504	1,302	2,806	1,677
1993/1994	1,527	1,263	2,790	1,680
1994/1995	1,605	1,333	2,938	1,756
1995/1996	1,676	1,353	3,039	1,810
1996/1997	1,704	1,355	3,059	1,821
1997/1998	1,765	1,471	3,236	1,825
1998/1999	1,818	1,647	3,465	1,831
1999/2000	1,829	1,706	3,535	1,684
2000/2001	1,882	1,547	3,429	1,700
2001/2002	1,910	1,717	3,627	1,696

Source: Ministry of Education, Science and Sport

Table 9: Average age and gender of staff 1993 to 2002

Year	Average age		% of women	
	Faculty	Assistants	Faculty	Assistants
1993	50.9	36.0	19.0	38.1
1994	51.3	35.9	18.5	40.2
1995	51.2	35.8	19.8	40.4
1996	51.1	35.9	21.4	41.5
1997	50.9	35.6	21.9	42.7
1998	50.3	35.4	22.6	42.6
1999	50.1	35.5	24.1	44.0
2000	49.9	35.7	24.8	44.3
2001	49.8	35.8	26.1	44.7
2002	50.1	36.0	26.6	44.7

Source: Ministry of Education, Science and Sport

### Vocational Colleges

This new type of educational institution (*višje strokovne šole*) was created in 1996 by the Vocational and Technical Education Act. Formally, vocational colleges are not part of higher education, but they provide an important form of post-secondary education. Vocational colleges are established in co-operation with industry and employers. Studies last for two years and about one-third of the programme consists of practical work in companies. Applicants should have passed a *matura* or a *poklicna matura* after a four-year secondary school. Under certain conditions, admission is also granted to applicants with a completed three-year vocational school. Students who successfully pass a *diploma* examination receive a *diploma* with the name of the programme and the title of the vocational qualification. A post-secondary vocational *diploma* enables students to start work in specific occupations. Since the 1998–1999 academic year, vocational college graduates have been able to enrol in the second year of a professional study programme, provided the higher education institution approves the transfer. Staff in vocational colleges include: lecturers in post-secondary vocational colleges (116 FTE in 2000), instructors (2 FTE), laboratory assistants (14 FTE), physical education teachers and librarians.

In 2002–2003, there were 32 vocational colleges (16 public and 16 private, one of which has a concession). In total, they had 10,025 students and 933 graduates (in 2002). There will be 37 vocational colleges in the 2003–2004 academic year (17 public and 20 private).

### The Research Infrastructure

In addition to the universities, national research institutes and other institutes in the public sector, private non-profit institutes and research units in the business sector also carry out research. Generally four types of research and development are distinguished: non-oriented basic research; the objective of which is general advancement of knowledge; strategic research in fields of interest to the government

and society; applied research; and development. There are altogether 388 (in 2000) research establishments in Slovenia: 14% of them in the public sector; 10% in the higher education sector; 71% in the business sector; and the rest (5%) in the private non-profit sector. More than 50 public research organisations operate independently of the universities and 17 of them have acquired the status of National Research Institutes.

Slovenia is close to the EU average (1,93% of GDP in 1999) regarding expenditure on R&D (1,52% of GDP in 2000). In 2000, R&D in the higher education sector accounted for 17% of overall expenditure on R&D (GERD) in the country (Statistical Office, 2002). 31% (in full-time equivalent) of researchers worked in the higher education sector, 34 % in the government sector, 32% in the business sector and 3% in the private non-profit sector in 2000.

The research within public higher education (mainly the universities) has been funded through research project and programme financing (research programmes are five-year), the funding of postgraduate studies (including PhD programmes), and the funding of research infrastructure.

### **Trends and Policy Issues**

The Higher Education Master Plan is a strategic plan for the development of higher education in Slovenia. Besides the basic objective (high quality undergraduate and graduate education accessible to as many citizens as possible), it defines the principal goals of further higher education development as presented below.

The present educational structure of the population does not meet the development objectives of Slovenia. The aim is to achieve a level in which more than 25% of the employed population will possess undergraduate or graduate degrees in the second half of this decade. It will be unacceptable for the next decade or more to expect or allow the number of students enrolled in tertiary education programmes to drop; on the contrary, the number of students must increase. The decrease in the number of young people demographically should be paralleled by their increased participation in education so that there will be at least 30 students per 1,000 inhabitants at the beginning of the next decade. This means a participation level of approximately 50% of young people in various forms of tertiary education.

Undergraduate studies will remain the core part of higher education. Part-time studies must be primarily designed for students unable to participate in full-time courses due to their jobs or to other reasons. Limited admission in most fields of full-time studies should be gradually abolished. The percentage of study places in business administration, social sciences and engineering in Slovenia is very high, while the percentage of students enrolled in natural sciences, mathematics and computer science is rather low. This requires changes in programmes and their promotion. It also requires increased attention to systematic information and counselling activities, a suitable scholarship policy and a gradual elimination of differences in the funding of

full- and part-time studies. Timely development of distance studies should be facilitated and adult higher education should be encouraged to a greater degree.

Graduate studies offered by Slovenian universities require thorough renewal. Many graduate programmes are too dispersed, therefore the integration processes in this field should be promoted. This includes involvement of public research institutes and their co-operation with universities. The expected further increase of graduate students should be paralleled with increased funding. Higher investments in laboratories and research facilities and the provision of resources for their maintenance and modernisation are of high importance. In future, higher education institutions should pay more attention to dropout prevention, efficiency, and quality assessment. As stipulated by law, the evaluation procedures of the Higher Education Quality Assessment Commission should be swiftly promoted and facilitated.

The basic objective of institutional development in the field of higher education is to ensure that universities are integrated and autonomous. As far as institutional development is concerned, the focus should be on the integrity of research and teaching in higher education. In developing study programmes, higher education institutions should seek to eliminate dispersion and achieve better co-operation; they should attempt to design programmes that are new in their contents and respond to the students' interests concerning their studies and employment. An important contribution to these goals could be the rapid introduction of a credit transfer system patterned on the ECTS.

Higher education must be open to the community and offer people opportunities for further education, research and consulting services. The Master Plan for Higher Education should in those items be extended by other activities of higher education institutions. This means that partnerships between universities and the economic sector leading to innovations in industry, as well as other forms of direct co-operation with the community, will be encouraged.

The objectives defined – in particular the higher number of students – require a further improvement of material resources needed for higher education activities. In addition to the improvement of the premises, student-housing capacities will have to be increased with the construction of new buildings, the renovation of existing ones, and by granting concessions. The development of higher education must be accompanied by an active financial assistance policy.

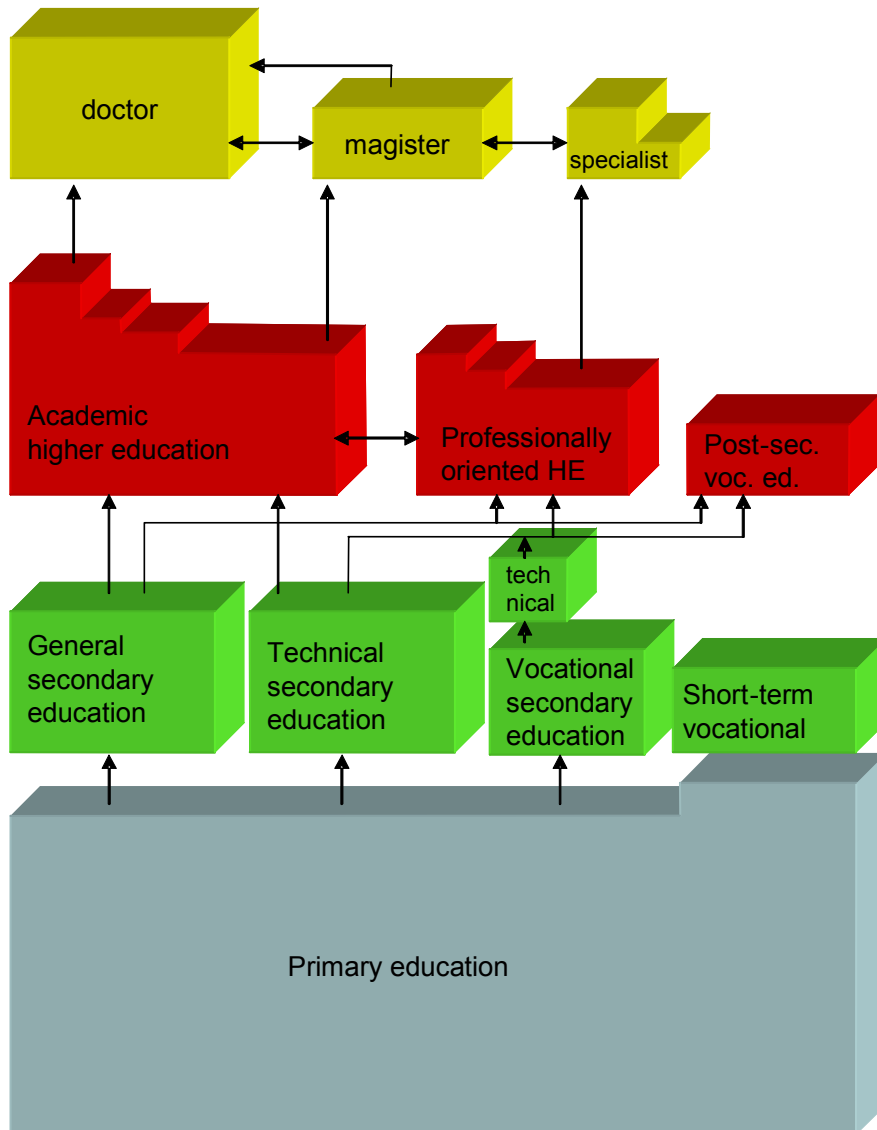
As a result of modern globalisation processes, participation in international co-operation and the international division of labour cannot be avoided in higher education. Suitable conditions for universities to prove their international competitiveness should thus be created. Special efforts should be made to ensure high quality in research and teaching; student and faculty exchanges; joint design and provision of study programmes; and participation in quality assessment systems. The participation of Slovenian higher education institutions in EU programmes, the extension and intensification of regional co-operation in higher education, and direct institutional co-operation should be stressed in the near future.

The implementation of a Master Plan as a comprehensive development plan is a long-term task. Current or short-term priorities, however, are the following ones: introduction of legal provisions for the implementation of a new financing system based on lump-sum funding; development of a comprehensive and internationally comparable quality assurance system; and the renewal of the degree structures according to the Bologna Declaration. National working groups on each of these priorities and an additional one on credit systems have just been established. They are composed of representatives of higher education institutions, the Ministry, the Higher Education Council and experts in the field. Seminars facilitating national discussions regarding these issues are planned for this year.

**Jeroen Huisman** is Research Co-ordinator and a Senior Research Associate at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

**Darinka Vrečko** is Head of the Unit for European Affairs of the Department of International Co-operation in Education, of the Ministry of Education, Science and Sport, Slovenia.

## Slovenia: Education Structure



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## **Part 3**

### ***Developments and Challenges in Four Key Areas***



## 6. Institutional Funding and Institutional Change

*Ben Jongbloed*

*With special thanks to Helena Šebková, Josef Beneš (Czech Republic), József Reffy (Hungary), Piotr Wach, Julita Jablecka (Poland), Darinka Vrečko & Eva Marjetič (Slovenia)*

### Introduction

The aim of this chapter is to discuss a number of issues related to funding higher education institutions in the Czech Republic, Hungary, Poland and Slovenia. However, the discussion is also relevant for other countries and their higher education (HE) systems, as most of the issues are debated in some form in any system in transition from a primarily planned and regulated system towards a more deregulated, market-driven system. In many respects, the funding problems faced by universities and colleges in the four countries are certainly not unique. Many higher education institutions around the world face similar problems, although they are often less severe.

Though we concentrate on financial issues in this chapter, one cannot ignore the famous ‘trinity’ of *funding-quality-access*, which requires us to take account of the interrelationships between all three elements when discussing funding issues. Funding levels will affect the quality of services offered while the number of student places supported by the government (either through institutional funding or student support and scholarships) will in turn affect the opportunities available to potential students.

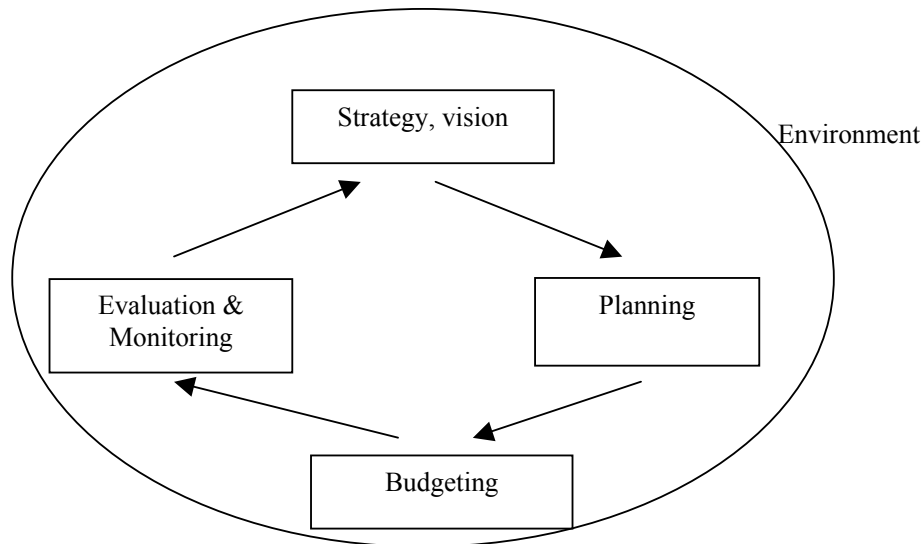
It is important to recognise that the relationships between funding, quality and access do not just work in one direction. The quality of the services offered by HE institutions will also affect their potential to generate additional funding from sources outside the government. In addition, a more open system of higher education, without centrally imposed restrictions on student places, will make institutions behave differently compared to a system in which access is restricted by either regulation or an absence of the necessary student support facilities.

To add another word of caution: Funding higher education is not an end in itself; it is a means to an end. As in all cases where government intervention may be warranted, one has to ask the following set of questions: What do we want to achieve? How are we going to do that? What are the financial constraints? How are we going to measure our success?

In other words, funding is part of the ‘*planning and control cycle*’ that drives the operations of any organisation, be it a government agency (or ministry), a higher

education institution (HEI), or a private (for-profit) firm (see: Jongbloed, 2000). This cycle is shown in Figure 1.

Figure 1: The planning and control cycle



Keeping this in mind, the plan of this chapter is as follows<sup>1</sup>:

The first section identifies basic problems with higher education funding. In terms of Figure 1, it touches on strategy formulation as well as the choice of budgeting technique. The next section presents the environment in which the problems have to be addressed. It identifies the main global challenges affecting the lives of universities and colleges, but in particular the operations of HE institutions in the four countries and how they might plan in order to more effectively realise their objectives.

The final section presents a classification of institutional funding systems based on the mechanisms through which the state allocates subsidies to individual HE institutions. This classification enables us to typify the funding mechanisms in place in the four HE systems and to show the developments in the systems.

### The Basic Problems

Every higher education system is faced with four basic policy questions regarding financing:

1. How much higher education can a nation afford?
2. How much should be spent per student, per graduate or per unit of new knowledge?

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<sup>1</sup> The plan is based to a large extent on Jongbloed & Teekens (2000).

3. Who should pay?
4. How should public funds for higher education be made available to institutions and students?

Below, a number of comments will be made with regard to each of the four fundamental questions. Also addressed is the issue of how one would ensure or indeed measure whether any progress is being made towards reaching the goals to which government funds are supposed to contribute.

### Size of the system

How much of a nation's productive capacity – skilled labour, natural resources, foreign exchange, new construction – can or should be devoted to higher education? How does the level of *public* resources available to higher education compare to other sub-sectors of education, such as primary and secondary education (Salmi, 1991, p. 8)? What proportion of a nation's youth should be expected to pursue some form of post-secondary education? In which programmes? For what degrees and for how many years? How many universities should there be, and how many colleges, or other non-university institutions? What should be their target enrolments?

Policy-makers trying to find answers to these questions will inevitably be guided by their own ideas of what size and shape a higher education sector should have and what types of programmes are best suited to meet the human capital requirements of the country. Ultimately, the answers to these questions will have to be given by the Parliament.

Whatever the ambitions may be, the answers to the questions listed here need to be based on sound information and judgements relating to the past, present and future. Effective planning and projecting with regard to the future course of the country, including the needs of industry and labour market, will all be necessary. Importantly, this does not necessarily mean a return to central planning or manpower planning. Rather, it calls for engaging society in discussions over preferred courses of action, including that laid out for the nation's HE system as well as on the costs and benefits of alternative options.

In transition countries, like the four that are discussed in this book, a crucial question related to funding is the extent to which the higher education system should be driven by manpower planning (or *numerus clausus*) or whether the government can rely on student demand and student choice. This choice has important implications for the costs and design of the system. We will return to this issue later on.

Decisions over the size of the higher education sector and the public resources invested in it may be informed by comparisons with countries having comparable levels of economic and social development. A frequently used source for such information is the OECD publication *Education at a Glance* (OECD, 2002).

Table 1: Public expenditure on higher education institutions as a percentage of GDP

Country (year)	Public expenditure on HE (% of GDP)	Gross domestic product, 2001 (in billion US \$)	GDP per capita, 2001 (in US \$)
Czech Republic (2002)	0.9	57.2	5,600
Hungary (2001)	1.3	51.7	5,100
Poland (2001)	0.9	176.3	4,600
Slovenia (2000)	1.2	18.8	9,400
OECD country mean	1.0*	836.7	22,100

Source: Column 2 based on information collected by CHEPS.

\* OECD country mean figure relates to the year 1999, taken from *Education at a Glance*.

Columns 3 and 4 based on OECD Main Economic Indicators database.

The four HE systems do not deviate significantly from the OECD country average. This is shown in the second column of Table 1, that also includes data for GDP and GDP per capita. However, a proper assessment of the HE resource levels also must include the way in which the public funds are distributed to institutions. This topic is treated below. Moreover, one also has to realise that the table only shows money *flows*. *Stocks*, such as the stock of human capital, are equally important. Particularly since stocks change as a result of flows. What the present condition (i.e. stock) looks like is the result of history and tradition; it is the outcome of many years of policymaking, central planning and private decision-making.

#### Funds per unit

What action should be undertaken to achieve the desired objectives? Partly, though some would say *primarily*, this is a question that requires evaluating the level of *spending* per unit. If so, the question is principally one of determining faculty salaries, teaching loads, class sizes, equipment, and library expenditures for education. What is done to ensure that the maximum output is produced from the resources available (teachers, equipment)? This is a matter of productivity, efficiency and also lifestyle and ambitions. Should the latest, state-of-the-art techniques and equipment be used? Each nation will somehow have to decide to which 'class' it wants to belong within the boundaries set by its national resources and the tax levels it can afford. It may try to belong to the 'world class' or it may choose to set more realistic aspiration levels for itself.

Many nations have sought to reduce their public higher education spending per unit (in teaching and research) by encouraging higher education institutions to work more efficiently thereby increasing 'value for money'. Institutions are, for instance, encouraged to take on more students through financial incentives and regulatory instruments or simply forced to contend with 'fiscal squeezing' policies. Other measures include restructuring the higher education system through mergers and creating new types of institutions.

Reducing public spending has been carried out under the belief that institutions can find ways to work more efficiently and procure supplementary, private funding to

offset declines in public resources. Policies often express the belief that other areas and aspects of society (like health, infrastructure and social security) require more resources. Moreover it is also argued that private benefits of higher education justify higher private contributions.<sup>2</sup>

In times when higher education funding was dominated by central planning, the following approach or formula basically determined available funding for HE institutions (or their various sub-units, such as faculties, departments and research institutes):

$$\boxed{\text{budget} = \text{tasks} \times \text{standard}}$$

Where:

tasks = number of students (educational demand)  
standards = normative cost per unit (closely reflecting actual cost).

In today's world, budgets are often set by means of the following formula:

$$\boxed{\text{budget} = \text{volume} \times \text{price}}$$

Where:

volume = quantity (combination of input and output measures)  
price = tariff (normative contribution towards the costs per unit).

Today, funding levels tend to reflect the 'price' governments are willing to pay for a given amount of higher education. This coincides with a steering philosophy in which governments 'buy' education and research rather than just 'support' HE institutions. It also illustrates how funding rates may differ from the 'real costs' of providing a service. Often, funding rates are insufficient to cover the full cost of educating a student or engaging in research. Shortfalls then must be made up by securing alternative funding, such as private contributions, donations, or fees. If additional resources cannot be found, 'something will have to give'. In some cases, the quality of HE may suffer as a result.

This gives rise to the issue of 'incentives'. Funding HE institutions on the basis of prices that do not correlate well with actual costs encourages institutions to critically monitor their costs and to try and understand what drives them. It will encourage them to work efficiently if prices are low or urge them to seek additional funding from alternative sources.<sup>3</sup>

In any case, experiences in the OECD HE systems show that per unit spending will have to be financed from both the public and the private purse. We now turn to the issue of how to achieve an appropriate balance between the two.

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<sup>2</sup> This topic is treated extensively in Chapter 7.

<sup>3</sup> Incentives also appear through the choice of funding base, that is the volume component in the above formula. We will return to this issue below.

### Who should pay?

A third important question is who should bear the burden of financing the higher education sector? Specifically, how should institutional costs and students' living expenses be shared among parents, students and taxpayers?

Traditionally, HE institutions around the world have relied primarily on government funding. Yet fiscal stress and increasing enrolments have driven many governments to begin shifting part of the burden of higher education costs to those felt to be profiting the most from it: students that obtain a degree and the firms that demand and make use of the services of higher education institutions.

Therefore, the question of who should pay is related to the following issues:

1. Allowing institutions to charge tuition fees for students.
2. Whether and how governments should supply student loans and/or student grants.
3. Whether institutions should be able to seek private funding by 'selling' their services on the market (in competition with other organisations).
4. Whether HE institutions should be allowed to finance their debt on the capital market.
5. The regulation (tax instruments etc.) that may be introduced to encourage private companies to invest in HE or make donations to HE.

Students and their families in many Western European countries are increasingly being asked to bear part of their study costs, particularly their living expenses. In the four countries studied in this book, student fees of some sort are already in place. However, they are mostly paid by students enrolled in private institutions (including the private offshoots of public institutions) or by students studying part-time. Frequently, the full-time students who were fortunate enough to obtain a place in public institutions pay no tuition fee at all (or only a token charge).<sup>4</sup>

Whether or not students pay tuition fees and for those who do, how much, is often spelled out in legislation. For instance, the Higher Education Law of Slovenia states (in Article 77) that "Tuition fees may not be charged to citizens of the Republic of Slovenia ... for education in state approved undergraduate programmes performed as a public service (...)". In the Czech Republic, fees charged to regular students are classified as study-related fees. These include administrative charges related to entrance proceedings (not to tuition) and fees for students exceeding the standard length of study. Other fees are to be paid by students in the so-called life-long learning programmes.

In Hungary, state-financed students pay no tuition fees, while self-financed students (about 30% of all students) do pay fees.<sup>5</sup> In Poland, full-time students in publicly funded institutions pay no fees, unless they are enrolled in 'weekend programmes'.

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<sup>4</sup> See Chapter 7.

<sup>5</sup> The meaning of the terms *state-financed* and *self-financed* is also explained in Chapter 7.



Clearly, disparity and inequity arise as full-time students (who are likely to experience a sizeable monetary return on their degrees) seem to be subsidised by part-time students, many of whom originate from families unable to send their children to the best secondary schools or to support them financially.

Zero fees may also be found in Germany and throughout Scandinavia. The pertinent question is whether in these countries, as well as the four studied in this book, a no charge system is appropriate in light of the fact that graduates do well in the labour market and are more likely to come from privileged backgrounds. For societies, the opportunity costs from zero fees can be quite substantial. It may be argued that goals like improving access and social equity do not conflict with a policy of making students and their families bear more of the costs of HE. Rather, the question is what combination of charging fees (or graduate contributions) and providing student support can meet the important objective that all capable students, irrespective of background and financial means, can be offered a place in a HE institution.

At the same time, the goals of expanding opportunities for access and enjoying the social and economic benefits of higher education suggest that some degree of public subsidisation may have merit. As usual, the problem is finding the appropriate balance in the policy instruments (e.g. subsidies, incentives and regulations) to be employed to achieve the goals of access, efficiency and equity.

#### How are funds made available?

The mechanisms for allocating public funds to higher education institutions and their students take several forms. For any system, the goal is to incorporate mechanisms that provide incentives for institutions to operate efficiently and effectively utilise scarce resources. The most appropriate system depends to a large extent on political values (what does the government want higher education institutions to do?) and on behavioural considerations and assumptions (how do providers and students react to particular financial incentives?). This is where economic theory may be useful, since the question involves how people decide when faced with choices from a set of alternatives and this choice implies using limited resources and time.

The question of how funds are made available to HE institutions relates to the following three characteristics of funding mechanisms:

1. funding channel
2. funding basis
3. funding conditions

The choice of funding channel relates to the question of whether government funds flow to the student<sup>6</sup> or to the higher education provider. In other words, choosing between a *demand-driven* or a *supply-driven* funding model. In the first, students receive public funds to spend on tuition. In the second, HE providers are subsidised directly by the government.

The choice of funding base is connected to whether the amount of funds made available is allocated based on input or output measures. This is the choice between *input-based funding* and *output-based funding* or, in other words, a cost-oriented approach versus a performance-oriented approach. We will return to this issue below.

The third dimension of funding mechanisms distinguishes between *earmarked* (or targeted) funding and *lump sum* (or block grant) funding. In the former, institutions have no freedom to use funds according to their own preferences (funds can only be used for specified objectives). In the lump sum case, institutions decide for themselves how to finance their operations to produce the intended outcomes.

In reality, one observes a mix between the various characteristics of funding models. Extreme cases, for instance where funding is either fully earmarked or consists solely of a single output-based lump sum are non-existent. In practice, a percentage of the funds will normally be based on inputs and another part on outputs, with some budget items being provided only on the condition that they are used for specific purposes and other items left to the institution's discretion.

Turning to the funding *channel* again, in student-driven funding systems, where funds are supplied through students rather than directly to institutions, allocations are made through *vouchers*. The voucher is provided by the government (although private voucher systems also exist) and represents a stated value in terms of a number of years (months, or other units) of schooling. This voucher is then handed over to, or cashed in at, the higher education institution of the student's choice. Thus student choice becomes the key element in a system where students 'vote with their feet' and the outcome of their search for the highest value for money determines which institutions receive public funds for teaching. To our knowledge, however, systems of student-based funding do not exist anywhere in the world.

Built in to each allocation mechanism are specific *incentives*. With input-based funding, institutions have little reason to act efficiently or be responsive to changing external demands. In lump sum systems, institutional autonomy is seen as empowering the institutions and encouraging efficiency. Both the output-based and student-based mechanisms incorporate incentives for institutions to make the most effective use of scarce funds and to adapt to the labour market and to student demands. Student-based funding in particular promotes competition between institutions. In short, the funding methodology and the regulatory framework in which it operates *can* make a difference.

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<sup>6</sup> This does not refer to student financial support but funding that enables institutions to provide education and research.

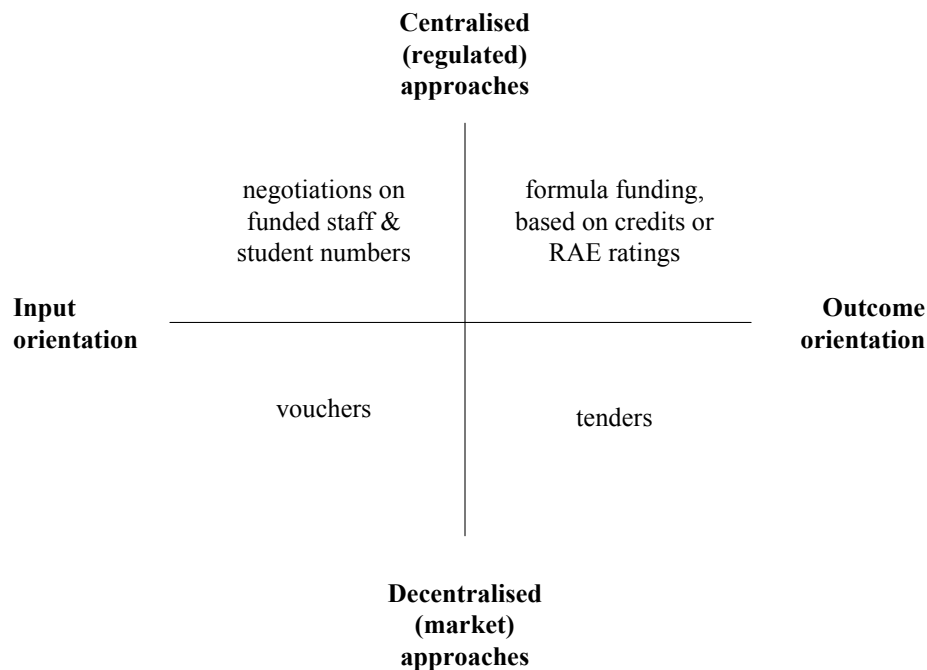
Changes in the state funding mechanisms and rules relating to non-state funding are likely to, or even intended to, alter HE institutions' objectives and the way in which they manage resources. In some HE systems, the goal to deliver 'value for money' may be stressed by governments by means of the introduction of performance-based funding (PBF) approaches (see Jongbloed & Vossensteyn, 2001). In PBF mechanisms, the public funds are allocated to the HE institutions on the basis of some measure (or *indicator*) of institutional performance (or *output*) and lead to a system of 'payment by results'.

The diagram below shows four examples of funding mechanisms, each characterised on the basis of two dimensions, which are:

The degree to which the approach relies on centralised planning (versus decentralised decision making), as shown on the *vertical* axis;

The degree to which funding is based on measures of performance (versus a reliance on inputs), as shown on the *horizontal* axis.

Figure 2: Some examples of funding mechanisms placed in a classification scheme



Output-based funding is shown in the upper right-hand corner and a good example of it in practice is the Danish scheme. They use a credits-based system that determines the institutional budget by multiplying the number of credits students accumulate (the volume measure) by a price per unit of output (a tariff). Other examples can be found in the Netherlands and Sweden, where part of the budget is also based on multiplying

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the number of degrees awarded by a tariff per degree. Yet another PBF example would be the UK research funding case, where research is funded in proportion to a measure of research quality. Research quality is assessed and rated every five years (in Research Assessment Exercises; RAEs).

The top-left-hand portion of the diagram shows a more traditional type of budgeting where allocations are based on requests (activity plans; budget proposals) submitted to budgetary authorities. This is known as *negotiated* funding. In this mechanism, the budget allocation is often based on the previous year's allocation of specific budget items. Separate budget items (called *line items*) then are negotiated between representatives of educational institutions and the funding authorities (i.e. the ministry, or funding council). Annual changes (usually increases) in each budget item are discussed individually. This is also known as *line item funding*.

A very common approach is to fund on the basis of institutional cost projections. This is known as *input-based funding* and a system like this may also be situated in the upper-left corner of the diagram. In this case, budget items are likely to include categories like staff salaries, material requirements, building maintenance costs, and investment. Funding is line item based, and shows the different expenditure items as separate lines of the budget. The line items are determined by referring to norms with respect to indicators like unit costs (or unit cost rises) or capacity (e.g. funded number of students).

The bottom right of the diagram describes that system of *contracts* that result from tenders in which funding authorities demand HE institutions deliver a specified type and level of output (e.g. a specified number of graduates or research outputs). Each institution competes with other institutions for a contract and the accompanying budget. Competition takes place on the basis of price and quality. A good example of this is research funds awarded by *research councils*.

Finally, the bottom-left part of the diagram shows the *voucher* system. This system stresses student choice and institutions must compete for students in order to obtain public funds. In systems like this, one may expect governments to also allow institutions to set their own tuition fees, thereby encouraging differentiation and making the system even more market-oriented.

In the next section we argue that the general pattern in Western Europe has been a gradual, counter clockwise move beginning in the 'north-eastern' quadrant and ending in the 'south-eastern' quadrant. This move coincides with the trend towards 'steering from a distance'; the result being increased reliance on market-type co-ordination mechanisms in the HE sector. In terms of Figure 2, decision-making is left more to individual 'agents' (students, institutions) who choose on the basis of incentives instead of directives issued from above.

This marketisation trend affects both the established government-HE relationships as well as the traditional mode of operation *within* HE institutions. It is manifested, amongst other things, through increased competition for (both public and private)

funds, the introduction of user charges, and a strengthening of consumer (i.e. student) interests. The aims of marketisation are to encourage institutions to operate more efficiently, to ensure they deliver *value for money* and raise the quality of their services, and to stimulate them into generating revenues from entrepreneurial activities.

#### How do we measure our success?

When discussing resource allocation mechanisms, an important consideration is the national context or 'steering' framework in which resource decisions are made. Throughout Western Europe a fundamental change in the relationship between government and public sector-dependent organisations is evident. One can speak of a shift from regulation by control and central planning towards establishing boundary conditions within which universities and colleges must operate. Some researchers have labelled this a shift from a *state control* model towards a *state supervising* model (van Vught, 1989).

The trend towards greater institutional *autonomy* has given universities and colleges more freedom in areas such as academic affairs, finance and personnel. At the same time though there has also been a trend towards greater *accountability* for the use of public funds. Universities and colleges increasingly find they must demonstrate value for money and participate in quality assurance exercises.<sup>7</sup> As argued in the previous section, the way in which public funds are allocated to the institutions also reflects the desire to deliver results and improve quality. Reduced state intervention in operational matters implies that governments are less concerned with how funds are spent (on inputs) and increasingly interested in the achievements (the outputs) produced from the funds. Governments, more than ever, are interested in measuring success.

Thus, HE institutions are encouraged to innovate, to change and become more responsive to society's needs. To measure the impact of introducing market-type co-ordination, quality assurance mechanisms and peer review systems are put in place. As far as funding is concerned, the soundness of the HE institution's financial situation and its financial management is assessed through a system of reporting and monitoring that increasingly reflects practices and procedures found in the corporate (i.e. for-profit) sector. Accrual accounting, the publication of cash flow statements next to the operating statement and the balance sheet, and the reporting of indicators of financial health (liquidity, solvency, and profitability) are all becoming accepted throughout the higher education sector. The financial information reported to the government is often aggregated; it is left to the institution to decide on internal financial operations. Governments are primarily interested in the question of whether the institutional leadership is able to balance revenues and costs and whether it can meet its obligations in the short as well as the long term.

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<sup>7</sup> See Chapter 8.

All of this means that HE institutions must observe a number of principles that ensure sound and effective financial management. The main principles of effective resource management are:

1. The governing body of the institution is responsible for the direction, key decisions and financial health of the institution.
2. The roles and responsibilities of the governing body, the head of the institution, its committees, the deans, etc. are defined, understood, accepted and reviewed regularly.
3. Competencies and skills are sufficient to meet the needs of the institution and are supported by adequate human resource management and recruitment policies.
4. There is a strategic plan that includes a financial strategy (an internal resource allocation model, budget and costing guidelines, incentives to generate external income etc.), that recognises opportunities and risks.
5. The information that is supplied to the board of the institution, the head of the institution, deans, etc. is relevant, reliable and on time. Information is communicated effectively throughout the institution.

Therefore, the measure of success in using public and private funds to reach governments' and institutions' objectives may be deduced from information that relates to the issues touched upon in this list as well as the performance indicators reported in quality assessment mechanisms.

### Summary

Having examined the four key problems in higher education funding we can conclude that the extent, sources and types of funding all originate from policy objectives and a policy framework (i.e. the regulations and incentives) laid out by the relevant national authorities. Within this *institutional* framework, HE institutions will have some room for manoeuvre. Put differently, the HE institutions experience some degree of government interference in areas such as spending decisions, the ability to raise additional funds, and the pursuance of goals that are institution-specific rather than centrally imposed (i.e. determined by government).

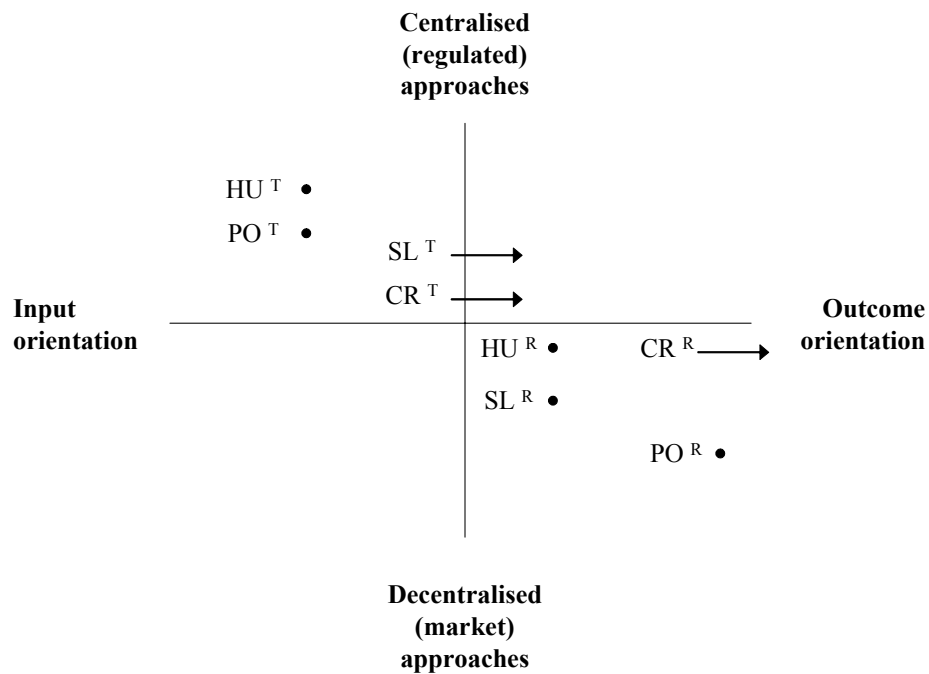
Having stressed this institutional framework, we observe the fact that HE institutions in many countries previously driven by central planning still experience an extreme politicisation of their environment. For those countries the challenge is how the HE system can become less uniform and rigid and move away from central planning and control. Part of the response to this challenge lies in the institutional funding system and reshaping the policy framework. In the following sections, the systems of institutional funding in the four countries are presented, along with some observations and reform suggestions.

### Funding HE in the Czech Republic, Hungary, Poland and Slovenia

#### Characterisation of the funding models

Having laid out the key questions associated with higher education funding, the discussion now turns to the funding of HE in the four countries on which we focus in this book. Using the matrix in Figure 2, we will characterise the methodologies employed in the four countries for funding (higher) education and research and concentrate on the trends and developments in the funding methods.

Figure 3: A characterisation of the funding methodologies in the four countries



In Figure 3, the funding systems of the four countries are classified using the two dimensions introduced earlier. The abbreviations used are as follows:

CR: Czech Republic      HU: Hungary  
PO: Poland              SL: Slovenia

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The horizontal arrows illustrate the expected direction the funding system is likely to take in the foreseeable future. A distinction is made between the funding for education (or *teaching*) and research. This is shown through the respective superscripts: T for (undergraduate) teaching, and R for research. If no change is expected in the near future, a dot ( ● ) is shown.

In the sections below, the characterisation of the respective national funding methods is discussed more extensively and the country's position in Figure 3 is explained.

### Czech Republic <sup>8</sup>

Before 1992, institutional funding in the Czech Republic was based on the incremental (or negotiated) method. Since then, institutional education budgets have been calculated according to a formula (number of students x cost of study). Cost of study was at that time calculated based on historical levels and needs of particular faculties and was approximated by the average value found for 7 categories of programmes. The allocation formula led to a lump sum, the distribution of which was left to the institutional management. The lump sum was meant to cover all activities of an institution.

Over the last several decades Czech HE institutions were not expected to carry out substantial research, since it was centralised in the Academy of Sciences. The 'cost of study' rate, therefore, did not cover the costs of starting or continuing research. During a short period (one year, in fact) the formula was corrected by a so-called incentive coefficient, supporting research activities. This part of the formula, initially covering about 10% and later approximately 15% of the overall HE budget, was allocated on the basis of semi-research output and inputs. It was stressed that the allocation was to be spent on research directly related to teaching and learning, or 'specific research'.

The 1998 Act on higher education and the recent (2002) Act on research support have both brought significant changes. As far as the funding of teaching is concerned, the Act stipulates that the majority of the budget should continue to be allocated on a formula basis. The normative part is calculated as the product of student numbers in an institution and the normative per student study costs. There are six different cost categories. The normative cost for high cost programmes is 3.5 times higher than that for the low cost ones (humanities, social sciences). The value of the basic tariff is slightly less than 1000 euro. The formula has undergone several corrections and slight changes, agreed to jointly by the Representative Commission (composed of representatives of the Ministry, the Council of Higher Education Institutions, the Czech Rectors Conference and institutional registrars).

A crucial consideration in funding debates has been the number of students that count towards the institution's public funding. Only agreed increases in student numbers are paid from the state budget, which ensures that study costs do not decrease (at least if not being increased due to inflation) and enables institutions to plan ahead in a

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<sup>8</sup> This section is based to a large extent on Šebková & Beneš (2002).



relatively stable situation. There are negotiations between the state and the institutions about the capacity that is funded. This capacity constraint was deemed necessary because of the budgetary pressures experienced by the state. In the end though the decision on the total number of students in particular study programmes is left to the institutions themselves. In those cases where agreed targets are exceeded, the tariff of a particular institution may in fact decrease, especially since the student is not obliged to pay a tuition fee.

The Act also introduced a new and very important element: long-term development plans of each public higher education institution. The content of each plan and its accordance with the long-term plan of the state is to play an important part in the determination of the level of the state subsidy allocated. The Ministry invites institutions to submit projects that fit the objectives laid down in the state strategy. Approved plans lead to additional funding. The aim is to increase the percentage of the budget intended for long-term development projects to about 30%, making it an important instrument in steering the HE system.

Other non-normative funds are typically earmarked for various activities and purposes. Examples include student accommodation, and scholarships for doctoral students. Another important source of revenue from the state is the Higher Education Development Fund, which is administered jointly by the ministry and the Council of higher education institutions. Funds are also available for capital investments. In this case specific priorities are decisive as projects are selected on a competitive basis.

Turning to the funding of *research*, we note that the research budget is divided into two parts. One is for research specifically linked with teaching (explained above) and the other part is based on the institutional mission. The purpose of the latter, first introduced in 1998, is to increase overall research support and bring the institution's research in line with EU research.

The formula that determines the specified research grant includes the following criteria:

- the sum of money received by the institution from research and development projects,
- the ratio of professors and associate professors to the total number of staff,
- the ratio of students and graduates from doctoral study programmes to the total number of students of the institution.

The responsibility for determining the total amount of specified research money (including specified research) lies with the Research and Development Council of the Government.

A further possibility to obtain research funding from the state budget is to establish a 'Research Centre'. This was introduced to strengthen collaboration between higher education institutions and other research institutions, particularly those in the Academy of Sciences. Projects to establish a research centre are regulated differently to the above-mentioned institutional mission grants.

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A final option is to submit a research proposal to an agency that distributes funds from specific ministries (e.g. the Ministry of Health, or the Ministry of Agriculture). The most important one of these is the Czech Grant Agency. These agencies allocate modest sums of money in a competitive way to various types of applicants.

All in all one can conclude that the distribution of research funds is relatively decentralised and leaves considerable room for university-level initiatives. The criteria used to distribute funds are to a large extent performance-driven and, with the expected increase of the Research and Development Plan funds, will make the Czech system more oriented to objectives that fit the government strategy but at the same time reflect institutional differences.

Hungary<sup>9</sup>

Institutional funding in Hungary by the Ministry of Education is largely formula-driven. The funding is based on the number of 'admitted', or state-financed, students. Such students do not pay tuition fees which distinguishes them from the 'self-financed' students. The funding rates are referred to as 'education and facilities maintenance norms' and differ across groups of study programmes.

In the mid 1990s, this system of financing replaced the older method based on negotiations between the HE institution and the Ministry of Education. When it was introduced there were 14 different categories and norms. Later the number decreased to 7, then to 5, and today only 4 different categories are used.

At various stages, different approaches have been used to determine the numerical value of the norms. In 1998, for example, more than 10 indicators were used that took into account theory- (or classroom-) and practice-oriented aspects of the various study programmes, including: student contact hours, support staff, the salary of lecturers and staff as well as material expenses. Study programmes with similar norms were grouped together.

The norms do not vary with enrolment levels or programme quality; thus they do not account for all aspects (costs) of a programme. It may therefore be the case that the norms do not cover all necessary expenses and this has led many to conclude that Hungarian higher education is underfunded. The highest norms (equivalent to €5000 per student per year) are associated with medical and performing arts students, while the lowest (about €1000) are attached to college-level education, e.g. in the fields of humanities and economics.

The system of public funding is basically a centralised system (see Figure 3). There is no possibility of negotiations. The government determines the number of students admitted, taking into account the labour market situation (in particular fields), student demand and institutional capacity. Funding is input-oriented, but there are performance-related factors as well. When formula-based funding was introduced in

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<sup>9</sup> This section is based to a large extent on Reffy (2003).

Hungary, funds were originally allocated in proportion to student numbers. It turned out, however, that this threatened the quality of education in any HE institution confronted with a shortage of funds. The reason was that institutions had little incentive to deny under-performing students from continuing their studies, since a lower number of enrolments reduced overall institutional funds. In order to prevent students from dropping out, institutions were tempted to lower the study requirements.

The potentially negative effects of such a system or any other (performance-driven) method tying budgets to student progress or enrolments are an important feature in discussions on funding methods around the world. To prevent a lowering of standards, of course, a quality assessment system could be introduced or the government could make decisions on the number of admitted (i.e. funded) students depend on the performance and quality of the institution.

The funding system was also changed to reduce the time taken by students to complete a degree. Today, institutions receive normative financing not on the basis of enrolments but the number of admitted students for the total duration of the study programme. This period is fixed due to the qualification requirements of the different study programmes. The effect was that the number of students supported by government funding decreased slightly from one year to the next. The annual drop-out was around 4%.

Apart from formula funding, part of institutions' budgets is proportional to the number of teachers holding a scientific qualification (a PhD) and the number of PhD students. This special funding is allocated in order to account for institutional quality. Since quality is hard to measure, the indicators chosen relate to PhD holders and PhD students. This special type of funding represents almost 7% of total institutional funding. For some institutions it can constitute a sizeable portion (15–20%) of its budget.

Before turning to research funding, we note that the state finances an agreed number of PhD students. There are two different educational norms, according to the cost differences between technical & natural sciences (equivalent approximately to 2400 Euro/year/student) on the one hand and social sciences (about 1200 Euro/year/student) on the other.

The public funding for *research* in HE institutions comes from two sources. The first is a normative part that is slowly increasing from year to year (presently it is somewhat more than 8 million Euro). The research activity funded from this source is connected to teaching. The funds are tied, on the one hand, to the same parameters underlying the teaching budget and, on the other, to the institution's success in generating income from competitive grants. The latter aspect makes the normative budget slightly performance-driven.

The other source of research funds is available through tendering from national funds (around 35 million Euro) or international (e.g. EU) programmes (around 6 million Euro). With respect to the national sources, the National Research Foundation makes

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funds available to individual researchers carrying out basic research. The size of this fund has doubled from €42 million in 2000 to €85 million in 2001.

In sum, the Hungarian system of research support is a dual model, with normative (formula-driven) funds and competitive funds. It can be characterised as being primarily decentralised, with funding more oriented to output instead of input (see Figure 3).

Capital investment in HE institutions is also supported by public funding. All institutions are obliged to prepare an Institutional Development Plan (IDP), which is judged by a body of higher education experts from Hungarian institutions that are nominated by the minister of education. After an institution's IDP has been accepted the institution then compiles a Capital Investment Plan (CIP). Funding is then distributed on a competitive basis, taking into account the institutions' CIPs. The capital funds available in the Ministry of Education's budget are equivalent to approximately 430 million Euro/year.

## Poland

Until 2002, public funding for public HE institutions in Poland was distributed according to a system formula funding.<sup>10</sup> The formula took into account the weighted number of students and the number of teaching staff holding scientific degrees. The weights applied to student numbers varied by field of study and ranged from 1 to 3 in increments of 0.5. For the teaching staff, three weights were used: 1, 1.5, and 2, for a doctor, a *habilitowany doctor*<sup>11</sup> and a professor respectively. In other words, the formula was very input-oriented and tied heavily to the institution's staff in terms of both numbers and composition. This situates Poland in the upper-left part of Figure 3.

However, the application of this formula was suspended from 2001 onwards. Until an agreement is reached on a new funding methodology the HE system is funded incrementally. Today, the budget received by a public institution is based on the previous year's budget, partly corrected for inflation and with very modest compensation for extra students or additional expenditures. This implies that allocations are more or less 'frozen', although they do reflect the number of enrolments and staff in the recent past.

The old formula also provided different levels of funding for public institutions for full-time students (around 2000 euro) and part-time students (around 500 euro). On top of that, public institutions were allowed to charge a tuition fee for part-time and weekend students.<sup>12</sup> As stipulated in the Polish Constitution, full-time students in public HE institutions do not pay any fees.<sup>13</sup> Since private institutions charge fees and do not receive any public funding, private institutions face a distinct funding

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<sup>10</sup> Our description of the Polish funding system is partly based on Wach (2002).

<sup>11</sup> As in the German system, this is a PhD holder, who has completed habilitation but is not yet a professor.

<sup>12</sup> See Chapter 7.

<sup>13</sup> With the (only) exception of students in medicine, where additional students (in excess of the publicly funded quota) pay quite substantial fees (of around 3000 euro).

disadvantage. To offset this, private institutions compete with public institutions by offering particular programmes to students not able to enrol in a public institution.

With the abolishment of the old funding system, public HE institutions are now engaged in a kind of 'rat race' to enrol as many part-time students as they can in order to increase their revenues. While they can accept as many full-time students as they wish, public HE institutions do not receive additional funding for numbers in excess of the funded capacity. Accepting 'extra students' therefore may have a negative effect on the quality of provision. Selecting part-time students, though, is left to the institutions themselves.

Discussion about educational quality is also connected to the funding formula. The old system was criticised by the big universities on the argument that it paid no attention to teaching quality. While the Main Council of Higher Education supported this opinion, the ministry did not change the algorithm (i.e. the resources per student) in this respect.

At present, the public HE system is at an impasse and in clear need of revitalisation. Public institutions argue that they are only able to pay for salary costs and not able to maintain their buildings (owned by the institutions themselves) and equipment. In the absence of well-delineated funding policies and a Constitution that does not allow institutions to charge fees to full time students, HE institutions are being forced to make ends meet, sometimes sacrificing quality, infrastructural needs and having to face the brain drain.

The public research institutions<sup>14</sup> in Poland include (public) universities, industrial research institutes and the institutes of the Polish Academy of Sciences. Of the three, the universities are the most important and some have long traditions of academic research. The universities of technology have traditionally carried out applied research.

A system of industrial research institutes was created under the central planning economy. These institutes were established to serve the needs of various branches of industry, with some of the institutes concentrating on narrowly defined research fields. The narrow focus and the restructuring of the Polish economy have had a negative effect on the financial condition of many of the institutes.

The institutes of the Academy of Science, concentrating on basic research, form the smallest part of the research infrastructure in Poland and account for only 7% of all research conducted in Poland.

The system of research funding and the accompanying evaluation system are relatively modern when judged by international standards. It may be classified as output-driven and largely based on decisions on the performance of individual research units (see Figure 3). Every four years, all research institutions are evaluated by the State Committee for Scientific Research (KBN), the major research-funding agency in

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<sup>14</sup> The information on research infrastructure is based on Kurzydowski (2002).

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Poland. Each institution or faculty receiving funds from the KBN is evaluated ('ranked') by scoring the institution according to the following criteria:

- number of publications in international and domestic journals
- number of awarded degrees
- number of patents and registered innovations
- number of certified test laboratories
- weighted number of registered research contracts with industrial partners.

The KBN consists of 13 sub-committees dedicated to specific fields of research, both fundamental and applied. The most recent evaluation exercise took place at the end of 2001. There are five categories of research quality and only 20% of units evaluated are allowed to be ranked in the highest category. The points scored by a given institution determines to a significant degree the budget (the statutory grant) of the institution.

While this research evaluation system and its criteria are largely accepted by the scientific community and seem to work well, concerns have been expressed about funding levels as well as the relative weights given to the respective dimensions used in the evaluation.

In terms of the former we note that the average research budget in public HE institutions represents about 16% of the total budget, while for teaching it is nearly 80%. The highest share of research money (25%) is found in Technical Universities. For the average public HE institution, available research funding is distributed between the KBN (39%), institutional research funds and endowments (15%), grants (18.6%), and contract research for business and industry (24%). The highest share of contract research (30%) is found in Technical Universities and Medical Academies.

## Slovenia

Much like in other countries, Slovenian HE institutions generate funding from the government, tuition fees, payments for services, institutional endowment, legacies, donations, and other sources. In practice, a significantly large portion of funding for HE comes from the government, particularly the Ministry of Education and Sport. The Ministry of Science and Technology participates in financing research and graduate studies. The two ministries were merged in 2001 to form the Ministry of Education, Science and Sport.<sup>15</sup> Through a system of concessions (i.e. contracts), the state also finances some private higher education institutions ('free standing' institutions) provided they meet specific criteria with respect to teaching staff and programmes.

Although the recent adoption of a Master Plan for higher education states that the system of funding for education will change from a system of funding per study programme to a lump sum funding system, the existing system can still be characterised as input-based and centrally planned. The state finances the salary costs necessary to educate a specified number of full-time undergraduate student places on the basis of the number of university lecturers and auxiliary staff, their qualifications

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<sup>15</sup> The Ministry of Economic Affairs has taken over the responsibility for technology policy.

and work experience, the number of students and the number of graduates. Material expenditures are funded on a similar basis, using the same parameters with the exception of the number of graduates. In addition, the number of teaching hours is taken into consideration. These line items are transferred directly to the university, although prior to that most funds are already divided up across faculties and departments. In other words, there is little room for central university administrations to make internal reallocations.

A contract between the state and the HE institution is signed each fiscal year, specifying the level of resources and the conditions attached to their use. Available study places are negotiated between universities, who propose numbers in different fields, and the government, who approves funded numbers. The final decision is driven primarily by the available premises, laboratory and other infrastructure.

For full-time undergraduate studies, students enrolled in public HE institutions and private HE institutions with a concession do not pay tuition fees. Part-time students do pay a tuition fee. Income from fees constitutes an important source of income for public universities.

Investments and maintenance of facilities is financed in accordance with a preference list of the university and a four-year investment programme laid out by the government. Because universities own their buildings, maintenance costs can be a problem. Often universities must finance such costs out of the supplementary revenues they manage to bring in.

For several years now, preparations for introducing a new financing system based on the 'lump sum' approach have been under way. Eventually, resources will be allocated on the basis of the number of students, the number of graduates and the number of 'repeaters'. All of these measures will be weighted. Repeaters, students that fail to pass on to the next programme year, are taken into account only if the delay is less than a year. The institutional budgets are based on normative funding rates reflecting differing cost structures in five different clusters of programmes. The budgets will be allocated as a lump sum, covering both salaries and material expenditures.

The first attempt to introduce lump sum funding, in 1998, involved postgraduate studies. Each year, the state issues a public invitation to tender for the supply of postgraduate programmes in selected areas. All HE institutions can apply, provided they meet a number of conditions:

1. the level of the tuition fee (which has to be less than the standardised level, set by the government at around 2,100 euro)
2. a minimum number (i.e. 15) of students enrolled
3. the requirement that programmes are credit-based
4. the requirement that the HE institution is active in international co-operation.

Funding is formula-driven and derived by multiplying a tariff of 80% of the standardised tuition fee by the number of enrolled students. Students pay the remaining part of the tuition which is why the procedure is known as co-financing.

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The higher educational institutions define for themselves the purpose for which the funds are used, but are not allowed to spend more than 70% of the funds on salaries. The Ministry signs a contract with each co-financed faculty.

Regulations on co-financing postgraduate studies also foresee a payment of their reward to higher educational institutions for co-financed students that finish studies in three years for study programmes leading to the *magisterij* (Master's degree) or five years for study programmes leading to the *doktorat* (PhD).

Postgraduate students not co-financed cover the full cost of their studies. For the academic year 2001/2002 the state co-financed 3011 post-graduate students or 61 % of all post-graduate students.

Research funding takes place mainly through a system of tenders. The research within public HE entities is funded through research programmes, project funding, the funding of postgraduate studies (including PhD programmes) and the funding of research infrastructure. Research programme financing, constituting about two-thirds of research funds, is for 5-year research programmes. Project funding, roughly one third, is for short-term projects.

The public research organisations consist of universities (Ljubljana, Maribor and the recently established Primorska university), 17 national research institutes and some 33 other public research organisations.

Slovenia has managed to organise a relatively stable pattern of financing public research institutions and universities. In terms of expenditure on R&D (1.5% of GDP in 2000), Slovenia is closer to the EU average than any other candidate country. In 2000, R&D in the HE sector accounted for 17% of overall expenditure on R&D in the country. As part of its national development plan, Slovenia intends to establish an intermediary body by the end of 2003 that will distribute research funds. Public-private arrangements and international co-operation are very much stressed.

### **Some Specific Issues Related to Funding**

Introduction: a list of special topics

After having characterised the HE funding methods of the four countries in the previous section, the discussion now turns to a number of specific issues related to funding decisions and reflects the practical problems that HE institutions and their national (funding) authorities are confronted with. Many of the issues are interrelated but are presented here separately for the sake of discussion. The specific problems addressed have certainly not yet been 'solved' for the higher education systems in Western Europe – perhaps they never will be – but 'Western' experience may help in analysing them.



The issues are:

1. To what extent should governments (or educational authorities) decide what to fund, thereby influencing patterns of enrolment?
2. What percentage of education costs should be derived from student fees?
3. Who should pay for the research component in advanced education?
4. Recognising that higher education institutions are generally accountable for how they deploy public funds, should the use of funds be as free as possible from external control?
5. Given the state of deferred maintenance and neglect in the higher education sector's physical assets (buildings, equipment), how should funds be made available to solve these problems and how should priorities be established for these purposes?
6. Should the entire allocation, or part of it, be decided by the application of a formula?
7. What constitutes equitable treatment among the institutions in funding matters, and how can this be achieved?

We now make a few remarks on each of these issues.

#### Public policy and market forces

The main question addressed here is: 'Should funding be based simply on numbers which reflect student choice, regardless of cost, or perceived social or economic need?' In other words, should students be allowed to register in the programme of their choice, even if the possibility of employment in that profession seems low? In the latter case, funding is determined by market-forces. In the former case, funding mechanisms are designed to encourage students to choose an educational career that will lead them to enter professions where there is a direct need for personnel. This type of funding is known as targeted or selective funding, because the government influences patterns of enrolment by deciding what to fund. The situation is complicated by the fact that labour-market predictions are usually unreliable and that policies based on them cannot be adjusted as quickly as societal needs change.

*Table 2: Central planning of funded student places?*

	centrally planned?	additional remarks
CR	yes: "negotiated"	but institutions accept more students
HU	yes: "admitted"	centrally fixed by government
PO	no: "rat race"	institutions decide, but funds remain the same
SL	yes: "contracted"	in addition, institutions accept part-time students

In Table 2 we show the situation for the four countries treated in this chapter. Three out of the four countries still rely very much on central planning. However, students not able to gain a funded place are often given the opportunity to enrol as a self-financed student, either in a public or a private institution. The downside, at least for students, is that they are likely to have to pay sometimes substantial tuition fees.

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There are two main reasons why selective funding is not often utilised by many Western governments: (i) the need for adaptability (institutions and students must be able to react to changing circumstances and this need is likely to increase in the future); and (ii) while many HE degrees relate closely to the practice of certain professions, they should not be seen simply as providing a guarantee of employment.

Regarding the first reason, some argue that the majority of institutional funding for education should not be earmarked, because institutions should not be encouraged to offer narrowly-defined programmes. More broadly-based first degree programmes should give students the maximum opportunity to acquire important critical (scientific) skills rather than in-depth knowledge of a particular discipline. In fact, having advanced knowledge in a specialised area may preclude an individual from making a career change in response to a new societal need.

The other side of the coin is that governments are major employers, especially in the fields of education and health. It is possible to predict retirement patterns and to encourage the training of teachers and health professionals so as to avoid the extremes of shortage and over-supply and to maintain overall quality.

Accountability for the use of public funds is also relevant. HE institutions have demonstrated persistent resistance to change, urging the funding of more staff when student enrolment in a discipline increases but reluctant to reduce staff when enrolment decreases. Institutions must be both transparent (i.e. using procedures and implementing policies which are available for public scrutiny) and accountable (i.e. willing to be judged by their own mission statements and the priorities set forth in them). A constructive step might be to develop a system-wide agreed upon set of criteria and procedures for the elimination of courses and/or programmes for which there is no longer any demand or which do not meet agreed accreditation requirements. The viability of consolidating departments – creating a single comprehensive unit instead of keeping two or three smaller ones – could also be considered. In a similar vein, the effectiveness of several universities starting up new courses which duplicate popular/successful ones at other institutions may also be regarded as questionable.

## Student fees

In many Western economies, tuition fees for students in higher education have risen considerably without commensurate increases in available student aid. Policy-makers often justify this trend by stating that students are the chief beneficiaries of advanced education and should therefore bear most of the cost.

The question of what constitutes a reasonable fee for students is a contentious one. Should there be differential fees for different programmes (meaning, for example, that students should pay more to study agriculture, engineering or medicine than for language studies, law, journalism or sociology)? If differential fees exist, what factors should determine the difference? Other questions include: who should set the level of the fees, who collects them, and will fees discourage some individuals who would otherwise have attended a HE institution?

The question of appropriate fees depends on whether fees already exist in the higher education sector and, if so, what level they have reached. Also, the existence of student aid schemes is important. When introduced or adjusted, fees may be related to the programme costs or salary expectations of graduates of the programme. They may also reflect the quality of specific programmes or be made dependent on an estimation of the benefits to graduates or society. There is no simple answer to the multi-dimensional problem of fee levels.

In the next chapter of this book, the issue of fees and student support programmes to help students pay for their higher education is discussed so we will not treat it here. However, because it relates to institutional funding and institutional autonomy, we need to point to the issue here.

#### Who pays for research?

There is a growing trend in Western Europe for governments to provide research funds separately from the general institutional allocation for education. Greater efforts are also being made to encourage HE institutions to obtain research funding through alternative sources such as private or government-operated research foundations and from businesses. One suggestion for increasing university income is for the government to match (up to a stated figure) contributions by third parties.

If government pays for research, the pertinent question becomes how much and through what mechanism? This question was treated in the previous section for each of the four countries. The conclusion reached was that many systems treat research separately from teaching, with some governments providing modest funding for teaching-related research. The bulk of research funding is provided through competitive channels and a quite substantial role is played here by the Academy of Sciences. When competitive funding is in place, funding is often distributed by buffer agencies such as Research Councils.

If the private sector subsidises research we touch upon the issue of entrepreneurialism. This is a very contentious issue, especially in countries where higher education has always been regarded as a pure public affair. However, with governments actively promoting the generation of non-government resources and some institutions demonstrating remarkable successes, entrepreneurial activity has become a 'fact of life'. The HE sector simply cannot do without it anymore.

It is difficult to give an indication of the share of contract income for each of the four countries. However, all actively promote the generation of supplementary income by HE institutions and try to stimulate co-operative research efforts between HE institutions and business or research institutes.

An issue that becomes important is whether barriers to engaging in entrepreneurial activities exist. All of the countries report no real obstacles here. The only obstacle mentioned was the lack of resources and the absence of connections to the private

sector that prevent institutions from building up a track record and reputation in carrying out contract research.

#### Institutional autonomy and control over public funds

The question here is whether it is desirable for funding authorities to limit and prescribe how public funds should be spent by HE institutions. Earlier, we made a case for *lump sum funding*, specifically because it would allow the recipient institution to decide, on the basis of its own criteria and experience, how to use the funds. The underlying idea is that those directly engaged in (or supervising) the basic activities should be capable of finding the best possible use for the resources granted to them, especially if they are simultaneously held accountable for the resulting costs.

*Table 3: Lump sum funding in place?*

CR	Yes
HU	Yes
PO	Yes
SL	Not yet

Table 3 makes clear that lump sum funding is evident in each HE system except for the Slovenian one. However, Slovenia plans to introduce lump sum funding have been prepared and the question now is how increased autonomy in financial matters can be combined with the ‘right’ amount of external and internal control.

Institutional leaders anywhere will welcome being made responsible for their decisions and the resulting costs only if they are also given the resources to cover the costs. This extends to the authority to cut certain expenditures and redirect the released funds to alternative and more worthwhile ventures.

This means that knowledge and information about costs and opportunities is crucial. It also requires institutional leadership to have the authority and the will to act upon the results of outcomes of cost-benefit studies, to be prepared to downsize or close programmes that have become too small or expensive, and to move the released funds to programmes with a higher priority. This is called ‘growth by substitution’ and is on the agenda of institutional leadership in all HE systems experiencing a shortage of funds or in need of institutional change. ‘Growth by substitution’ is perhaps the biggest challenge facing HE institutions anywhere in the world today.

HE institutions in previously bureaucratic and centrally planned economies can only change during times of financial austerity when resources – including people – are reallocated. This is difficult in all types of organisations and systems, especially in a society where jobs have been virtually guaranteed for many years. Because it is often difficult to get institutions to change, it may sometimes be worthwhile to make use of earmarked funding, especially when major system-wide objectives must be reached in the short term. However, the question is one of finding a right balance between earmarked funds and general lump sum allocations.

It goes without saying that even with lump sum funding all spending has to be directed towards the general objectives of any higher education system: teaching and research. Inefficiencies and unintended use of public funds should be prevented or at least mitigated. Therefore, higher education institutions will have to keep sound financial accounts and observe high reporting and accountability standards. It is also evident that increasing HE institutions' autonomy and their control over the use of (public) resources can only work if the institutional management has sufficient capacity and meets high standards.

#### Deferred maintenance and new construction

The stringent financial constraints imposed on HE institutions in many formerly centrally planned countries are nowhere more apparent than in the condition of their buildings. Many necessary repairs and additions to buildings have been deferred. The question is whether special allocations should be made for these purposes. If so, how should the priorities be established? There are at least three ways of approaching this (very costly) problem:

1. assume that institutions will allocate some operating funds to a systematic maintenance programme;
2. allocate to each institution a sum of money which may only be used for maintenance; and
3. establish a (regional) priority list and fund the highest priority work each year.

Since the first may not be the most appropriate way of solving the problem, restricted funding probably offers a better solution. Specifically, what is needed is an objective method for establishing the space and equipment standards for academic buildings. This would mean funds would be directed not only to institutions with buildings in disrepair, but also to those with well-maintained but insufficient space.

Institutions might be asked to present an inventory of their buildings, identifying major needs and necessary repairs and outlining a plan that seeks to maintain the buildings in the long run. Earlier, we presented the case of Hungary where capital investment plans are made in a way that resembles option (iii). In general, an investment plan could be based on a system of depreciation, together with an internal (i.e. institutional) revolving construction fund.

Deciding on the best way to go forward in this matter is all the more relevant in the case of systems where HE institutions – like in the Czech Republic, Slovenia, and Poland – own their buildings.

### Formula funding

Earlier in this chapter we discussed resource allocation methods argued that each transfer mechanism has its incentives. We justified the use of these methods as encouraging HE institutions to be efficient and responsive to changing demands from students and the labour market. In any case, allocation methods will have to be transparent, meaning that educational authorities should clearly express their commitment to the sector and, in line with Figure 1, translate this into clear objectives (goals) and incentives (instruments), both of which are reflected in the funding basis, the funding level, funding conditions, and accountability requirements.

*Table 4: Funding formula in use?*

CR	Yes, plans for revision (introduction of output measures)
HU	Yes
PO	No (formula 'suspended' and replaced by incremental method)
SL	Yes, plans for revision (introduction of output measures)

*Formula funding* is the result of applying straightforward rules to the decision over which institution should receive what sum of money. It normally takes into account such elements as overall enrolments, programme costs, research capacity (in fte), administration and maintenance add-ons. From Table 4 it is clear that, apart from Poland, the four countries all employ formulas to derive the teaching budget for the HE institutions.

The advantages of a formula include the following (see for example Lasher & Greene, 1993):

1. money is no longer allocated in an ad hoc manner, but according to certain guidelines, some of which are quantifiable;
2. the process is clear to the institutions concerned and to the general public;
3. the roles of the funding authorities (or agency) and the institutions reinforce accountability; and
4. HE institutions may engage in more realistic planning.

Funding based on the application of a formula is easy to defend, as it is the result of a mathematical exercise. Yet problems still can arise. We mention the following:

- reliable data do not exist,
- the base (the starting point) is not appropriate,
- the formula does not reflect the complexity and diversity of the HE institutions and activities in the system.

In such cases, one of the principles of formula funding, that equal institutions are treated equally and receive equal amounts of funds (see below), is absent. Some formulae will have to be 'fine-tuned' so that they more clearly reflect the needs of different institutions. The trade-off, however, is that such efforts are likely to affect the transparency of the funding mechanism.

To inform discussions on the adequacy of the formula, the costs of offering the same programme in different institutions need to be estimated. Until it is known what it costs to provide a particular programme, the process of establishing programme weights will inevitably have to be based largely on intuition and hence open to question.

Other factors influencing the funding formula include: (i) the size of the institution; (ii) the age of the buildings; (iii) the geographical location; (iv) research; (v) special responsibilities to the local community; and (vi) performance in relation to agreed goals. The development and use of funding formulas presupposes decisions over which programmes should be offered where, and at what level. It also presupposes that some form of performance assessment is in place, both within institutions and across the system.

Our personal view is that formula funding is a very effective allocation mechanism, based as much as possible on genuine differences among the institutions and facilitating progress towards achieving the goals of accountability and transparency. The key elements in a formula will normally include enrolment (both system-wide and in individual institutions), enrolment thresholds (for each institution and for certain programmes in institutions) and programme weights, or funding rates (see Table 5). These constitute ‘input elements’ in a formula, distinct from ‘output elements’ like performance in terms of quality and efficiency (system-wide and in individual institutions).

Table 5: Number of funding rates underlying the teaching budget

CR	6 normative rates
HU	4 funding categories
PO	not applicable
SL	5 normative rates

### Equity

Closely related to the above-mentioned issue of the appropriateness of the components incorporated into funding formulas, is the problem of what constitutes an *equitable* funding mechanism. Equitable conditions are deemed to exist when institutions in similar situations are treated similarly and those in different situations are treated in a manner commensurate with their differences. The equity principle reflects the goal of treating people and groups in ways that reflect their different features, needs and obligations. Because no two institutions are identical, the significance attached to differences is a source of continuing controversy when, for instance, a funding formula is to be developed or maintained.

Therefore, one of the major challenges to achieving some degree of funding equity arises from the degree of diversity in higher education institutions – ranging from small, single-discipline and specialised, to research-intensive and multidisciplinary. An equitable funding situation can be approximated by a funding formula that includes agreed programme weights, which in turn are based on actual programme costs. However, the desire to agree on programme weights for a range of different

programmes and institutions may conflict with the need to keep the funding formula relatively simple. Table 5 has shown that, like in other European funding mechanisms, three of the four countries have agreed on a limited number of funding rates to be used for funding programmes that have more or less similar cost structures.

However, formulae will always be open to criticism, especially in times of severe financial constraints. In order to obtain greater funding, HE institutions may try to use the funding methodology to their advantage by manipulating the information and inputs on which the formula-outcomes are based. Alternatively, particular HE institutions can try and claim extra non-formula funds on the basis that they are in an exceptional position or deliver unique (e.g. high quality) services.

Apart from programme weights, formulae may or may not include special provisions for small enrolment programmes. In these programmes, the fixed costs of labour (professional salaries) and capital (equipment) must be spread among small numbers of students. Governments that employ a linear formula for the funding of teaching (one that does not include a fixed allocation to each institution/department irrespective of the number of students) may be deliberately aiming to steer institutions towards achieving at least a minimal level of programme enrolment.

### **Concluding Remarks**

This chapter has argued the need for analysing funding issues in a wide context. One needs to take into account both the overarching objectives of the HE system as well as those of individual providers. Doing so forces those in a position to act on funding issues to also address broader notions like access, quality, social-economic needs, and labour market projections. In the end the question is one of *ambitions*: what does the country want to achieve and to what 'class' does it want to belong. Only then can questions about the funding *mechanism* be included in the picture. What is an appropriate way of funding HE providers (and their students) to achieve such objectives? This is in fact a two-part question: one has to consider not just the level of funding (along with contributions from either public or private origin) but also the mechanism of providing public funds for education and research.

The way funds are made available does make a difference. Performance depends not only on available resources but equally on how available resources are allocated, what incentives are incorporated in the funding models, and which responsibilities are given to institutional leaders and individuals.

Several funding models were presented in this chapter. First they were considered abstractly and placed into a general categorisation, stressing the dimensions of performance orientation and individual (decentralised) decision-making. From this, it was shown how the funding of education and research in the Czech Republic, Hungary, Poland and Slovenia fits into such a framework. Finally, in the last section, we discussed a number of specific policy issues that should also be considered when tackling the multi-faceted problem of funding HE institutions.



Whether the four countries will be successful in realising their ambitions within the confines of financial constraints and many other problems will heavily depend on the interplay between policies, people and available (human and financial) capital. This interplay, in turn, depends on each country's institutional framework which, following North (1993, pp. 215), may be defined by "the informal constraints and formal rules and their enforcement characteristics ... that provide the rules of the game of human interaction".

Especially since 1990, these four countries have sometimes rapidly pursued institutional reforms in the process of transforming into a more market-driven society. Some of the reforms have had direct consequences on the HE sector. Clearly, the HE funding mechanism is an important ingredient of the institutional framework, and, as shown in this chapter, funding reforms have been carried out or are currently underway. In some cases though funding reforms have come to a standstill, particularly in the biggest country of the four: Poland.

Looking beyond the institutional reforms manifested in the funding models, we can conclude that financing mechanisms will need to provide incentives (the 'carrots and sticks') if higher education institutions are expected to operate efficiently and work towards desired results. The trends and practices in Western Europe point increasingly toward more market-based, or performance-oriented and decentralised types of funding mechanisms. This means that institutional budgets depend more on student choice and less on central planning. For research budgets it implies that, like elsewhere in Europe, competitive funding is the main allocation mechanism.

Whether HE systems and providers meet their objectives will need to be monitored. Importantly though this does not mean that the state is prescribing the institution's activities or controlling its expenses. Rather, it implies that the state will need to communicate with HE providers and set out clearly what it expects institutions to deliver and provide institutions with reasonable budgets to work towards agreed goals. Again, this may require a reshaping of budget management or greater institutional autonomy to make decisions on using and generating sufficient resources. Greater responsibilities and autonomy in financial and managerial matters go hand in hand with clear accountability standards. It also requires that governments are prepared to act upon information collected on institutional quality, efficiency and equity.

Surely, this is a difficult task and the job will not make policy-makers very popular. But it needs to be done: Building an intelligent nation requires intelligent policies.

**Ben Jongbloed** is a Senior Researcher at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

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## 7. Tuition Fees and Student Support; An issue of cost sharing?

*Hans Vossensteyn*

*With special thanks to Vladimír Stejskal and Aleš Vlk (Czech Republic), Josef Reffy (Hungary), Piotr Wach (Poland), Darinka Vrečko, Eva Marjetič and Aleksandra Kovač (Slovenia)*

### Introduction

This chapter focuses on the financial position of students in the Czech Republic, Hungary, Poland and Slovenia. It explores both policies and developments in the area of tuition fees and student financial support and particularly addresses the question of how these four countries deal with the increasing demand for higher education in a situation of limited public resources. In many countries around the world, students have been required to contribute more towards the costs of higher education. Often this is referred to as ‘cost sharing’, which is defined as “the predominant development towards a gradual transfer of the financial costs of higher education from governments towards the students and their families” (Johnstone and Shroff-Mehta, 2000). Because public funds in the four countries are limited, it is likely more emphasis will be placed on cost sharing in order to meet the growing demand for higher education.

Cost sharing can take various forms, like the introduction or increase of tuition and other fees, a reduction in grants, an increase in student loans, and the development or growth of private higher education. The central questions of this chapter are to what extent the phenomenon of cost sharing is relevant for the Czech Republic, Hungary, Poland and Slovenia and what this actually means for the financial position of students in these countries.

To explore these questions, the chapter is structured in the following way. The first section addresses the debate on the distribution of costs and benefits between students and societies as a whole. The next section explores the four major ways of cost sharing. The following four sections are country descriptions that address how cost sharing actually takes place in each country. We pay particular attention to national developments in tuition fees, student support and privatisation of higher education. The final section provides a brief comparative overview and reflection on the positions adopted in the four countries.

### The public-private debate

In many countries, the answer to the question ‘who should pay for higher education?’ has traditionally been ‘the government’ on the view that higher education is a public service (not to mix up with a public good). Gradually, however, higher education is has come to be regarded as a shared responsibility between students and society.

The notion of ‘cost sharing’ revolves around the following argument. Public funds are limited. As a result, higher education has to compete for scarce public resources with other important public services, like health care, infrastructure, and primary and secondary education. In addition, the demand for higher education is growing, which implies even more resources will be necessary to maintain existing quality. Because students often gain substantial private benefits from higher education, as evidenced by wage premiums compared to individuals having only secondary schooling, fairness dictates that students (and their families) should pay part of the costs of study. Finally, it is believed that if students pay part of the costs of higher education they will make better-informed choices. Not everyone, however, shares this view. Some suggest that private contributions may hinder access to higher education, particularly for students from disadvantaged groups. In addition, there is also the view that the social benefits of higher education justify full public subsidies.

The debate makes clear that understanding private and public contributions to the costs of higher education requires some form of cost-benefit analysis. Table 1 provides an overview of the major costs and benefits of higher education and to whom these devolve.

*Table 1: The private and social costs and benefits of higher education*

	Private	Social
Costs	<ul style="list-style-type: none"> <li>• Tuition fees and study materials</li> <li>• Foregone earnings</li> </ul>	<ul style="list-style-type: none"> <li>• Operating costs of programmes</li> <li>• Student support</li> <li>• Foregone national production related to students</li> </ul>
Monetary benefits	<ul style="list-style-type: none"> <li>• Higher productivity and (thus) higher net earnings</li> <li>• Better job opportunities</li> <li>• Higher savings</li> <li>• Personal and professional mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Higher national productivity</li> <li>• Higher tax revenues</li> <li>• Higher flexibility labour force</li> <li>• Higher consumption</li> <li>• Less dependency on government</li> </ul>
Non-monetary benefits	<ul style="list-style-type: none"> <li>• Educational consumption</li> <li>• Better labour conditions</li> <li>• Higher personal status</li> <li>• Higher job-satisfaction</li> <li>• Better health and life expectations (also for siblings)</li> <li>• Improved spending decisions</li> <li>• More hobbies and value of leisure</li> <li>• Personal development</li> </ul>	<ul style="list-style-type: none"> <li>• Social cohesion, appreciation of social diversity and cultural heritage</li> <li>• Higher social mobility</li> <li>• Lower criminality rates</li> <li>• More donations and charity work</li> <li>• Increased capacity to adapt to new technologies</li> <li>• Higher social/political participation</li> </ul>

Source: Jongbloed & Vossensteyn, 2002; Worldbank 2002

The table shows that higher education imparts substantial monetary and non-monetary benefits to both society and individual students. The major difficulty however is precisely measuring the extent of the benefits. Not all can be measured according to a single measuring scale, if they can be measured at all. Nevertheless, *rates of return analyses* provide a baseline estimate of the pure economic value of education, including only the monetary costs and benefits of education (Dolton *et al.*, 1997). These studies often suggest substantial private rates of return to higher education (Leslie and Brinkman, 1987; Heller, 1997; Steel and Sausman, 1997; Blundell *et al.*, 2000; OECD/UNESCO, 2002). Consequently, if individual students gain from higher education it is fair that they should also pay (part of) the costs (Eurydice, 1999). Additional non-monetary private benefits make the argument even stronger. However, the argument is less concrete in a situation of low private rates of return. This is, for example, the case in countries like Denmark, Finland, Norway and Sweden.

Next to the arguments for private investments in higher education, there are three major arguments supporting government subsidisation of education: positive externalities, capital market imperfections and equity considerations (Oosterbeek, 1998). Positive externalities from education are also shown in Table 1; they address the effects that bear upon others than those investing in higher education. Based on the monetary external effects, like the presumed effects on economic growth and increased tax payments from graduates, the social rate of return to higher education can be calculated. Recent studies show that the social rates of return are substantial in developed countries, ranging between 6% and 15% (OECD, 2001). If we also take into account the non-monetary benefits of higher education (see Table 1) there is also a case for substantial public investments in higher education (Geske and Cohn, 1998).

Capital market imperfections refer to the fact that investments in higher education involve risks for students because they are uncertain about their abilities and future jobs. As a result, students may have difficulties in getting loans from private banks to pay the study costs (Oosterbeek, 1998). In other words, both students and banks will be reluctant to make human capital investments. To prevent an underinvestment in education, governments may intervene, either by guaranteeing bank loans or by offering loans themselves (Barr, 1998).

The third argument for government subsidisation of higher education relates to equity concerns: redistributions between rich and poor (Barr, 1998). From a lifetime equity position, public subsidies to students seem unfair because they will probably belong to the future group of above average earners. However, at the moment of attendance it may be argued that public subsidies are needed in order to equalise entrance opportunities for potential students from different social-economic backgrounds. Otherwise, students from disadvantaged backgrounds may not enter higher education.

Altogether, the available evidence on the costs and benefits of higher education indicates that higher education is a shared responsibility between students and society. This chapter now proceeds to elaborate on the way higher education costs are being shared between societies and individual students. The next section provides a general discussion of how cost sharing is brought to bear.

## Four Ways of Cost Sharing

### Tuition fees

There is still considerable ambiguity in the tuition fee debate (Eurydice, 1999). Proponents argue that the often high private rates of return to higher education justify private contributions, though different rates may emerge for different subjects, disciplines, institutions or countries. Tuition fees are also regarded as a type of market mechanism that stimulates quality, guaranteeing that students (and governments) get value for money. In addition, tuition fees are often argued to sustain the lifetime equity principle because the prime beneficiaries from higher education pay part of its costs through fees. Finally, it has also been suggested that if people experience (part of) the costs of higher education through paying fees, they will make well-thought and thus more efficient enrolment decisions based on their abilities, interests and aims.

Opponents of fees, however, claim that higher education generates considerable positive externalities that justify high public subsidies. In addition they stress that fees impede access to higher education, particularly by preventing students from disadvantaged backgrounds attending higher education leading to social exclusion. This equity argument is frequently stressed in countries where higher education traditionally has been tuition free. The opponents of fees also claim that quality and well-thought enrolment decisions can be stimulated in other ways, for example through quality assurance mechanisms.

Regardless of the perceived advantages and disadvantages of tuition fees, it is a fact that fees have become more important in many countries (Vossensteyn and Dobson, 1999). A number have introduced or re-introduced tuition fees (e.g. Australia, Austria, the United Kingdom and Russia). In other countries, like Canada, the Netherlands and the United States, tuition fees have been increased, whereas fees are being debated in countries like Germany, Ireland and some Central European countries. In some countries, however, tuition fees seem not to be an issue. This is the case in Belgium and France where tuition fees are kept at relatively low levels. Another group of countries uphold the principle of free admission to higher education, the Nordic countries in particular.<sup>1</sup> Finally, the opposite development can be seen in Ireland and Scotland. The Scottish government replaced tuition fees with a graduate tax in 1999. The Irish government nullified fees in 1995 but a reintroduction is under discussion in 2002/2003. How the issue of tuition fees is worked out in the four countries under study will be discussed in later sections.

### Loans versus grants

Cost sharing can also be accomplished by means of student loans in place of grants and scholarships. Because student loans have to be repaid, student loans are more efficient than grants or scholarships from a public perspective. Through loans the prime

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<sup>1</sup> Denmark, Finland, Norway and Sweden have difficulties with tuition fees because the wage difference between graduates and non-graduates is relatively small.

beneficiaries of higher education pay part of the costs of study rather than the general taxpayers.

But loans also include costs, like administration costs, interest subsidies and costs of non-repayment (default). What is more, loans are also argued to harm access for students from disadvantaged backgrounds, whereas grants could potentially help to widen access to higher education through reducing social-economic inequalities.

Grants are direct subsidies to students that do not have to be repaid. They often are utilised to reduce the costs of study, either for all students or for particular target groups. Offering grants to all students can be done as a way of expressing national involvement in higher education. However, because public budgets are limited, choices must invariably be made between those who receive public subsidies and those who do not. As such, grants are often offered to students from lower income families in order to offer equal entrance opportunities for students from various socio-economic backgrounds and thus to widen access. At the same time grants can also be directed at high-achieving students in order to attract the most capable students (to particular studies or institutions). Because the best students often come from more-affluent families and will have the highest future earning potential, it is questionable whether public subsidies should be used for such support.

Because of limited public funds and a growing emphasis on the private returns to higher education, the 1990s have witnessed a trend towards incorporating student loans within broader systems of student support. In some countries loans are provided as an additional financial facility to students to meet the costs of study, as in Australia, Austria, Canada and the US. In other countries student loans have replaced existing grants and scholarships, such as in the Netherlands and the UK. The Nordic countries have traditionally placed strong emphasis on loan financing. Finally in some countries there are no student loans (e.g. in Belgium, Spain and Italy) or they are of little importance (e.g. in France and Germany).

Student loans vary in terms of target groups and repayment conditions. Conditions can include fixed versus flexible repayment periods, fixed versus flexible repayment amounts and the level of interest being charged. Such characteristics can heavily influence the attractiveness of such loans. Income contingent loans attract a lot of attention because of their flexible repayment method. In such a system, graduates repay their debt as a percentage of their income (through taxes). Graduates repay quickly if their income is relatively high, but slowly in periods of low income. This type of repayment has been introduced in Australia, Hungary and the UK.

#### Parental contributions, indirect support and students' own resources

In many countries, students are legally or morally regarded as being dependent on their parents. This applies for example in Austria, Belgium, Germany, France, Italy, Portugal and Spain. In these countries, parents of nearly all students receive indirect student support in the form of family and/or tax allowances. But family allowances and tax benefits have also been criticised because it is difficult to define the precise

objective of these forms of assistance and because students claim to be financially independent from their parents. It is not certain that parents will pass on the family benefits to their studying children. In addition, the arrangements often are complex and tax facilities often offer higher benefits to better-off families. In countries where living costs rise more rapidly than average wages, the burden for parents becomes larger.

In countries where students have a (partially) independent financial status, the role of parental contributions is growing. This can be seen in Denmark, the Netherlands and the UK. Because student support becomes more loan oriented, parents are making increasingly larger contributions in order to prevent children from accumulating high study debts. Another tendency has been for students increasingly to seek part-time work to help defray study costs, to avoid student loans and to afford higher living standards. Not only are more students taking part-time jobs, they are also working more hours.

#### The growing importance of private higher education

The final form of cost sharing is addressed by the development of private higher education. Many public systems of higher education have insufficient capacity to satisfy the rapidly growing demand for higher education. Private higher education establishments have increasingly been used to help meet (part of) this demand for higher education services. In most cases, private higher education institutions require students to pay cost-covering or even commercial tuition fees. Hence, a greater portion of higher education costs are being borne by the students and their parents. This particularly occurs in programmes with a high expected private return.

All in all, two major developments in Europe are apparent. First, under pressure of a growing demand for higher education and limited public funds, it is likely that the individual contributions to the costs of study will increase. Second, the discussions tend to emphasise the fairness of private contributions under the condition that equal access will be protected. Consequently, it can be expected that sooner or later, tuition fees, student loans and parental contributions will gain importance in the financing of higher education (Jongbloed and Vossensteyn, 2002). In the next sections, we will discuss the developments and policies in relation to cost sharing in the Czech Republic, Hungary, Poland and Slovenia.

#### **Czech Republic**

In the early 1990s a new Higher Education Act brought a number of positive and significant changes, particularly in the area of decentralisation and self-governance to Czech higher education (Šebková and Beneš, 2002). Yet, only a few changes were made regarding the diversification of financial sources for higher education institutions, including the possible introduction of tuition fees. The tradition of free higher education was not changed. In accordance with the 1998 Higher Education Act, however, the Ministry of Education, Youth and Sport promoted the concept of multiple-source financing on the grounds that it would make higher education



institutions more self-reliant. Higher education institutions also became fully responsible for student scholarships.

#### Role of (tuition) fees in public higher education

The Higher Education Act of 1998 allows public higher education institutions to charge some study-related fees. These include fees both for entrance procedures (covering the administrative costs of the procedure) and study-related fees for students exceeding the nominal duration of study by more than one year. The latter fee seeks to prevent students from using too much time and public resources to complete a degree. Though it has been debated several times since 1990, regular fulltime students still do not have to pay tuition fees, irrespective their mode of study (face to face instruction, distance learning or combination of both). In terms of the entrance examination fees, the Higher Education Act sets a maximum level of 547 CZK or approximately €18 2002/2003 (McMullen, 2000). The available evidence suggests many institutions levy this maximum amount.

The act also prescribes a minimum fee for students exceeding the nominal duration of study by more than one year. The amount is based on the average that higher education institutions receive per student in non-capital expenditure from the state budget. For 2002/03 this amounts to 684 CZK (€22) per month (Šebková and Beneš, 2002). Within the limits stated by the Act, public higher education institutions have considerable autonomy regarding the real level of fees, which they actually use. The resources public higher education institutions collect from the study-related fees in the case of exceeded time of studies must be invested in an endowment fund and distributed among the institution's own students via scholarships.

In terms of free higher education combined with moderate level study-related fees, it must be stressed that the wages of graduates versus those of non-graduates have only begun to differ marginally in the last decade.

Because the demand for higher education is still greater than supply (about 40% of applicants are rejected), a new mode of study has been put in place since 2001 on the initiative of an opposition group within the Czech parliament (Svatoň and Vlk, 2003). These courses are called lifelong learning courses and institutions are allowed to charge their own tuition fees for them. Many students enrol in this mode of study, particularly those waiting to get into the regular full-time higher education system. Students can use the credits from such courses (up to 60% of the whole content of the intended study programme) provided they successfully pass the entrance procedure and enter a full-time higher education programme in the same field of study.

Finally, institutions may also request tuition fees from foreign students if study is undertaken in a foreign language. Tuition fee revenue from lifelong learning students and foreign students can be fully used at the discretion of the institutions. It does not have to be used for scholarships, though that is allowed.

### Student financial support

Higher education institutions bear the responsibility for providing scholarships to students. The funds institutions have to use for scholarships come from the study-related fees levied on long-term students. Institutions also decide themselves for what purposes they provide scholarships (Šebková and Beneš, 2002):

- excellent study results
- excellent research results that enhance knowledge
- poor social situation
- support Czech students for study abroad
- support foreign students for studying in the Czech Republic
- support doctoral students
- cases of special consideration

A recent social survey among roughly 1500 students (less than 1% of the total number of students) showed that about 40.5% of students receive social support at an average amount of 880 CZK (almost €30) per month, which covers about 21% of the average monthly student expenditure (4100 CZK, €140). These findings are high compared to general impressions about student support. In addition, the survey showed that just over 6% of the students receive merit-based scholarships totalling on average 1020 CZK (€35) per month, which covers roughly 25% of monthly expenditures.

Another type of public scholarship allocated to higher education institutions is support for full time doctoral students. Such scholarships officially amount 75.000 CZK or €2500 per student per year (in 2002).

The Czech Ministry of Education provides scholarships to foreign students in Czech higher education who come from countries with which the Czech Republic has international student exchange agreements. These scholarships have a maximum duration of one year and in academic year 2002/03 amounted to a maximum of 5000 CZK (€167) per month for Bachelor's and Master's students and CZK 5500 (€183) for doctoral students.

There are no publicly offered student loans in the Czech Republic, nor are there plans to develop a loan system. Though students can apply for private loans, these can be expensive and unattractive. Some banks however try to make attractive arrangements for students.

Finally, Czech students are also eligible for indirect subsidies. The state pays for health insurance for students, which is about €335 per student per year. In addition, students may receive subsidies for accommodation and boarding. The public budget for dormitories and student restaurants has remained rather stable over the last decade, but due to an increasing number of students and inflation, the average per student subsidy has decreased. It is given as a part of the lump-sum budget from the state to higher education institutions.

There is no concrete information on the effects of tuition and other fees on participation, nor on the socio-economic composition of the student body.

### Role of parental contributions and students' own resources

Traditionally, parents were responsible for the study-related costs of their children. With the introduction of study-related fees, this financial responsibility has been slightly extended, particularly if students exceed the regular duration of study by more than one year and have to pay monthly fees. Parents and students normally also have to bear the costs of study materials and living expenses. The latter have grown faster than average Czech income increases.

Only students entitled to institutional scholarships may get a portion of these costs covered. However, parents receive child allowances and tax benefits for students until the age of 26. A recent study on the students' financial position showed they spent, on average, roughly 4100 CZK (almost €140) per month, including some 3300 CZK (almost €110) for essential expenses on accommodation, boarding, travelling and study materials. About 91% of the students are supported by their parents, who contribute on average some 2660 CZK per month (€89). Cost differences of studies at public institutions depend largely on the living situation of students, the extent to which they have to pay study-related fees and potential scholarships students may receive.

In addition, students may also be involved in part-time work, which Czech students have increasingly done. A recent study on the students' financial position showed that about 23% of the students hold a regular job throughout the year and 68% are employed occasionally. They earn on average 1760 CZK (€59) per month. Students up to the age of 26 pay less tax than regular employees.

### Development of private higher education

The 1998 Higher Education Act also accommodated the development of private higher education. Private higher education institutions must be complementary to the public sector and also show a healthy financial basis. By the end of 2002 there were 27 recognised private higher education institutions, enrolling about 8000 students or about 3% of the total number of students in Czech higher education. In terms of new entrants, the private sector's share is about 7% (about 3500 students), though it is not expected that the private sector will substantially increase beyond this over the next years.

Private institutions have full autonomy to set their own fee structure and fee levels, without any interference by public arrangements. Tuition fees usually vary between €1000 and €1500 per student per year, but in exceptional cases can be up to €4000.

The government may provide subsidies to private higher education institutions only on the condition that the institution acts as a non-profit organisation. In practice this means that potential financial benefit should be used for the further development of the

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core activities of the institution (teaching and research). Such subsidies are only meant to be awarded in exceptional cases and have been granted only once so far.

### Conclusion

Developments in the Czech Republic over the past 12 years reflect only a slight tendency towards cost sharing. With the adoption of the Higher Education Act of 1998 some user fees were introduced for entrance procedures and for students taking too long to complete a study program. Though tuition fees have been debated, regular higher education is still tuition free. A start has been made toward developing a recognised private higher education sector. The private institutions charge tuition fees without limits which in exceptional cases reach considerable amounts. In addition, financial support for students is relatively poor and higher education institutions have full discretion over its provision. The average indirect subsidies for accommodation and boarding have decreased. All in all, students and their parents have to make greater contributions to study costs than before. Because the majority of students is still enrolled in fully subsidised public higher education, the increasing costs for students mainly stem from increased living expenses (in relation to lower wage increases).

To the outsider, there seems to be a clear need for more resources in Czech higher education to support any expansion efforts. Because public funds are limited, it can be argued or recommended to shift part of the burden of higher education costs to students (and their families). Since graduates have a better labour market position than non-graduates, in terms of (marginally) higher earnings and types of jobs, it can be regarded as fair that they bear part of the costs of their education. From this perspective, the developments since 1998 form only a first step in the direction of a fairer distribution of the costs of higher education. Introducing (moderate) tuition fees for fulltime (and part-time) students could be considered in a following stage. Entrance procedure fees and fees to long term students do not form a solid funding base for Czech higher education. As an additional way to relieve public funding, another recommendation would be to stimulate private higher education institutions into enrolling a larger share of the student population.

However, it must be stated that further arrangements in the direction of cost sharing cannot work without close monitoring of their impact on access to higher education. Finally, it must be stressed that trends toward cost-sharing must be accompanied by a strengthened mechanism to support capable students that may have access problems due to their (family's) social-economic position.

### Hungary

Hungarian higher education has changed substantially since the early 1990s, especially in relation to student financial arrangements. Of particular interest is the modification to the Law on Higher Education in 1996. Since then, higher education institutions have been allowed to admit self-financed students in addition to traditional students to the same programmes. The state-financed students are fully funded by the government whereas self-financed students pay the full costs of instruction. In addition, the budget

available for providing scholarships to students has not kept pace with the growth in student numbers or inflation. In 2001 a student loan mechanism was introduced to help subsidise living costs and tuition fees. Furthermore, parents now contribute substantially to the costs of study and living expenses or students have to take part time jobs. Finally, as in many other Central and Eastern European countries, private higher education was introduced in the early 1990s, though it still remains very limited.

### Role of tuition fees in public higher education

Traditionally, public higher education was free of charge in Hungary. However, in the mid-1990s (1994–1995), tuition fees were introduced for all students. The level was set at 20.000 HF (Hungarian Forints) per student per year, which is equivalent to almost €100. This reflects about 2% to 10% of instructional costs, depending on the programme. After strong protests, these uniform tuition fees were abolished for state-financed students in 1998. Only in exceptional cases, must students pay tuition fees, such as if they fail exams or repeat a semester or an academic year. In 2002, the highest tuition fee for such students was 70.000 HF (€300) per year (Reffy, 2003).

In 1996, an amendment to the Law on Higher Education (Chapter 3, section 7) allowed public higher education institutions to admit students willing to pay the full costs of instruction, beginning in 1997. As a result, Hungarian public higher education institutions now enrol two types of students: state-financed and self-financed. Students can be admitted on a self-financed basis under the following circumstances:

- Applicants who fail the required level in the entrance exam for admission to a state-funded study place, but who reach another lower limit (determined by the institution);
- Part-time students in evening or corresponding courses and distance learning students;
- Students studying for a second degree;
- Full-time state-financed students who exceed the nominal duration of a programme by one year or more. If the nominal duration of a programme is longer than 4 years, students are allowed to exceed the nominal duration by 1,5 years before they lose their state-financed status.

Table 2 shows that the share of self-financed students has increased significantly over the past years, both in absolute numbers and as a percentage of total number of higher education students enrolled.

Table 2: Number of students in Hungarian higher education (1996-2001)

Year	Students* (total, x 1000)	Self-financed students (x 1000)	
		Absolute	as % of total
1996	175	0	0.0%
1997	195	40	20.5%
1998	245	80	32.7%
1999	260	90	34.6%
2000	275	100	36.4%
2001	300	120	40.0%

Source: Reffy, 2003

Notes: \* These numbers include all students: full-time, part-time, in public, private and church related institutions. In 2001, only 16% of the full-time students were self-financed. This ratio is 8% for public institutions, 16 % for church related institutions and 46% for private institutions. In evening courses, about 60% of the students are self-financed.

The table indicates that by 2001 about 60% of students were enrolled in state funded places. In relation to the self-financed students, the higher education institutions are free to set their own tuition levels. The tuition should relate to the costs of instruction of a programme, but a difference from these “normative costs” is possible. Particularly in programmes where some self-financed students join a class of state-funded students, the fee may be relatively low. But in cases where classes are composed fully of self-financed students, the fees may be set at a higher rate because of the additional costs related to heating, electricity and extra lecture hours. Once a fee has been determined, it is regulated by government decree and institutions can only change the rate to compensate for inflation. This is to protect the self-financed students. The annual tuition fees for full-time self-financed students range between 200.000 HF and 1.400.000 HF (€860 – €6.000). Part-time self-financed students generally pay about one-third of that. Though the number of self-financed students has grown quite rapidly, it is not known whether tuition fees stifle access for particular groups of students, such as those from lower socio-economic backgrounds. Nevertheless, the possibility of self-financing has extended higher education participation substantially (Reffy, 2003).

In addition to tuition fees, students also must pay other fees, particularly for entrance examinations, repeated examinations and administration costs. Such fees vary between 5.000 HF and 15.000 HF (€22– €65).

#### Student financial support

To guarantee equal access to higher education, the Hungarian government has made in several efforts to stimulate and facilitate participation of low income students. One is by increasing the number of state-financed student places.<sup>2</sup> As a result, many of the nearly 80.000 high-school leavers have the opportunity to be admitted to a state-financed study place.

<sup>2</sup> In 1999 50,000; in 2000 and 2001: 55,000; in 2002: 58,500; and in 2003 62,000.

The main form of student financial support has traditionally been the provision of scholarships. The government distributes its student support funding among higher education institutions on the basis of the number of state-financed students enrolled in each institution. The normative amount per full-time state-financed student is 70.000 HF per year (€300). This amount remained stable between 1999 and 2002.

The higher education institutions decide, in agreement with the institutional student unions, how these funds are distributed among the full-time state-financed students. In general, most (70%–80%) of the support is given in the form of scholarships related to study achievement (merit-based). Students with high performances get relatively large scholarships, whereas students with low grades get no scholarships. Approximately 20%–30% of the support is distributed to students from poor families (though reliable income data are scarce). About 40% of the students benefit from these ‘social’ scholarships. All in all, about 80% of the full-time state-financed students receive scholarships between 30.000 HF and 150.000 HF (€130 and €650) per year (Reffy, 2003).

Students may be eligible for some other scholarships provided directly by the Ministry of Education. Based on academic excellence, about 1% of the full-time state-financed students receive a ‘scholarship of the republic’, which amounts 275.000 HF (€1200) per year. Students from low-income families who meet particular performance requirements may also receive a 1.000.0000 HF (€435) scholarship from the ‘chance for learning fund’. This fund distributes about 4000 scholarships annually.

From 2000 onwards, another support scheme for low-income families has been established. In this scheme local authorities provide scholarships to poor students permanently residing in the town or village and the Ministry of Education matches this. Almost half of the local governments participate in this scheme, assisting around 12.000 students per year.

Finally, state-financed PhD students receive government scholarships. These are independent of social status or study performances. The scholarships amounted 648.000 HF (€2800) in 2002 and 950.000 HF (€4100) in 2003.

Student loans were introduced in 2001. All higher education students are entitled to such loans for a maximum of 5 years and regardless of their income situation. Students studying for a second degree cannot apply for a loan. The maximum amount that can be borrowed is 21.000 HF (€90) per month (only 10 months per year). Students have to be under 35 years of age to be eligible. The loans have an income contingent repayment scheme whereby graduates pay 6% of their salaries. In 2002, some 30% of the students took out such loans.

Next to the direct financial arrangements there are also indirect subsidies. For example, the government subsidises student dormitories which accommodate about 43% of the full-time state-financed students. For these students, the government gives institutions 33.000 HF (€143) per year per student. Students are also required to pay the same amount. Renting a room generally costs students between 5 and 10 times more. As

such, most students who do not live in dormitories live with their family. State-financed students also receive additional support for study materials, like text books. This is 8.000 HF (€35) per student per year and covers only a fraction of total costs.

Altogether, there are various ways in which fulltime state-financed students can receive support for the costs of study. Table 3 indicates annual expenses in low cost and high cost scenarios and to what extent these can be covered with public support.

Table 3: Study costs and subsidies for students in Hungary (2001)

		Low cost situation		High cost situation	
		in HF	In €	in HF	in €
<i>Expenses</i>					
Instructional costs	Tuition fee	0	0	70,000	300
	Other fees	5,000	22	15,000	65
	Study materials	10,000	43	30,000	130
Living expenses	Accommodation	0 / 3,300	0 / 140	250,000	1,100
	Food	150,000	650	450,000	2,000
	Transportation	20,000	87	40,000	174
	Personal expenses	12,000	52	24,000	105
Total expenses		377,000	1,500 / 1,640	864,000	3,800
<i>Subsidies</i>					
Scholarships (max.)*		150,000	650	150,000	650
Loans (max.)		210,000	910	210,000	910
Other subsidies		8,000	35	8,000	35
Total financial arrangements		368,000	1,595	368,000	1,595

Source: Reffy, 2003

Note: \*excluding the small scholarship programmes (local scholarships, "scholarship of the republic" and 'chance for learning fund').

The table indicates that maximum support (55% in the form of loans) can cover almost all of the expenses in a low-cost higher education situation but at maximum about 40% of a high-cost situation. Most students will receive less support, particularly in the form of scholarships. Only some students receive additional grants.

However, for self-financed students, the situation is substantially different. In the case of low-tuition fees (200.000 HF; €870) their total costs of study reach about 580.000 HF (€2500) per year. This is almost the same as the annual salary of workers with low-earnings in Hungary. If they attend a high-cost study programme, they may pay about HF 1,4 million (€6000) in tuition fees, which raises their total annual expenses to almost HF 2,1 million (€9130). This is nearly twice the average salary in Hungary. Taking into account that students have to rely fully on their own (family) resources (they can take up loans) it can be concluded that self-financed study is relatively expensive in Hungary.



### Role of parental contributions and students' own resources

As can be concluded from the previous section, students must rely heavily on family resources. Normally, parents pay the difference between a student's costs and the subsidies received and there are hardly any indirect support mechanisms for parents of studying children. For children over the age of 18 parents are only entitled to some tax exemptions. They can deduct 30% of the tuition fees that have to be paid, with a maximum amount of 50.000 HF (€220). There are no data on the extent to which Hungarian students have part-time jobs.

### Development of private higher education

Like other Central and Eastern European countries, private higher education is gradually becoming established. Since the early 1990s, when such institutions first emerged, there are now 26 church-regulated institutions and 10 private foundation colleges (in 1993 there were 3, in 1996 there were 6) though no private university. This development was stimulated by the government who offered these institutions state-financed student places. In 2000/2001, about 54% of full-time students in private foundation colleges were state-financed and about 84% in church-controlled institutions. The government started to phase out its subsidies for state-financed study places to private institutions since the late 1990s, for example through not allocating such places to newly established institutions. Private institutions can only be officially recognised if they meet the accreditation criteria also met by the public institutions. In addition, they must have some starting capital. In 2002, foundation colleges enrolled about 8,5% of the total number of Hungarian students, while church-controlled institutions enrolled to 5,7% of the students.

### Conclusion

Developments over the past decade reveal a situation of limited cost sharing in Hungary, particularly due to the number of self-financed students. In 2002, about 40% of the students were self-financed though support for students has not kept pace with inflation, reducing the real value of scholarships given to students through the institutions. Nevertheless, full-time state-financed students remain heavily subsidised. The low tuition fees they had to pay since the mid-1990s were abolished in 1998 and only repeaters pay a moderate tuition fee. A majority of the full-time state-financed students (about 80%) receive some scholarships. However, most of the scholarships (and the highest in value) are given to high achieving students. Poor students only benefit to a limited extent. This seems to be at odds with the social expectation that well-off students on average achieve higher performances. However, the difficulty in obtaining reliable income data prevents stronger conclusions from being drawn.

The introduction of student loans in 2001 does not reflect a tendency towards cost sharing because they simply replace parental contributions. They replace scholarships only to the extent that the latter lost value due to inflation. Also the limited development of the private sector only plays a marginal role in terms of cost sharing. Though it enrolls roughly 14% of the total number of students, about 66% of the full-time students in private higher education are on state-funded places.

## Poland

The Polish higher education system has seen remarkable changes over the last decade, especially in areas like academic freedom, curricular innovation, the development of more market-oriented curricula and the emergence of a strong private higher education sector. In addition, participation has grown from about 400.000 students in 1990 to about 1.7 million in 2001 (Wach, 2002). One can imagine that such tremendous growth would require considerable effort and investment. To an increasing extent these investments have been made by students and their families. The evidence can be seen in the rapid growth of private higher education where students pay full-cost covering tuition fees. In addition, the number of fee-paying students at public institutions has also increased rapidly to roughly 65% of all students in 2001. Finally, the old system of student support, which was based primarily on scholarships, was expanded to include student loans in 1998. The further details of these developments will be discussed in the following sections.

### Role of tuition fees in public higher education

The Polish constitution states that education in public schools shall be tuition free. However, statutes do allow for tariffs to be levied on certain services provided by public higher education institutions (National Assembly, 1997). The Act on Higher Education from 1990 allows higher education institutions to charge tuition fees, except for regular full-time students in state higher education institutions.

Only students who pass the entrance requirements of the state higher education institutions do not have to pay the costs of instruction. These entrance requirements can be based on the results of entrance examinations (often used at the attractive prestigious institutions) or examination scores from secondary education. Though it is difficult to get into the prestigious institutions, it can be easier to get into less popular programmes. The possibility to charge fees, on the one hand, triggered the strong expansion of the private higher education sector. On the other hand, it also enabled state higher education institutions to charge fees for non-traditional students such as those studying part-time. The following table shows the growth in the tuition basis for higher education based on different categories of students and higher education institutions.

*Table 4: Number of higher education institutions and groups of students (1990–2001)*

Year	Institutions			Students by mode of study			Students by sector		
	public	private	total	full-time	part-time	total	public	private	total
1990/91	88	3	91	76.7%	23.3%	384,706	100.0%	0.0%	384,706
1995/96	90	75	165	57.1%	42.9%	769,871	90.9%	9.1%	769,872
2000/01	118	206	324	43.8%	56.2%	1568,185	71.4%	28.6%	1568,185
2001/02	126	239	365	44.7%	55.3%	1697,652	71.6%	28.4%	1697,652

Source: Wach, 2002.

Table 4 shows the tremendous growth of the private sector in the 1990s. Furthermore, it shows that the growth took place primarily among part-time students. Though the number of full-time students almost tripled (from 295.000 in 1990 to almost 759.000 in 2001), the number of part-time students increased by a factor of 10. In the state institutions, about 46% of the students study part-time, whereas it is almost 80% in the private sector. The number of students in the public sector rose from 385.000 in 1990 to over 1.2 million in 2001. In total, almost 1 million students are evening, weekend or extramural students, all of whom pay tuition fees.

The level of tuition fees varies considerably, depending on the type of programme, the school organisation and the quality of the teaching staff. Tuition fees for part-time students in state higher education institutions vary from 700 Zł to 10.000 Zł per semester (€175–€2500). On average, students pay between Zł 3000 and Zł 4000 per year (€750–€1000), which is about 50% of instruction costs. The Supreme Court decided that the number of part-time students in state institutions should not exceed 50% of the total number of students in a faculty.

In addition to tuition fees, the 1999 Higher Education Act also allows higher education institutions to charge a fee for special services, like ‘the verification of knowledge and the certification of qualifications’. However, these fees are not allowed to exceed 10% of an average monthly salary (2000 Zł, or about €500).

No information is available on the impact of tuition fees on participation in higher education, but growth in Polish higher education seems to have alleviated problems of unmet demand. Only in some fields, like psychology, law, medical studies, architecture and in the most prestigious institutions may there be more applicants than teaching capacity. In terms of the socio-economic composition of the student body about 23% of the students come from rural regions and about 9% of the students come from farming families.

### Student financial support

Students depend heavily on family resources or their own means, though fulltime students may be eligible for public financial support. In 2001, about 236.000 students received some type of scholarship. It is important to note that the Ministry of National Education allocates the public budget for student support to the higher education institutions according to the number of (eligible) students. Within institutions, student parliaments have a strong say in the distribution of social grants and merit-based grants as well as on the criteria, threshold and limits applied. Based on data that cover typical support in the majority of state institutions the following estimation of the distribution of grants can be made:

- 90.000 students receive social grants on a means-tested basis. These scholarships are at maximum Zł. 500 per month (€125).
- 120.000 students receive merit-based grants on the basis of performance. Depending on the study results, such scholarships range between Zł. 200 and Zł. 400 per month (€50–€100).

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- 24.000 students receive both types of grants. In sum they may receive at maximum between Zl. 700 and Zl. 800 per month (€175–€200).

Most of these scholarships are given to full-time students in state higher education institutions (33% of all students in this sector). Only 17.000 students in private higher education (16%) receive a scholarship. In monetary terms, only 3% of total support is provided to non-state funded students.

The overview shows that an important part of financial support is available for academically talented students. Only 38% of the scholarships are meant for students who have difficulty paying for the costs of attending higher education.

The system of student loans established in 1998 allows all types of students to be eligible for these loans, whether they are full-time or part-time students in public or in private institutions. However, eligibility is dependent on the earnings of the student's family (per person). These loans can be taken from private banks and also have to be repaid to the private banks, but the interest on these loans is subsidised by the state and the loans are guaranteed by the state. Thus, in cases of default, the state will (temporarily) make the loan repayments. In 2002, about 31.000 students applied for a loan, of which about 80% actually received one. Each receives about Zl. 400 (€100) per month. In 2002, the total number of active loan recipients was 175.000. There were approximately 35.000 people repaying student loans and over 9.000 loans were already fully repaid.

As a form of indirect support, students get a 37%-50% discount on public transport fares. In addition, 143.000 (from about 330.000 eligible) full-time students in public institutions get a subsidy for student dormitories. All students have state-guaranteed health insurance and they can go to relatively cheap student restaurants.

To put these different student support mechanisms in perspective, rough data indicate that the expenses of students vary between Zl. 500 and Zl. 1600 (€125–€400) per month, depending on the type of institution attended and whether or not they live with their parents. Expenses, however, are also very dependent on differences in study materials required, as well as the city where students live. Warsaw, Wroclow and Krakow for example are particularly expensive. Nevertheless, these cities are the most attractive academic centres (Wach, 2002).

#### Role of parental contributions and students' own resources

Public support only subsidises part of study costs, thus students still must rely on family resources or their own contributions. In fact, parents are obliged to support their children when they are in full-time (higher) education. Parents do not receive any child or family allowances for their children in higher education but they can make use of a limited amount of tax exemptions. Part of the parental contributions is in-kind, such as providing room and board, clothing, subsidies for leisure, etc. In addition, students to a growing extent 'work their way through higher education' and have come to rely on part-time or seasonal employment to pay for study costs, especially students in the

later stages of their study. This development is highly interrelated with the strong rise of part-time and private education.

#### Development of private higher education

Private higher education rapidly expanded after the 1990 Higher Education Act gave these institutions greater autonomy, including the possibility to charge tuition fees to particular groups of students. Though the public sector also expanded rapidly during the same period, the growth of private higher education reflected the largely unmet demand for higher education in Polish society. As Table 4 indicated, the number of private higher education institutions rose from 3 in 1990 to 75 in 1995 and to 239 in 2001 (65% of all higher education institutions). The number of students in 1991/92 was 865 and rose to 70.000 by 1995/96 and to 481.000 in 2001/02 (almost 30% of all students). However, the major growth seems to have passed. Demographic decline and saturation of the demand suggest enrolment numbers are likely to stabilise in the coming years (Wach, 2002).

In private higher education students pay full cost tuition fees, which are on average between €450 and €600 per semester or €900–€1200 per year. The full range of fees in 2002 was from Zł. 2.400 to Zł. 10.000 per year (€600 to €2.500). Only some 17.000 fulltime students in private higher education receive scholarships. But all private students, like those in public higher education, can take up publicly subsidised loans provided their (family) income does not exceed a certain threshold.

Most students in private higher education (around 80%) are evening, weekend or extramural students. Many have full-time jobs which enable them to pay for their study. With almost 30% of total higher education enrolments, the rise of the private sector has been a major mechanism for cost sharing in Poland.

#### Conclusion

Poland is one of the strongest examples of increased attention to cost sharing. While the number of full-time student places funded by the government rose nearly 50% between 1990 and 2001, the number of students paying (part of) their higher education costs expanded even more rapidly. Since 1990, the number of part-time students in public higher education has risen to 46% and these students pay, on average, 50% of their instruction costs. In the same period, private higher education developed to the point that it almost enrolls 28% of all Polish students in 2001. In addition, the major expansion of the student support system has taken place in the form of student loans in 1998.

Altogether, students and their families bear a substantial part of the costs of Polish higher education. In particular students in part-time state higher education make considerable contributions and private sector students even more so. However, the situation for full-time students in state institutions has hardly changed. They still benefit from free higher education, though they may now receive less student support because it is divided among a larger group of students. As a result, the private burden

of higher education costs is unevenly distributed and arguably leads to an unjust situation. Those who get into full-time public higher education are lucky. Most of their educational costs are covered by public funds. But, as in most countries, it is students from the higher socio-economic groups who tend to get these fully subsidised study places, because they on average will have higher scores in the entrance examinations. In addition, because they are likely to have higher study results, they benefit to a larger extent from the scholarships available for high achieving students, which is the largest share of support available. As a result, public money is used to provide tertiary education to students who often come from the higher socio-economic classes. A next step in Poland could be to come to a more equal distribution of costs, for example by introducing tuition fees in full-time public education as well. This of course would require another difficult breakthrough in the tradition of free higher education and would certainly need to be accompanied by measures to combat potential negative effects on the accessibility of higher education, like extra targeted means-tested grants.

## Slovenia

Higher education enrolment in Slovenia is projected to increase substantially. The master plan for Slovenian higher education suggests that within a decade higher education participation should reach the level of about 50% of the relevant age cohort. To reach this goal curriculum innovations will adjust study programmes to international standards and those of the labour market, and the system of student financial support will also be made more comprehensive. Tuition fees are hotly debated in Slovenia, particularly in view of the aims to expand the higher education sector. Another tool will be the continued development of private higher education, which was set in motion during the mid-1990s.

### Role of tuition fees in public higher education

In principle, undergraduate higher education is free in Slovenia (Higher Education Act, Article 77). Full-time students do not pay tuition fees, however a ministerial decree requires part-time students to contribute towards the costs of instruction. The higher education institutions have the autonomy to determine the level of tuition fees, which in 2002/03 were up to €3000 (in 2001/02 this was up to €2575). The number of part-time students has increased tremendously since 1990, as is shown in Table 5.

*Table 5: Development of the number of students (1990–2001)*

Number of students	1990/1991	1995/1996	1997/1998	1998/1999	2000/2001	2001/2002
Full-time	27,774	35,998	40,304	43,654	46,022	47,835
Part-time	5,791	9,953	15,541	20,418	22,405	22,940
Total	33,565	45,951	55,845	64,072	68,427	70,775

Source: Zgaga, 1998; MESS, 2003

Note: Figures do not include ‘absolventi’ which are students that are allowed to keep their student status for one year after the final year of study to prepare a thesis to complete the programme.

The table shows that the number of full-time students more than doubled between 1990 and 2001. In the same period, the numbers of part-time students almost quadrupled. As a result the proportion of part-time students in the student population increased from 16% in 1990 to 32% in 2001. This growth in part-time (fee paying) students is strong evidence for increased use of cost sharing.

The situation that part-time students pay fees for the same services full-time students get for free has been regarded as unfair. Therefore, the government has considered equalising the situation for full-time and part-time students. One way is to also charge tuition fees to full-time students. This can be justified on the basis of employment data, since the unemployment rate among higher education graduates is low (2.7%) compared to the average unemployment rate (6.4%) (Statistical office of the Republic of Slovenia, 2002a). In addition, people with a university qualification earn more than double the salary of average employees (Statistical Office of the Republic of Slovenia, 2002b, table 13.6). However, charging tuition fees to full-time students is difficult politically on the argument that it will deter access. Ironically, the same argument is used to plea for the alternative: abolishing tuition fees for part-time students. This has been suggested in the master plan for higher education. Another possibility would be to abolish the *numerus clauses* and allow more part-time students to enrol on a full-time basis. In this scenario, only those who really elect to study part-time could be required to pay fees.

In contrast to undergraduate education, graduate students, those aiming for a Master's or PhD degree, generally pay tuition fees. Higher education institutions have full autonomy in setting their tuition levels and these are similar to those levied on part-time students (up to €3000 in 2002/03). However, institutions can apply for a subsidy from the Ministry of Education, Science and Sport (MESS) if they meet, among others, the following criteria:

- fees not exceeding 470.000 SIT (€2.017) for the first 2 years of study<sup>3</sup>
- the programme enrolls at least 15 students
- the graduate programme uses the ECTS credit system

All institutions (public and private) can apply for this co-financing for all categories of students (full-time and part-time). If all criteria are met, the ministry awards co-financing for all new entrants and students that advance into a following year. The amount of the co-financing is determined by the number of graduate students multiplied by a fixed percentage of standardised tuition (470.000 SIT for the first 2 years and 235.000 SIT for succeeding years in 2001/02; or €2017 versus €1008). This fixed percentage depends on the number of graduate students selected for co-financing by a specific commission. In 2001/2002 the state co-financed 3011 postgraduate students, or 61% of the total number of postgraduates. The institutions received 80% of the standardised tuition for these students, the remainder of which is paid by students themselves. The regulation also includes a reward for co-financed students that finish a Master's degree in 3 years or a PhD in 5 years.

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<sup>3</sup> Tuition was not to exceed 235.000 SIT (€1.045) for the 3rd and succeeding years of study in 2001/02.

Institutions offering business and law Master's programs generally do not meet the criteria because they charge far higher tuition fees than the standardised rate.

### Student financial support

Full-time undergraduate students who enrol in higher education before the age of 27 may be eligible for state scholarships (*republiška štipendija*) from the Employment Service of Slovenia (ESS) though the funds are targeted at low-income students who would otherwise be unable to enrol. These scholarships are only available to students whose gross income per family member in the previous year did not exceed 130% of the guaranteed wage (social welfare level). In 2001, about 18.880 students applied for a state scholarship and about 62% of them were awarded a grant.

In addition, academically talented students may be eligible for merit-based scholarships (*štipendije za nadarjene* or Zois scholarships) (Eurydice, 2001). The Zois scholarships aim to encourage the most capable young people to opt for more demanding or longer studies in line with society's need for highly qualified professionals (MESS, 2003). The Zois scholarships are awarded on the basis of a public tender published by the ministry of education. A new project (Zois ex-Change) promotes cooperation between Zois scholarship recipients and employers. Table 6 presents the numbers of scholarship recipients.

Table 6: Higher education students receiving scholarships (1993/94–2001/02)

	1993/1994	1995/1996	1997/1998	1999/2000	2000/2001	2001/2002
State scholarships	9,021	9,979	10,412	10,053	10,793	11,744
Additional scholarships	100	9	1	0	0	0
Merit-based scholarships	3,300	4,041	4,948	5,346	5,679	6,097
Total	12,421	14,029	15,361	15,399	16,472	17,841
Total full-time undergraduates	32,728	35,998	40,304	44,837	46,022	47,835
% receiving scholarships	38,0%	39,0%	38,1%	34,3%	35,8%	37,3%

Source: Zgaga, 1998; MESS, 2003.

Table 6 shows that the proportion of full-time students receiving scholarships remained rather stable at a level close to 40%. Most scholarships are means-tested, which implies that they are designed to serve people from less well-off families. In 2001/02, the average amount of the state scholarships was 32.800 SIT (€155) and the average Zois scholarship amounted 39.000 SIT (€185). Thus talented students receive on average higher grants than needy students. Though the amounts have increased through the years, they have not fully kept pace with inflation.

In addition to publicly provided scholarships, there are also *company scholarships* offered by public and private organisations in relation to their (future) staff requirements. The only regulation attached to these aid packages is that the scholarships may not be lower than 30% of the guaranteed wage, minus tax and contributions (ESS, 2003). In 2001, about 4.750 higher education students benefited



from such scholarships. However, the number of company scholarships dramatically decreased between 1987 and 1994.

The government wants to further develop the student support system. A first step was the introduction of student loans (*posojila za študij*) in 1999 (ESS, 2003). Loans are offered on the basis of a contract between the student, the Ministry of ESS and a bank holding a concession (an interest subsidy) awarded by the Ministry of Labour, Family and Social Affairs. To be eligible, students must be Slovenian citizens, unemployed, under 27 at first enrolment and not receiving any type of scholarship. In practice, students seem to show little interest in these loans. This is probably the result of several factors including: 1) their recent establishment; 2) unfavourable borrowing conditions (despite the interest subsidy), and 3) students' involvement in part-time jobs.

Unemployed, full-time and part-time students not registered at the ESS are also eligible for in-kind support. For example there are about 9.000 places in public student residence halls and some 3.000 publicly subsidised private rooms. In addition, students may benefit from subsidised meals (coupon system), discounts on public transportation, discounts on cultural events (such as theatre tickets) and on subscriptions to sports clubs. Table 7 summarises the public effort made to (financially) support students. In the period 1997 to 2000, total student support amounted to nearly 20% of the state budget for higher education.

Table 7: Public budget for student support (in millions of SIT)

	1997	1998	1999	2000
Scholarships (estimation)	5,152	5,265	5,870	6,397
Subsidies for student housing	359	400	468	521
Meal plan subsidies	1,009	1,234	1,169	1,411
Public transport subsidies	460	504	612	756
<b>Total student support</b>	<b>6,980</b>	<b>7,403</b>	<b>8,119</b>	<b>9,085</b>

Source: Higher Education Master Plan (Uradni list RS, št. 20/2002)

Finally, higher education institutions themselves provide financial assistance for the purchase of textbooks and offer students computer facilities (Eurydice, 2001).

#### Role of parental contributions and students' own resources

What can be concluded from the previous section is that, to a large extent, students still must draw upon family resources in order to meet study costs and living expenses. In Slovenia, parents are officially financially responsible for their children (including undergraduate students) until they are 26. In this period parents are entitled to family allowances as well as tax benefits: for first children (students included) they get an 8% tax reduction and for each additional child an extra 2%. The tax reduction is increased by 4% if students are not studying in their home town. The amount also depends on family income. Parental contributions are particularly made in-kind, for example

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through offering room and board, paying for study materials, clothing and leisure activities.

More and more, students are taking on part-time work, particularly those studying part-time.

#### Development of private higher education

The 1994 reform of the Higher Education Act allowed private higher education institutions to be officially recognised in Slovenia. As a result, 7 private higher education institutions have been established since the mid-1990s. Between 1997/98 and 2001/02 the number of students enrolled in private higher education increased from 1170 to 4702. Though substantial in nominal terms, this figure still only represents 6.5% of all higher education enrolments.

In principle these students have to pay the full costs of instruction, but study programmes can receive a concession whereby the government pays the costs of the study programme. In this case tuition is not allowed. In fact, over the years most private institutions have applied for concessions and been granted one. Two thirds of private enrolments are part-time.

In March 2003 a third public university was established in the coastal area of Slovenia. A number of private higher education institutions were integrated in this third university. As a result, private higher education was reduced in size, both in absolute as well as in relative terms.

#### Conclusion

Traditionally parents and students have borne a substantial part of higher education costs in Slovenia, particularly if one includes living expenses. Though fulltime students do not pay tuition fees, part-time students do and the number of part-time students has increased considerably over the past decade. Coupled with the establishment of private higher education it is evident that cost sharing is pervasive.

Not all evidence however points to the same conclusion. Some private institutions were included in the new public university in 2003, reducing the private sector in size. The Slovenian government also wants to further expand higher education. One of the strategies to achieve this is to relieve the costs for students and their families. In practice, this may mean abolishing tuition fees for part-time students and also extending student support. However, if we take into account that Slovenia also wants to heavily invest in curriculum innovation, internationalisation and management structures in higher education, it remains to be seen whether public budgets will allow reducing the costs for students and their families.

Alternative ways may be required to expand higher education and simultaneously reduce inequalities between full-time and part-time students. A few options are open. First, the government may opt for a system of open access through expanding the

number of publicly subsidised full-time student places. This would give all potential students the opportunity to study full-time. Those who still want to study part-time could be required to pay tuition fees. A second option would be to introduce (moderate) tuition fees for full-time education (and adjust the rates in part-time education) though this would be a major step from a cultural/ideological point of view.

### Reflection

The major findings in the four countries relating to the issue of cost sharing are summarised in Table 8 (page 173).

A major finding of Table 8 (and the previous country descriptions) is that the traditional idea of free higher education is eroding in three of the four countries. Though all maintain the principle of tuition-free full-time undergraduate higher education for those with the highest scores in the entrance examinations, more opportunities are opening for particular groups of students on a fee paying basis (e.g. part-time and self-financed students in public higher education as well as a growing number of students that enter private higher education). This development has been the strongest in Poland and the weakest in the Czech Republic.

Another conclusion to be drawn from the information presented above is that student support seems to be poor in most of these countries. Slovenia offers the best financial support for its students. Almost 50% of the students receive some type of scholarship. In view of the affordability of higher education, it may be seen as positive that most of the Slovenian scholarships are distributed among poor students rather than among the highest achieving students. In the other countries, particularly in the Czech Republic and Hungary, most scholarships are directed at the highest achieving students. If we accept from international literature that high achieving students more often come from relatively well-off backgrounds, then it should be reconsidered whether this is the best target group to receive the limited public resources available. Students in the best position to make a private contribution to their study costs and also expecting the highest future return from their degrees are those paying the least.

A further issue is that three of the countries admit high numbers of part-time students and self-financed students that pay for services provided free to full-time students. The major difference is that full-time students passed the entrance examination. However, part-time students are also considered to be able to complete a programme, otherwise they would not be admitted. Thus the distinction between fee-paying and non-paying students seems to be artificial and unfair. Taking into account that all graduates are likely to personally benefit from attaining a degree, it could be argued that the unequal distribution of costs between the two groups of students should be reduced through the introduction of tuition fees for full-time students. This would also substantially increase the funding base of higher education. Such a development, however, runs against tradition and may generate problems in terms of access to higher education. This would require additional attention to be given to systems of student support, particularly targeted at students from disadvantaged socio-economic backgrounds.

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Student loans are also available in three of the four countries. In Hungary and Poland there is considerable interest in taking such loans while in Slovenia students seem to be unwilling to take up loans. This partially relates to unfavourable borrowing conditions. Student loans are not provided in the Czech Republic, though banks make special offerings to students.

The development of private higher education is a final issue that deserves attention. All four countries have allowed private higher education institutions to develop. This has become a huge sector in Poland, catering about 30% of all higher education students, but is still relatively small in the Czech Republic (3%, but 7% in terms of new entrants in 2002). Hungary and Slovenia enrol 14% and 6.5% of their students in private higher education. Where the private sector is growing rapidly, special attention should be given to the quality of the degrees conferred.

All in all, the four countries show signs of increased cost sharing. This development is particularly due to the expansion of higher education, which will probably benefit socio-economic development in all four countries. The tendency is the strongest in Poland and, up to the beginning of 2003, the least in the Czech Republic. Recent debates in Slovenia call for policies in the opposite direction. In order to expand higher education, it has been proposed to make part-time study free of charge and to expand the system of student support. Some private institutions have been integrated into a new third public university. It remains to be seen to what extent the public budget can absorb the additional costs that such proposed new policies entail.

**Hans Vossensteyn** is Research Associate at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

Table 8: Summary of findings

	<b>Czech Republic</b>	<b>Hungary</b>	<b>Poland</b>	<b>Slovenia</b>
<b>Tuition and other fees in Public higher education</b>	<b>Very limited</b>	<b>Considerable</b>	<b>Considerable</b>	<b>Considerable</b>
Entrance examination fees	Yes (€20)	Yes (€22-€65)	No	No
Full-time undergraduate fees	No except for long term students	No	No	No
Part-time / self financed	No	Yes (40%)	Yes (65%)	Yes (32%)
Tuition fees		€860-€6000	€175-€2500	Up to €3000
Lifelong learning fees	Yes			
<b>Student support</b>	<b>Limited / decreased</b>	<b>Limited</b>	<b>Limited</b>	<b>Fair</b>
Means-tested scholarships	By institutions	Through institution (some)	10% of FT students up to €215 pm	25% of FT students €155 pm
Merit-based scholarships	By institutions	Through institution (most)	12% of FT students	13% of FT students €185
Company scholarships	No	No	No	10% of FT students
Loans	No	Yes	Yes	Yes (hardly used)
Health care support	For all students			Yes, most students
Dormitories	Yes	Yes		Yes
Travel subsidies	Yes, partly	No	Yes (50% discount)	Yes (17% discount)
<b>Parents and students</b>	<b>High</b>	<b>High</b>	<b>High</b>	<b>Considerable</b>
Financial responsibility	Yes	Yes	Yes	Yes
Child allowances	Up to 26 yrs	No	No	Up to 26 yrs
Tax benefits	Up to 26 yrs	Small	Small	Up to 26 yrs
Student jobs	Growing		Growing	Growing
<b>Private higher education</b>	<b>Small</b>	<b>Fair</b>	<b>Substantial</b>	<b>Limited</b>
Students enrolled (as %)	3%	14%	30%	6.5%
Level of fees	€1100-€4000	€300	€1200-€1600	0 to cost covering
Plic subsidies	Limited	Considerable	Limited	Considerable

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## **8. Degrees of Trust or Trust of Degrees? Quality assurance and recognition**

*Marijk van der Wende & Don Westerheijden*

*With special thanks to Václav Vinš (Czech Republic), Tibor Czismadia (Hungary), Piotr Wach (Poland), Darinka Vrečko & Aleksandra Kovač (Slovenia)*

### **Introduction**

In this chapter, we analyse the current state of higher education bringing together two policy instruments, which are like mirror approaches to the issue of transparency and mobility in the European higher education area, issues which have not been seen in a coherent fashion until very recently, namely quality assurance (which addresses the issue of degrees of trust), and international recognition of diplomas (the question of trust in degrees).

In the first part of our chapter we will present a sketch of trends in quality assurance in Europe, with a special focus on the four Central European countries. Its theme might be interpreted as how quality assurance, particularly in the form of accreditation, is a policy instrument that in these times of mass higher education has to replace traditional trust in the quality of university education. In the current context, we will move on from quality assurance instruments to international developments and especially the Bologna process as both the culmination of national developments and a source of new challenges. The issue of challenges is where we can make the transfer to the mirror image, because an older policy instrument for international relations in higher education was the recognition of degrees. The second part of our chapter therefore describes this instrument and its achievements over the decades. The third part – by way of a synthesis – addresses the question of how the two are brought together, as is now happening lately, and how this influences the agenda for future action in the European higher education area. Finally, in our conclusion we pose the burning question: what are the practical consequences for actors in Central and Eastern Europe of these developments at the ‘lofty’ European level?

### **Quality Assurance in Europe: Some historical notes**

#### **Quality Comes to Western Europe**

‘Quality’ in the sense of achieving academic excellence always has been a central value in higher education. Neave rightly stated “quality is not ‘here to stay’, if only for

the self-evident reason that across the centuries of the university's existence in Europe, it never departed" (Neave, 1994: 116). However, quality as a separate instrument in university management and in government policy only started in the 1970s and 1980s, when it was discovered as a new management tool in industry mimicking the successes of the Japanese economy. First, higher education in the USA was influenced, later, around 1984, the first governmental policies were implemented in Western Europe. Apart from the old isomorphic drive to copy whatever seemed successful in US higher education, and the new isomorphic drive to copy whatever seemed successful in industry,<sup>1</sup> there were a number of reasons why new governance tools became necessary in Western European higher education at that point in time. In brief, they are (van Vught, 1994):

- 'massification' of higher education;
- the limits of central control were reached within these expanded higher education systems;
- deregulation was in vogue at the time, when neo-liberalism made a forceful entry into the political arena;
- governmental budget limits were reached, again because of the massification of higher education, but also more generally because governments under the neo-liberal influence were unwilling to increase the ratio of public to private earnings even more to maintain the welfare state.

This put 'value for money' high on the agenda, which resulted in higher education institutions being given autonomy to do 'more with less', as one of the half-serious, half-sarcastic slogans went. As Trow observed quite sharply, evaluation policies indicated the breakdown of the traditional degree of trust in society that higher education was functioning at a high level of quality (Trow, 1994, 1996).

### Spreading the Gospel

The 'pioneer countries' in Western Europe, the United Kingdom, France and the Netherlands, started around 1985 with their first formal quality assessment policies.<sup>2</sup> In 1990, Denmark was first to follow these pioneers, and from then on, the 'quality movement' spread to the rest of Western Europe as a late 20th century version of the gospel. The conditions of higher education were similar all across Western Europe, as were the tendencies to mimic. An important tool in spreading the gospel of external quality assessment was the European Union Pilot Project, implemented in 1994

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1 We stress 'seems' here, because of the mimetic character of much of this copying behaviour, witnessed by the fact that many similar 'fads' fade away without leaving many traces after a number of years (Birnbaum, 2000).

2 Without attempting formal definitions, we use the term 'quality assessment' to denote the judgement or measurement of quality, while 'quality assurance' includes the institution's quality management as well as activities (possibly including external quality assessment) intended to inform society about quality. 'Evaluation' will be used as an umbrella term, covering all types of processes involving judgements about higher education programmes or institutions/units. When it comes to the agencies involved, the terms quality assurance agency and evaluation agency will be used as synonyms (pointing to the main function and the umbrella term of their activities, respectively), while 'accreditation agency' will only be used for organisations that do indeed accredit, i.e. connect a formal judgement involving at least a 'pass/no pass' decision to their evaluation activities.

(Management Group, 1995). It consisted of evaluation exercises involving one or two programmes in two knowledge areas in all (the then) EU countries.

In 1998, as a late consequence of the EU pilot project, the Commission of the EU made a recommendation to establish and support a network of the EU member states' quality assurance agencies (Kern, 1998). This network, the European Network of Quality Assessment Agencies (ENQA), became operational in 2000. By 2002, it had 36 member organizations and 30 government members. A voluntary but exclusive membership body, ENQA is for that reason heterogeneous in nature. The character of its operation is professional – a body of quality assurance experts – rather than political, although its work inevitably has political consequences, a fact of which ENQA certainly is aware.

In the same year, just before the Sorbonne and Bologna Declarations shifted the whole scene, two inventories were made of quality assurance provisions in Western Europe (Centre for Quality Assurance and Evaluation of Higher Education, 1998; Scheele, Maassen, & Westerheijden, 1998). From both, it can be concluded that almost all Western European countries at that moment had a government policy to assess quality in higher education. (The most notable exceptions were Germany, Italy and Greece.) Spontaneous serious involvement of universities in quality assurance without governmental policies were rare; among the few exceptions we note that several dozens of universities volunteered for the CRE's Institutional Evaluation Programme). And if universities engaged in quality assurance voluntarily, its effectiveness tended to be much more pronounced than when complying with government-initiated policies (Brennan & Shah, 2000).

At the level of instruments, one could find similar elements in practically all the quality assurance systems of Western Europe (van Vught & Westerheijden, 1994). All countries used different models of evaluation, with common elements, viz.:

- Managing agents (at the higher education systems level, operationally more or less independent from government);
- Self-evaluation, as the corner-stone of the evaluation methodology, in combination with
- Peer review (or external review if we use the term 'peer' in a strict sense, denoting that fellow-academics rather than other stakeholders, or in some cases even governmental inspectors, take part in external evaluations);
- Public reporting, for accountability reasons, of at least a summary of the evaluation results (national traditions regarding openness of public documents seemed to influence the degree of public accessibility of quality assurance documents);
- Some relationship with governmental funding decisions, although most often in an indirect and non-formulaic manner.

#### Central and Eastern Europe: Fall of the Wall, Rise of Accreditation Walls

With the demise of the communist-party regimes of Central and Eastern Europe in 1989–1990, the issue of quality assurance presented itself in a very different form in

this half of the continent. Various institutional arrangements were conceived to cope with the changes. In short, we might say that the main purposes of introducing quality assurance policies in Central and Eastern Europe included (cf. also Westerheijden & Sorensen, 1999):

- Transformation of higher education curricula to eradicate Marxist-Leninist dogma (which mainly affected curricula in humanities and social sciences, while curricula in technology and sciences were touched only in part or not at all).
- Rapid expansion to accommodate tremendous excess-demand for higher education (reflecting the needs of post-industrial societies in combination with the elite character of the higher education systems).
- Much freer entry to the higher education market than previously possible, for national private higher education institutions as well as for foreign (public and private) higher education institutions.
- Not mentioned by Westerheijden & Sorensen, but underlying these changes, was the change of the relationship between the state and higher education institutions: the state retreated radically from its former practice of strict central control, which led to extremely decentralised higher education systems.

Of course we shall go into the actual state of affairs in the four countries below, but we would argue that in general the model used for quality assurance in Central and Eastern European countries was that of state-controlled accreditation of all programmes and/or institutions in the country. Accreditation was used, in various situations, as a wall to keep out ‘rogue’ provision of higher education.

Briefly, the differences between Western European style evaluation and accreditation can be characterized as shown in Table 1. The contrasts are to some extent ideal-type contrasts: by far not all external quality assessment in Western Europe is improvement-oriented, nor does it always aim for diversity and innovation. Indeed, some observers would argue that on these dimensions, there is no difference between the *actual* external reviews of Western and Central/Eastern Europe. The point of the comparison is, however, that the emphasis placed on compliance with predefined standards of resources (including staff) and of curriculum content almost completely precludes any of the more developmental uses of external review.

*Table 1: Evaluation vs. accreditation*

Evaluation	Accreditation
Defined as: To estimate worth	Defined as: To give authority
Improvement orientation possible	Accountability orientation
‘Fitness for purpose’ possible	Threshold standards
Emphasis on self-evaluation	Emphasis on external evaluation
Diversity	Uniformity
Innovation	Compliance

Probing further into the different types of evaluation systems and their relationship in this context, we proposed the following contingency table (Table 2), showing how certain types of societal problem definitions (column 1) define different needs for

quality assurance to cover (column 2), with different types of information (column 3) and different types of external review (column 4).

*Table 2: Phases in quality assurance systems (adapted from Jeliaskova & Westerheijden, 2002)*

<b>1 Problems</b>	<b>2 Role of evaluation</b>	<b>3 Information base</b>	<b>4 Nature of external review</b>
<b>Phase 1:</b> Serious doubts about educational standards.	Identifying sub-standard educational programs.	Descriptive reports. Performance indicators.	Summative; accreditation, checking standards. Report to state.
<b>Phase 2:</b> Doubts about the efficiency of the higher education system and/or institutions.	a) Public accountability. b) Creating quality awareness in institutions.	Descriptive / strategic reports ('self-selling') covering: a) performance, b) procedures.	Ranking of institutions. One report to state and institutions. Identifying good practices.
<b>Phase 3:</b> Doubt about innovation capacity and quality assurance capacity of institutions.	Stimulate self-regulation capacity of institutions. Public accountability.	Self-evaluation reports about: a) procedures, b) performance.	Audit report to: – the institution – the state
<b>Phase 4:</b> Need to stimulate sustainable quality culture in institutions.	Split between: – improvement based on self-regulation; – public accountability.	Split between: – self-evaluative reports about processes and strategies based on SWOT and benchmarking; – self-reporting about performance indicators.	Split between: – audit report to the institution; – verifying data to be incorporated in public databases.
<b>New challenge:</b> Decreasing transparency across higher education systems.	Market regulation, i.e., informing clients (students, employers).	Performance indicators about 'products' (knowledge and skills of graduates).	Accreditation; Individual graduate-level information

Admittedly, this contingency table is a proposal, its reasoning based on theoretical tendencies and possibilities, informed but not constrained by the practice of quality assurance in higher education around the world. The proposal is intended to emphasise that evaluation systems are policy instruments in a certain policy (problem) context, that 'solving' one problem almost automatically leads to another (demanding a different approach to quality), and that actors need time to learn their roles in each phase.

A main difference between Western and Central/Eastern Europe at the time of introducing evaluation systems was that in the West, state-supported higher education systems already had made the change from elite to mass systems, with a reasonable level of state funding. Minimum quality levels therefore were not at the forefront of the social problems to be solved by introducing evaluation. More often, problems centred

on the lack of efficiency in performing the new tasks for an enlarged student population (in the UK explicitly in terms of ‘value for money’, in other countries like Germany in terms of the long time to degree and high drop-out rates). Assessment was an instrument fitted for this task. In Central and Eastern Europe, minimum levels were at stake, because they had to be redefined after the fall of communism, and had to be preserved in the face of ‘rogue providers’ (private higher education was received with a good dose of scepticism), making accreditation a perfectly sensible option.

In some of the more ‘mature’ cases in Western Europe, one could point to a development of the evaluation system to a higher level by the end of the 1990s. However, at that moment the Sorbonne and Bologna Declarations changed the problem situation almost completely, putting international transparency and mobility issues at the top of the policy agenda. A number of state governments immediately turned to accreditation with its clear yes/no distinction as the epitome of transparency. Alternatively, we proposed that as attention focused on individual graduates’ capabilities and as fixed degree programmes more and more seemed to be giving way to modularisation (e.g., indicated by the rise of ECTS) and individual degree ‘routes’, the real issue was not so much at the programme level, but rather at the individual level. Originally, we mentioned the possibility of testing or assessing individual graduates, following a suggestion by American higher education researcher Elaine El-Khawas. Later in this chapter, we will see that a more generic entry in the bottom-right cell of Table 2, fits nicely into the current agenda of developments.

#### State of the art on QA in four countries

Now let us look at the four countries that are the prime focus of this book. Does their development of evaluation schemes invalidate the general scheme set out above?

##### *Czech Republic*

The Czech Republic gave the 1989 ‘Velvet Revolution’ its name. The country also led the way in the development of a new higher education regime, adopting a new law in 1990 (Westerheijden, 1995). A single, statewide accreditation commission was established at the same time and has remained in place until the present time. The commission consists of 21 academics, appointed by the Government on the nomination of the Minister of Education who takes into consideration the suggestions of different bodies from within the academic community (to ensure the commission’s independence), and supported by a staff office located within the Ministry of Education (Šebková, 2003).

The higher education Act of 1998 retained the Accreditation Commission in the same organisational form but expanded its role. One of its new tasks was to provide the Ministry with an expert view (based partly on evaluation, partly on ‘standards’) on the quality of study programmes. This was to form the basis for ministerial decisions on awarding accreditation. All programs of study, in public as well as private higher education institutions, have to be accredited regularly in order to enrol students, hold lectures or examinations, and to have the right to confer academic degrees. The Accreditation Commission’s judgement is for all intents considered to be binding advice

to the Ministry of Education which has very limited space to diverge from it when awarding accreditation. The Accreditation Commission also advises the Ministry about the establishment of private higher education institutions and about conferring “higher” rights (habilitation, appointment of professors). The possibilities for the Ministry to diverge from the Accreditation Commission’s advice are severely limited also in these matters.

Apart from expert views used in accreditation process, the Accreditation Commission was mandated to take care of the overall quality of higher education. In practice this means that it is engaged in improvement-oriented evaluations of faculties, but without punitive consequences. The public information developed through these evaluations is intended as a tool for institutional management to follow recommendations for improvement. This was also intended to help the ministry develop long-term strategies with respect to the institutional strong and weak points discovered by the evaluation (Šebková, 2003).

#### *Hungary*

Hungary’s first new higher education law after the demise of communism was a hotly debated topic and accordingly was agreed upon only in 1993 (Westerheijden, 1995). It introduced a single Hungarian Accreditation Council (HAC), consisting of 30 academic members and a number of non-voting members (from disciplines not covered among the 30, from government agencies involved in higher education, as well as two student members, one for PhD candidates and one for undergraduate students). Members are drawn from higher education institutions, research institutes and professional organizations. HAC also has an international advisory board, which seems to be a unique feature among European quality assurance agencies. Also close to unique was the external evaluation that the HAC itself underwent in 1999–2000 (Rozsnyai, 2003).

By law, Hungarian higher education institutions and their programmes have to be accredited at the time they are first established and every eight years (Rozsnyai, 2003). The first round of institutional accreditations was completed in 2001. HAC used a strategy of gradual introduction of accreditation: first, the plans for PhD programmes were subject to accreditation. After 1989, as in many Central and Eastern European countries, the control over PhD training reverted from the Academies of Sciences to the universities, which was seen as a good time to establish the HAC and to seek clarity on the subject among the Hungarian universities. Moreover, this is the one area where the HAC has autonomy in making decisions, while in other matters it advises the Minister, Government and Parliament.

Like its counterparts in other countries involved in this book, HAC advises the Ministry of Education on quality-related subjects like the establishment of private higher education institutions, the official list of disciplines in which programmes must fit, etc. (Rozsnyai, 2003). Especially since 2000, the HAC has been active in establishing internal quality management schemes in the higher education institutions.

*Poland*

Poland's first post-communist higher education law was among the first in Central and Eastern Europe, dating from 1990 (Westerheijden, 1995). It was a clear example of the tendency to increase the autonomy of academe, although central-level control of quality remained within the Main Council for Higher Education (the *Rada Główna*) and in the Central Council for Academic Degrees. The change was, however, from state control to control by the academic oligarchy, thus increasing collective academic autonomy while keeping a strong central 'voice' against possible 'meddling' by the new state apparatus. Formal evaluation systems were not introduced at the time. A period of intense experimentation with new modes of study ensued in different higher education institutions (Sorensen, 1997). This period was characterized in equal measure by the study of Western (American and European) examples of evaluation (e.g. Wnuk-Lipińska & Wójcicka, 1995), leading to several pilot reviews under the aegis of the *Rada Główna*.

This led to a second phase, in which several categories of higher education institutions voluntary decided to embark on accreditation exercises: among them were UKA for (general or classical) universities, KAUT for universities of technology, KAUM for medical universities, FPAKE for economic universities, and the SEM Forum mainly for private business schools (Chmielecka & Dąbrowski, 2003). The organizations for accreditation of public universities operated under the umbrella of the confederated rectors' conferences (KRASP). UKA has accredited about 250 study programs to date.

KAUM had been established in response to the US Department of Education's withdrawal of recognition of Polish medical degrees for the reason that they were not accredited. Over five years of KAUM's activity, all medical faculties have gained accreditation (Chmielecka & Dąbrowski, 2003) – thereby regaining recognition of Polish physicians in the USA (which includes a sizeable number of US-born students!). Some of the other accreditation organizations were to complete their first accreditation sequences in early 2003, while still others had been established only recently and were elaborating their procedures, guidelines and criteria at the time of writing.

The first accreditation organization to be established, in 1993, was the SEM Forum, which services private business schools and has accredited programmes since 1994. Its board includes well-respected academics from highly regarded public business schools ([www.semforum.org.pl](http://www.semforum.org.pl)).

These voluntary accreditations are not of official consequence for Polish higher education policy (Chmielecka & Dąbrowski, 2003).

A single state accreditation board was formed in 2002. Basically following the examples of neighboring states, the national board consists of 65 academics, appointed by the Minister of Education from a list proposed by the academic community. It has a brief to accredit *all* degree programmes at two major levels (*licencjat* and *magister* degrees) in all higher education institutions, public as well as private, on a regular, five-year basis. However, accreditation is also necessary after initiating a programme



or in the course of an application to be 'promoted' from Bachelor's to Master's level. Until the beginning of 2003, a small number of accreditation processes (13) were completed.

#### *Slovenia*

In Slovenia as well, new structures for quality assurance were included in the first higher education act after Slovenia's independence, dating from 1993. Quality assurance was intended to achieve 'international comparability, increased responsibility, improvement, and self-regulation of higher education' (Kump, 1998). The order of the aims is noteworthy: international aspects come first. Then comes accountability in the form of 'responsibility', and improvement-oriented aims are mentioned last (improvement and self-regulation).

There are two separate procedures, one for the accreditation of institutions and study programmes and the other for quality assessment. Accreditation is the task of the Council for Higher Education, established by the Government of the Republic of Slovenia in 1994. The Council is a consultative body of the government and consists of representatives of universities, freestanding institutions of higher education, and other experts. It is authorized to accredit new higher education institutions, to evaluate new *university* study programmes, to issue opinions on them (they are approved by the senates of universities themselves), and to accredit state-approved programmes of *freestanding higher education institutions*. An amendment to the Higher Education Act in 1999 added a task for the Council, to check at least every seventh year whether higher education institutions meet requirements for performance.

The Higher Education Quality Assessment Commission (HEQAC) was created by higher education institutions in 1996 and restructured in 2000. Its members represent all disciplines and professional fields. Its task is to monitor and assess the quality and effectiveness of teaching, research, cultural and professional activities of higher education institutions. The HEQAC is to perform its activities according to rules determined in co-operation with the senates of the higher education institutions and criteria defined by the Council for Higher Education. The Commission's main purpose is to assist higher education institutions in developing a methodology for, and a system of, self-evaluation. In practice, it collects annual self-evaluation reports of higher education institutions and publishes a national report. Commission members participate in international networks and events, and regularly organise seminars and workshops on quality assurance. Basically, the methodology for self-evaluation reports was developed within the framework of the PHARE Multi-country Programme on Quality Assurance and national research projects, and adapted to the needs of individual institutions.

The criteria and procedures for the accreditation of study programmes and higher education institutions were first adopted in 1994 and amended in 2002. The most important 2002 amendments deal with the international comparability of study programmes. Thus, new criteria include participation in the European higher education area and harmonisation with the *acquis* concerning regulated professions in the EU.

Most criteria now affirmed by the Bologna process were included already in the 1994 criteria and only have been refined now.

Although a system of external evaluations is not in place yet, both universities took part in the CRE Institutional Evaluation Program<sup>3</sup> and its follow-up, while some study programmes, mostly in regulated professions, gained accreditation from international professional associations in their respective fields.

The future development of the QA system in Slovenia is currently under consideration. The Ministry has established a working group, composed of representatives of higher education institutions, the Ministry, the Higher Education Council, HEQAC and experts in the field. This group will discuss the various opinions and proposals (e.g. for a new accreditation agency and for the integration of the separate procedures for evaluation and accreditation).

### **What Else Happened in 1990s?**

#### **The wider global context**

Besides the more systematic development of quality assurance, higher education became more internationalised during the 1990s. This process was characterized by very different trends and elements.

On the European scene we observed the expanding agenda and programmes of the European Union. The ERASMUS programme funded the mobility of students and staff, the creation of university networks in all fields of study, as well as measures to promote and support recognition of study abroad periods (including ECTS). It became the EC's flagship programme. In its first year (87/88) some 3.200 students were exchanged. In the year 2000/01 this had increased to 111.100. At present more than a million students have studied abroad under the auspices of the ERASMUS programme (which became an integral part of the wider SOCRATES programme in the mid-1990s). In 1990 the first version of the TEMPUS programme was launched, aimed at bringing the Central and Eastern European countries into the European pattern of co-operation and mobility. The EU programs were in many cases also a boost for the development of national policies for internationalisation in various member states. These policies were in the first instance mainly focused on the mobility and exchange of individuals. But gradually internationalisation became a more widespread and strategically important phenomenon, including a broad range of activities, such as mobility, curriculum development, quality assurance, the establishment of consortia, etc. (Teichler, 1999).

In the same period, another trend in higher education emerged: a rapidly growing and diversifying demand for higher education, which was, especially in transitional and

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<sup>3</sup> Certain universities in the other three countries also took part in the CRE Institutional Evaluation Programme; until 2003: three in the Czech Republic, two in Hungary, one in Poland.

developing countries, often inadequately met by national provisions. Cross-border (or transnational) supply was launched by western institutions seeking to enter the overseas market with their educational programs and services. A global market for higher education evolved with a pattern of countries exporting and importing higher education. This market has an estimated annual value of several billions of US dollars and the expectations for growth have been spurred by the great hopes of ICT applications in this area: the e-learning hype. This trend introduced the notion of international competition and enhanced the economic rationale of internationalisation agendas and activities (Van der Wende, 2001a, 2001b). This process was further driven by the liberalisation initiatives taken by the WTO, in particular under the General Agreement on Trade in Services (GATS), which has included education services since 1995 (Van Vught et al., 2002).

Transnational education<sup>4</sup> has proven to be a rapidly expanding market, with the USA, the UK and Australia as the leading exporting countries. In Western Europe, Italy, Greece and Spain were the countries importing most educational services, followed by several Central and Eastern European countries (Dos Santos, 2000). The main problems related to these developments are recognised as regulation, quality assurance and recognition (Campbell & Van der Wende, 2000).

These trends of increased European co-operation and mobility on the one hand, and growing international competition on the other, have had numerous side-effects, two of which are of particular importance in this context. First is the need for the (smoother) recognition of degrees, and second, a demand for more internationally-oriented forms of quality assurance (accreditation).

At a certain point in time, however, it was recognized that:

- Although higher education was internationalising, its quality was still (mainly) assessed in a national context
- There was some internationalisation of quality assessment, but it did not result in a more international approach to methods and criteria
- The link between quality assessment and international recognition of qualifications was unclear (Van der Wende, 1999, Campbell & Van der Wende, 2000).

The challenges that this situation posed for quality assurance systems will be discussed in more detail below. First we will address the European response to these trends, i.e. the development of one European higher education area

#### The European Response to Globalisation: Bologna Declaration

In the so-called Sorbonne Declaration of 1998, four European countries (Germany, France, Italy and the United Kingdom) called upon other European countries to join them in an effort to harmonize the architecture of the higher education systems in Europe. One year later 29 European countries responded to this call by signing the

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<sup>4</sup> Higher education activities in which the learners are located in a host country different from the one where the awarding institution is based.

Bologna Declaration in which they jointly expressed their aim to establish a European higher education area by 2010. The introductory text of the declaration underlines that the need to respond to global challenges and international competition clearly lies behind this initiative. It states that: "We must look with special attention at the objective to increase the international competitiveness of the European system of higher education. The vitality and efficiency of any civilization is measured in fact by the attraction that its cultural system exerts on other countries. We need to ensure that the European system of higher education acquires in the world a degree of attraction equal to our extraordinary cultural and scientific traditions" (Bologna Declaration, p.2.). And in order to establish the European area of higher education, the following objectives will have to be attained:

- Adoption of a system of degrees easily readable and comparable in order to promote European citizens' employability and the international competitiveness of the European system of higher education.
- Adoption of a system based on two cycles, the first, of three years at least, relevant on the European labour market and in the higher education system as an adequate level of qualification.
- Establishment of a system of credits (developing the European Credit Transfer System) that extends to credit acquired in non higher education contexts, provided they are recognized by the university system, as a way to encourage the widest and most diffuse student mobility.
- Elimination of remaining obstacles to the effective exercise of the rights to free mobility and equal treatment.
- Implementation of the necessary European dimensions of the higher education space, particularly with regard to curricular content, inter-institutional co-operation, mobility schemes and integrated programmes of study, training, and research.
- Promotion of European co-operation in quality assurance with a view to developing comparable criteria and methodologies.

#### State of the art on Bologna implementation in the four countries<sup>5</sup>

##### *Czech Republic*

Bachelor's and Master's degrees were introduced in the Czech Republic about a decade ago (1990). Thus here the Bologna Declaration facilitated a process of debate and reform that had already started. It served to clarify issues in the move toward a more integrated higher education system, enabling a coherent approach with different and complementary types of institutions and qualifications. The Bologna Declaration also served as a basis for the government's White Paper on Higher Education Policy (December 2000). The new Higher Education Act of 1998 in its most recent, amended form states that university type higher education institutions will provide Bachelor's,

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<sup>5</sup> The information on the implementation of the Bologna Declaration is by and large based on the Trends in Learning Structures II Report (Haug & Tauch, 2001), complemented with additional information provided by the national co-ordinators. At the time of writing this chapter, a new survey on trends in learning structures was underway (as a preparation for the Berlin follow-up meeting). Unfortunately, however, data from this study were not yet available.

Master's and doctoral programmes. Non-university type institutions will offer primarily bachelor programmes (but may offer master degrees as well, provided that they are accredited). Bachelor programs in both types of institutions will take three to four years. In university-type institutions, there are still some exceptional one-tier programmes that take between 4 and 6 years.

#### *Hungary*

The new Higher Education Act of Hungary was adopted in 1993. The degree system is still primarily based on one-tier degrees. Universities offer one-tier programmes that lead to a Master's degree and take five to six years. In the non-university sector, colleges offer Bachelor's degrees that take three or four years, with the possibility to obtain a university Master's degree after another two to three years. Possibilities for college graduates to continue to university Master's programmes have expanded in recent years. In the wake of the Bologna Declaration, many institutions have started to introduce Bachelor-Master degrees, especially in programmes for foreign students. The country aims to attract more foreign students, and to that end, new Master's programmes are sometimes taught in English.

#### *Poland*

Poland is preparing a single Law on Higher Education (replacing the 1990 Act on Higher Education and the 1997 Act of Higher Vocational Education). This new Law will maintain a binary system of institutions. With this new Act, Poland plans to move from its current two-stage higher education system (Bachelor and Master) to a system in which doctoral studies will form a third stage. This level was not previously considered to be part of higher education. Bachelor's degrees will take three to four years and Master's degrees can take up to 2.5 years. One-tier five-year programmes will be maintained in some fields. In Poland the colleges established under the Higher Education Act of 1990 may offer Master's degrees, and by 2002, more than 70 of these schools (mainly non-state) had been accredited to offer Master's degrees.

#### *Slovenia*

Slovenia is among the countries where the Bologna Declaration led to a renewed focus on internationalisation. Slovenia was particularly aware that it needed to be attractive in the European context, in order to achieve balanced mobility. The Higher Education Act of 1993 provided for the introduction of three-year professional higher education programmes (leading to a diploma). Academically oriented programmes at the undergraduate level would last four to six years (and lead to a diploma). At the post-graduate level there would be specialisation degrees (1 to 2 years), Master's degrees (2 years) and doctoral degrees. With the Higher Education Amendment Act of 1999 it became possible to enrol in a doctoral programme immediately after obtaining a Bachelor's degree. Although transfer between the different levels and between the professional and academic tracks is possible, certain challenges of the Bologna Declaration seem not to have been met yet. In particular, the first cycle of the academic track is still quite long (especially when an extra year for thesis work must be added to the formal duration). In a recent review it was observed that the two-track system of traditional university degrees and other tertiary professional qualifications had been implemented within a short period of time. The differences in profile between the

academic and professionally oriented programmes will only gradually emerge, so the development of both tracks needs to be studied and monitored systematically (OECD, 1999).

### Consequences and Challenges for Quality Assurance

The problems that emerged in the area of quality assurance and recognition as a result of increased international co-operation and competition were presented above. The Bologna Declaration was expected to make a difference in this area. The Declaration addresses both topics, although not so much in relation to each other. It seems clear that the proposed two-cycle structure is expected to create at least nominal progress. It is not clear, however, whether and how the new degree structure will lead to more actual transparency. First, because convergence at the level of degrees (general descriptions of qualifications) does as such not say very much about the actual competencies of graduates (learning outcomes). Second, because cultural and linguistic differences will remain.

Moreover, the Bologna Process started in an increasingly complex environment, and to some extent has actually added to that complexity. The Bologna Declaration was a free commitment jointly taken by national governments (i.e. bottom-up and not legally binding), which must be understood in terms of the limited competencies of the European Commission in the area of higher education policy (i.e., articles 149 and 150 of the EU Treaty, Amsterdam, 1999). As a consequence, the Bologna Process has moved in parallel with EU programmes and initiatives, but outside the formal EU context. From the outset, this implied a potential risk of loss of coherence with other EU actions. Furthermore, the lack of legally binding measures implies that there is no actual way to co-ordinate implementation at a national level and that individuals cannot derive any formal rights from the process (e.g., with respect to recognition) (Verbruggen, 2002). And in geographic terms, the Bologna area does not entirely coincide with the EU territory, although such differences will diminish in 2004 when ten new member states join the Union, including the four countries considered in this volume.

Complexity also results from the multitude of actors involved in the international field of quality assurance and recognition, such as the Council of Europe and UNESCO (who jointly developed a code of good practice on quality assurance and recognition of transnational education). Moreover, professional organizations, trade partners, governments and other intergovernmental organizations (e.g. the OECD) are concerned with these issues, for example in the context of regional and global trade agreements.

### *Challenges for Quality Assurance*

The challenge that this complex international environment represents for quality assurance can be summarized as follows (Campbell & Van der Wende, 2000):

- How can quality assurance contribute to improving the international comparability of higher education and the recognition of diplomas and degrees, in the first

## Degrees of trust or trust of degrees?

instance in the European context (Bologna Process) but also in the wider international context?

- Which methods and mechanisms for quality assurance and accreditation will best facilitate such international comparability and can be linked with recognition measures such as credit transfer and accumulation, including lifelong learning tracks?
- How can the international dimension of higher education be integrated better in quality assurance systems and methods? How can co-ordination between actors and agencies in the field of quality assurance and those involved in internationalisation including recognition agencies be improved?
- At what level should initiatives in this area in Europe be undertaken, and by whom?

### *Models for European and International Quality Assurance*

These challenges and questions were taken up in different contexts (van der Wende & Westerheijden, 2001). Various possible approaches to a more international (or European) approach to quality assurance were conceptualised as follows in Table 3.

*Table 3: Approaches towards international (European) quality assurance*

European level options	International level options
0. Do nothing	1. Communication & exchange between national QAAs (e.g. ENQA, INQAAHE)
1. European clearing house	2. Mutual recognition between national quality assessment agencies
2. Mutual recognition between national quality assurance agencies	2* International quality assessment
3. European meta-agency to validate national quality assessment agencies	3. Validation of national quality assessment agencies at international level (World Quality Label)
4. Previous + ability to accredit directly	3* International meta-accreditation
5. European accreditation agency	5. International accreditation agency

Based on: Sursock (2001) and Van Damme (2000)

The European expert group led by Sursock as well as Van Damme presented the same number of options for quality assurance at a level beyond the nation state. However, they did not cover exactly the same 'scale' of options. Sursock et al. spanned the whole range from doing nothing to obligatory accreditation by a European agency. Van Damme left out the nul-option of doing nothing, and added some truly international solutions (2\* and 3\*), not connected to evaluation in nation states at all. Sursock et al. on the other hand took the role of the nation state as an axiom.

Some explanation may be needed on some of the options offered by Sursock and Van Damme. How could international accreditation work? The option more or less preferred by Sursock's expert group would be to create a platform at the European

level (Europe understood as the ‘Bologna area’, not just the EU) including all stakeholders, at first to exchange information about quality assurance systems applying to higher education institutions in this area. This option seems to lead to an almost inherent process of further development. For by virtue of its (unique?) collection of information, over time this platform might develop into a repository for trustworthy information on quality assurance and on its application to higher education institutions. In a third stage of development, this could be formalised into two registers: one of ‘registered’ quality assurance agencies, and one of ‘registered’ programmes and/or higher education institutions, somewhat like the recognition and information functions of the US Council for Higher Education Accreditation (CHEA). The expert group did not go into the mechanisms underlying registration – those would have to be established in due course by the platform itself.

Van Damme, also one of the members of Sursock’s expert group, elaborated a range of options for the global sphere, and came to advocate a formalisation of the final stage of the Sursock group at least regarding the quality assurance side. He proposed to introduce a World Quality Label to be given to quality assurance agencies qualifying for it (in later versions he called it a World Quality Register).

Both proposals contained elements of what Van Vught called a Multiple Accreditation System at the international level, and what we now prefer to call an ‘Open Accreditation System’ (OAS).<sup>6</sup> Originally thought out for application in (national) higher education systems, an Open Accreditation System is defined by the following characteristics:

- *Higher education programmes or higher education providers are free to seek accreditation from one or more agencies, to best fit their academic profile, quality objectives, and market position.* Academic programmes that wish to compete on the European or global market for research training, may want a different type of accreditation than those aiming for close co-operation with the regional labour market.
- *Accreditors are free to offer evaluation and accreditation services to institutions and programmes that fit within the agency’s mandate and scope of operation.*
- *Governments promise to attach consequences to accreditation actions* in their country, such as the official status of degrees or use of titles protected by law. In this view, governments’ role as the primary source of funds of higher education in much of the world would include a desire for accountability on the spending of tax money (legality, effectiveness and efficiency). More broadly, governments are guardians of the public interest and in that function need to provide ‘consumer protection’ to users of higher education (students as well as employers).

The advantages of an Open Accreditation System over one with a single monopolistic provider are especially evident in its accommodation of diversity (also discussed in

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<sup>6</sup> We prefer the term ‘Open Accreditation System’, to emphasise the fact that there is open access for accreditation agencies. The term ‘multiple accreditation’ often seems to be understood as meaning that higher education programmes or higher education institutions collect a number of accreditation ‘kite marks’ from different agencies. This is possible indeed in an Open Accreditation System, but it is not a necessary part of the definition.



Westerheijden, 2001b),<sup>7</sup> which is seen as a main requirement for higher education systems with a ‘mass’ or ‘universal’ character that serve a highly diverse student body. For one thing, ‘vertical’ diversity would be enabled: not just accreditation against the minimum threshold quality standards and the consequent fear of a ‘race to the bottom’, but also – optional for ambitious programs and higher education institutions – a drive to the ‘top level’.<sup>8</sup>

The openness of an OAS in the first place applies to ‘accreditors’: any agency fulfilling requirements of credibility (independence of judgements, clear and effective procedures, etc.) would be allowed entry, from whatever country or stakeholder they originate. In particular, an OAS would lead higher education systems to recognize the need for (international) recognition in and by the professions, such as accountancy, engineering, medicine or management. But organizations representing mainly the academic disciplines such as Physics or Chemistry could organise evaluation and accreditation agencies as well. This could be called the horizontal aspect of diversity, for no one can say generally if ‘academic’ is ‘better’ than ‘professional’, and because they judge fitness for worthy purposes in *different* ways. At the same time, an OAS would be open to any provider of higher education (including foreign, private, for-profit and non-traditional providers); the accreditation should be a sufficient guarantee. Of course, this does not immediately imply an extreme *laissez-faire* higher education system. Governments may set additional requirements on the operation of an Open Accreditation System, such as proof of the credibility of accreditation, the inclusion of national education goals in the accreditation criteria, etc.

No policy option comes without drawbacks. One writer expressed a fear that the current ‘jungle of degrees’ (Haug, 1999) in Europe would be replaced by a ‘jungle of accreditations’ (Haug & Tauch, 2001). True, a single accreditation solution would provide more efficient information (if designed properly), and there can be no doubt about its credibility – it is this one or none. Multiple providers of accreditation would invite the classical *quis custodiet ipsos custodiet* issue: Who accredits (or recognizes) the accreditors? Both the Sursock group and Van Damme offered a way out at the European or world levels. However, recent Western European trends seem to show that a similar solution can be developed within a single higher education system, for the German *Akkreditierungsrat* as well as the Netherlands Accreditation Organization (NAO) operate on similar principles. In both countries,<sup>9</sup> a single organization guards the credibility of the quality judgements by the multitude of evaluation agencies. Having become operational only after the Sorbonne and Bologna Declarations respectively, it may be too early to judge the effectiveness of the German and Dutch national OASs,<sup>10</sup> but the initiatives certainly are interesting from a methodical point of view.

<sup>7</sup> Also available in Polish as (Westerheijden, 2001a).

<sup>8</sup> For instance, the EFMD’s EQUIS label positions itself as a top-level quality kite mark for business schools.

<sup>9</sup> NAO is a bi-national system that encompasses the Netherlands and the Flemish Community of Belgium.

<sup>10</sup> However, an evaluation of the German Accreditation council took place in 2001–02, whereupon its temporary status was changed to a permanent one.

### From Bologna to the Follow-Ups

The characteristic setting the Bologna Declaration apart from many other international agreements, is that the follow-up process has a 2010 time horizon, punctuated by biennial conferences, the first of which took place in Prague, 2001. The report of Sursock's expert group was one of the many elements taking a place in the run-up to the Prague conference. However, it was only a first input in a decision-making process of the European universities, which had to pass several hurdles before being tabled in Prague. The first reactions of the university representatives were not very positive; i.e., that the expert group perhaps had gone 'a bridge too far', and in the message from the Salamanca conference where the universities prepared for Prague, a quality assurance platform was not mentioned. Nor was it in the Prague communiqué, which said about quality assurance:

Ministers called upon the universities and other higher education institutions, national agencies and the European Network of Quality Assurance in Higher Education (ENQA) ... to collaborate in establishing a common framework of reference and to disseminate best practice.

Regarding its *content*, this statement was not much more informative than the phrase in the Bologna Declaration. Concerning the *process* for taking quality assurance forward, however, progress was made. Indeed, there is a growing realisation that quality assurance, although mentioned only marginally in the Bologna Declaration, is central to its success – indeed, one may surmise that it is precisely the centrality of quality issues that made it necessary to remain rather vague about them in the diplomatic language of inter-governmental documents. The progress with respect to the process lies in the naming of a 'champion' for the quality assurance aspects, i.e. ENQA. While not the multi-stakeholder platform mentioned above, this provides a firm basis for giving attention to quality assurance in the Bologna process (a 'door bell', a term that we will use in our conclusion), with connections to official decision-making, which the expert group's proposal would have had to gain over many years – if ever. And interestingly, some of the main activities of ENQA since Prague have involved co-operation in projects with EUA (representing the universities) and ESIB (representing the students). This may fall short of the idea of engaging the 'stakeholder society' directly (professions and employers are absent), but it is a step forward that was far from self-evident, considering the governmental character of most quality assurance agencies in Europe.

However, the activities hinted at just now, are just a small part of what is happening on the European scene. Let us turn to a brief sketch of those now.

### The Total Picture: Confused Activity

At present we are far away from a coherent or integrated European approach to quality assurance. The situation can rather be characterized as a mix of (mostly) bottom-up and (some) top-down initiatives, initiated by a range of different stakeholders. It would take us too far afield to go into the development of new quality assurance systems in each of the Bologna area countries – Germany and the Netherlands have been

mentioned already and Norway and Spain could be added, having introduced an accreditation system in 2003. In the preparation for the Berlin conference, a study of these developments was prepared by Schwarz & Westerheijden in co-operation with representatives of 21 European countries.<sup>11</sup>

As described above, there is co-operation at the European level stimulated by the European Commission and implemented mostly through ENQA, including co-operation with EUA and ESIB. Further, the Commission has launched, within the SOCRATES programme, various institutional-level projects (coordinated by EUA) in the area of quality assurance, most prominent of which is the 'quality culture' project, an effort to inculcate a quality culture in the participating institutions.

Second, there are multi-country initiatives such as the Joint Quality Initiative, led by the Dutch and Flemish governments, an informal (and still-growing) group of countries that want to take the harmonisation of quality in higher education further – or at a faster pace – than the Bologna process can with 30+ countries. Its first result was the identification of comparable outcomes of degree levels in the so-called 'Dublin descriptors' (Harris, 2003). Other regional initiatives exist as well; the long-established Nordic co-operation (for a long time bridging EU and non-EU countries!) would be the prime example. The lack of a common approach to quality assurance in these countries (as can be read from Hämäläinen, Haakstad, Kangasniemi, Lindeberg & Sjölund, 2001) apparently did not hinder their co-operation.

Third, there is a range of institution-level initiatives, notably the *Tuning* Project aimed at defining outcomes in terms of competencies at the level of disciplines (Gonzales Ferreras & Wagenaar, 2003), or the continuous institutional evaluation programme of the EUA. This level also includes various university consortia engaging in cross-institutional quality assurance (e.g. ECIU, Universitas 21 and the *Nordverbund*).

Fourth, at the level of disciplines and professions, initiatives have been taken toward European or international accreditation (e.g. the European Quality Improvement System, EQUIS (EFMD), or the new scheme of the European Association for Public Administration Accreditation, EAPAA). Next, we would like to mention at this level the cross-border evaluations through international peer review. These go back to the early 1990s (e.g. Brennan, Goedegebuure, Shah, Westerheijden & Weusthof, 1992; Goedegebuure, Maassen, Phillips & Smits, 1993; Vroeijsstijn, Waumans & Wijmans, 1992), but have been given a new impetus with the Trans-European Evaluation Projects (TEEP) that are running at the time of writing. There is a new impetus for these evaluations to be more integrated with national quality assurance systems and to proceed from more explicit sets of internationally-agreed criteria for quality judgements, including the Dublin and *Tuning* descriptors.

In sum, there is a multitude of activities and committed actors. Although we selected some activities that seem to show general tendencies, there is not, however, a clear overall strategy and co-ordination. The Bologna Process provides to some extent a

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<sup>11</sup> Bibliographic data unknown at the time of writing.

framework, increasing synergy with the EC actions, and may stimulate greater coherence between the different initiatives and their outcomes. But the risk exists that – to make the quote complete – “Europe may be moving out of a jungle of degrees into a jungle of quality assurance and accreditation standards, procedures and agencies” (Haug & Tauch, 2001, p. 36). At the same time the reasons behind this confusing situation have to be understood. European level initiatives and even co-operation is difficult to achieve, because the authority and competencies with respect to quality assurance of higher education are firmly set at the national level. It is also problematic because there still are major differences in the understanding of the various conceptions of quality, ranging from pragmatic fitness for purpose approaches to notions of academic excellence and elitism. Controversies also exist with respect to the concept of accreditation. It is seen on the one hand as the solution for compatible and comparable degree systems (as it is based on minimum standards), and on the other hand as a threat to current high levels of quality and the improvement function of quality assurance (because of the ‘race to the bottom’ supposedly induced by minimum standards). Furthermore there is the great diversity in actual criteria, methods and procedures for quality assurance across Europe. And finally, the increasing diversification of higher education institutions and programmes should be kept in mind. Many of the current initiatives are intended to overcome these problems. However, this will not be easy and could even prove to be impossible, which may actually lend support to our concept of open accreditation systems.

### **Recognition Issues in the Bologna Process**

As mobility and employability are among the main objectives of the Bologna Declaration, the follow-up process has prompted a renewed focus on the recognition of degrees. A shift in attention can be observed in this context. At least at European level, the necessary legal framework is now mainly in place, with the Council of Europe/UNESCO Convention and the EU Directives (see below). Attention should now focus on implementing this framework, i.e. the use of instruments like ECTS<sup>12</sup> and the Diploma Supplement<sup>13</sup>. These instruments will become increasingly important, as the quest for transparency will only increase the need for information. But at the same time, diversity in European higher education is likely to grow, despite the establishment of the two-cycle degree structure. The employability issue has sharpened the focus on recognition for the purposes of the labour market, especially the non-regulated segment. The recognition of competencies gained through non-traditional forms of learning and relevant work experience will be a challenge. Finally the Bologna Process (especially the Prague Communiqué) urges stronger co-operation between quality assurance and recognition agencies (Bergan et al., 2001).

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<sup>12</sup> ECTS: the European Credit Transfer System seeks to facilitate the recognition of study abroad periods. The system contains the following elements: a credit point system (60 points per academic year), an information package (on course content, structure, and workload), a learning agreement between the student, the home and host institution, and a transcript of records.

<sup>13</sup> The Diploma Supplement provides information on the level of qualification, workload, content and results, the function of the qualification in the national framework, and a short description of the educational system.

### Issues and Developments in Recognition

There are two types of international recognition of diplomas and qualifications: academic recognition (a decision that allows a person to pursue or continue studies, or to use a national title of degree) and professional recognition (a decision to grant professional rights, listing, or status to a graduate, as in engineering). The recognition methodology originated within the framework of academic recognition. In its early phase (1950s–1970s) the purpose was to establish equivalence (every component of the foreign programme had to match with every component of the receiving country's programme). In the 1980s this rigid concept was replaced by that of recognition (a qualification that is substantially, if not precisely equivalent, is recognized for a certain purpose if it fits that purpose), which in the terms of our chapter's title implies a higher degree of trust. Within the concept of recognition the idea of acceptance has more recently gained some ground in Europe. It means that a qualification can be recognized as the nearest comparable degree if differences are small and the degree meets broader shared objectives. The Council of Europe/UNESCO Recognition Convention of Lisbon (1997) adopts this idea of acceptance and has laid the burden of proof upon the host country. Mutual trust in each other's educational system (including quality assurance) makes such a change of attitude possible. In this respect, two important networks are involved in academic recognition: that of the National Centres for Academic Recognition (NARICs, established in 1984 by the EU, which itself does not provide any legislation or regulation concerning academic recognition and the European Network of Information Centres on Recognition and Mobility (ENICs, established in 1994 by the Council of Europe and UNESCO). These networks work in a collaborative manner, and at the national level may be embodied in the same organisations.

In the area of professional recognition, where the European Union engages in regulation, the early initiatives date back to the 1960s and 1970s. The first target was *de jure* professional recognition (of regulated professions). After initial attempts to harmonize curricula in these fields, a strategy of General Directives was adopted. These state that degrees completed after at least three years of higher education leading to regulated professional status should be recognized unless substantial differences can be proven. This legal solution is not applicable, however, in non-regulated professions, where *de facto* recognition is applied. It is especially in this field where a tremendous need for reliable information exists (Divis, 2002).

Another challenge in the field of recognition is related to the shift from education to learning and to the phenomena of lifelong learning and the emergence of non-traditional forms of learning (including informal, virtual, transnational, work-based learning, etc.). These developments emphasise the importance of assessing competencies rather than formal qualifications and the way they have been earned. However, the methodology of traditional credential evaluation is not up to assessing competencies. The criteria typically focus on the process, entrance level, course content and structure rather than on learning outcomes or the actual competencies acquired. Consequently, the traditional evaluation tools need to be modernised (Divis, 2002). Finally, quality assurance plays an important role in all of these issues.

Therefore, the networks of national equivalence and recognition centres should more closely co-operate with the relevant networks of quality assurance agencies. Initiatives in this direction will be discussed later in this chapter. First, we will look at the state of the art on recognition in the four countries of study.

#### State of the Art on Recognition<sup>14</sup>

Recognition, and in particular the ECTS as an instrument for academic recognition, was first encouraged as a priority under the TEMPUS programme. Efforts continued in the context of the countries' participation in the SOCRATES programme. The situation at the national level will be described below.

##### *Czech Republic*

The provisions with respect to recognition are laid down in article 89 and 90 of the Higher Education Act of 1998. Despite the fact that these regulations are derived from the Lisbon Convention (1997), the Act is quite cautious with respect to the idea of 'acceptance' instead of 'equivalence'. In practice there is significant variation; indeed, some higher education institutions (they are the responsible bodies - only in dubious cases is the Ministry authorised to decide) still base the recognition of foreign qualifications on their own careful and detailed comparisons of study programmes. In contrast there are higher education institutions that try to follow the new approach to recognition in agreement with the Lisbon Convention's principles. This variation may lead to problems with the recognition of qualifications, even those obtained in another institution within the country. Trust and reliable information still are challenges that must be addressed.

Institutions are not obliged to issue a Diploma Supplement, except when a student asks for it. There is a general acceptance of the instrument, but still a lack of information on both the student and institutional side. To improve this situation, NARIC holds regular seminars and a national template has been developed. It is important to note that the introduction of ECTS is not obligatory. Here, as elsewhere, information plays a key role. The idea of credits and comparability has generally been accepted. Higher education institutions have made satisfactory progress, as practically all of them have introduced or are introducing a credit system. Universities of technology and economics were among the first to introduce ECTS.

##### *Hungary*

Hungary ratified the Lisbon Convention of 1997 through an act in 2001. In the same year, requirements for recognition of international degrees were newly codified as well. The recognition of the level of qualification and of professional qualifications falls under to the authority of the Hungarian Equivalence and Information Centre

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<sup>14</sup> The information on the recognition practices and policies is by and large based on the Trends in Learning Structures II Report (Haug & Tauch, 2001), complemented with additional information provided by the national co-ordinators.

(HEIC), which is part of the Ministry of Education.<sup>15</sup> However, the nostrification of scientific degrees such as PhD's is in the hands of institutions of higher education.

A national version (template) of the Diploma Supplement has been in use in Hungary and has now been transferred to the European model. Diploma supplements are issued on request of students.

A decree of 1998 requiring all Hungarian higher education institutions to introduce some kind of credit system before 2002 was complemented by a decree of 2002 establishing a national credit transfer system fully in line with ECTS. The adoption of this system has been coupled with the creation of a National Credit Council, responsible for the introduction and co-ordination of an ECTS-type credit system in all higher education institutions.

#### *Poland*

Poland has not yet ratified the Lisbon Convention. Paragraph 150 of the Act on higher education from 1990 regulates recognition. It provides that the recognition of HE diplomas shall be defined by international agreements. In case there is no such agreement with a particular state, recognition is based on a so-called 'nostrification' procedure. This procedure and the units authorised to perform it are defined in the Minister's decree.

Poland is integrating EU directives on professional recognition into its curricula for professions such as nurses and midwives. The Diploma Supplement is still being tested and is expected to be generalised soon. ECTS is mainly used for transfer in the context of EU mobility programs, but there is no national credit system or envisaged use of ECTS.

#### *Slovenia*

The process of renewing legislation in the field of academic and professional recognition, aiming at greater transparency and improving the recognition of qualifications and diplomas, is in the concluding stage. The academic recognition of higher education degrees is the responsibility of higher education institutions, while information on the procedure of recognition of foreign degrees and certificates is provided by the ENIC/NARIC. The Professional and Academic Titles Act that regulates professional and academic titles was adopted in 1998.

In 1999 Slovenia was among first countries to ratify the Lisbon Convention. With the adoption of the Diploma Supplement Order in 2000, the Diploma Supplement is a mandatory part of each Diplomas that is awarded. It is issued in the Slovene language and in English, if requested by the graduate.

The credit system was considered to be a criterion for the accreditation of study programmes as far back as 1994; this became obligatory in 2002. The implementation of a credit system was significantly advanced after 1999 when Slovenia entered the

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<sup>15</sup> There are some exceptions, e.g. for medical degrees the competent authority is in the Ministry of Health.

Community programmes and the Senates of the two universities ratified the decisions on application of ECTS for ERASMUS mobility. Although most study programmes follow the ECTS model, in practice there is no uniform application of the credit system. Following an initiative of the Council for Higher Education, the Ministry set up a working group to prepare uniform application of ECTS at the national level, taking into account the recommendations of the Bologna Declaration. The new law on the recognition of foreign certificates and degrees, currently being prepared, will round off the legislative process in the field of academic recognition. This law will differentiate between recognition for academic and for professional purposes, contrary to current legislation.

Prime responsibility for professional recognition lies with the Ministry of Labour, Family and Social Affairs. Two laws regulate this field, i.e. laws on the recognition of professional qualifications and on the recognition of qualifications in regulated professions held by citizens of EU Member States. The Ministry set up an information and contact point that is responsible for professional recognition procedures and the implementation of EU directives. In the process of professional recognition, the applicant – after the recognition of a foreign certificate by a competent institution – is granted the right to engage in a profession independently, provided that he/she has passed a (state) examination after completing a period of traineeship in Slovenia. Foreign state examinations are usually not recognised. The competent state body takes the final decision on whether an individual may actually work in a given profession.

### **Towards a Common Future: IR & QA – Two Sides of the Same Coin?**

In the light of the Bologna Process, and as stipulated in the Prague Communiqué, an agenda for co-operation between recognition and quality assurance agencies has been developed, taking certain considerations into account. To begin, many of the generic issues and problems encountered in recognition practice come down to the question of whether or not a course meets a set of standards or complies with the quality criteria of a trustworthy institution. In other words: recognition requires information on the quality of a particular programme and institution, and on how and by whom this quality is determined in the national context. At the same time, the most important objective of quality assurance in the international context is the recognition of credentials across borders. The quality statement about a minimal standard (or an accreditation decision) is the first concern when assessing a credential for international recognition, both for academic and professional purposes. As a consequence, more and better information should be flowing through more transparent channels. It would be a great help if recognition and quality assurance agencies could work together to gather and disseminate information. Thus, a structured relationship for co-operation should be established between ENQA and the ENIC/NARIC Networks.

Based upon these considerations, the ENIC/NARIC Networks suggested an agenda for co-operation. It confirmed the crucial importance of quality assurance and reached out to ENQA to explore common objectives and interests (ENIC/NARIC, 2001). This joint agenda should focus in particular on shared challenges, which are most evident in the areas of globalisation, privatisation, diversification and virtualisation of higher



education (e.g. quality assurance in transnational education), in the area of lifelong learning, the shift from teaching to learning, and the consequent new emphasis on the assessment of competencies. A joint task force was established, whose concerns include the channelling of information, the development of a joint format for the description of programmes and qualifications, the issues of transnational education, and the shift from education to learning. Further steps were taken to look in particular at the recognition of non-degree programmes and joint degrees, and to join European wide initiatives regarding degree standards and outcome levels (e.g. The *Tuning* project and the Joint Quality Initiative). Recommendations were to be made to the ministerial follow-up meeting in Berlin 2003 (ENIC/NARIC, 2001, 2002).

Reflecting on these developments, it strikes us that they bring together two disparate approaches to the international comparison of quality. On the one hand, quality assurance can be characterized as ‘supply-oriented’. It is focused on the provision of teaching rather than on learning, and involves the programme or unit (faculty, university) level. It is also a systematic approach in continental Europe, as government regulations seem to apply to *all programmes* within academic units. This contrasts with the US accreditation systems, which only apply to certain *programmes* (viz. in the professions); additionally higher education *institutions* need to be accredited as such. The regulatory frameworks for quality assurance in Europe are mainly national. Interestingly, the Bologna process is in stark contrast to this, as it is ‘only’ a declaration, not an international treaty or a national law. The lack of a legal basis has pros and cons. It makes the process more flexible, perhaps more fluid (what is in, what not?), but it means that the rights or obligations of parties and other stakeholders in the higher education systems are not clearly defined.

On the other hand, international degree recognition can be characterized as ‘demand oriented’. It only applies to those students and graduates who need it because of (intra-European or worldwide) mobility. It can also be more demand oriented in that recognition decisions can be made in the light of the purposes for which recognition is asked (mainly: academic vs. professional). By definition, it is an international approach, not one of national regulation in isolation. And basically, the legal framework for it is in place. Implementation is now the crux of the matter.

Implementation is complicated by developments in the Bologna process – at least in the short run. Exploring quality assurance and degree recognition *together* is new for all parties involved and as we indicated above, the parties come from different backgrounds with different perspectives. In this respect, it is interesting to note the role played by the Prague communiqué, and in particular by making ENQA the ‘door bell’ or the ‘champion’ of the process. This statement was the catalyst that initiated the coming together of these two fields. Maybe this was an unexpected consequence of the statement, but even if unexpected, it still may be seen as a desirable consequence.

At the same time, the recent discussions between ENQA and ENIC/NARIC is an example of a networking strategy. And that is something to which we will return in our final section.

### What Can Be Done?

The multitude of activities presented here, even in what were until recently the disparate fields of quality assurance and degree recognition, show that there is not a simple solution if a higher education institution or a country's higher education decision-makers want to enter the European process. In fact, that is why the modernist heading to this section like Lenin's 'What is to be done?' cannot be written any longer – supposing that we wanted to, *quod non*. There is no single doorbell that leads to a clear passage from 'where we are' to 'where we want to be'. On the contrary, the scene is characterized by a multitude of stakeholders, evidence of the realisation of 'the stakeholder society' in European higher education. From a policy perspective, this implies a major change in the steering or co-ordination of higher education systems. The state no longer is the only actor to give guidance to higher education institutions, with all these stakeholders' positions and demands being given ever greater legitimacy. The four countries have gone through the first stages of this 'changing architecture' as part of their transformation to a post-communist society. In that first transformation, Western examples may have provided guidance, as these countries went through massification in the 1960s, changed from industrial to service economies in the 1970s and 1980s, and struggled with the commensurate changing demands on the architecture of their higher education systems. Moreover, the decentralisation of decision-making power has been a very important driving force in the transition period in the four countries. This process went rather quickly, and in many aspects, broader and deeper than the move away from state control (Van Vught, 1989) in Western countries.

But now, the Bologna process creates further demands for change by introducing the international level.<sup>16</sup> And in that regard, all European countries are in principle in the same situation. These are new demands for every actor involved: how to operate in a single and more competitive European higher education area, how to be transparent, and how to demonstrate the quality of education at home and abroad? To be a (university in a) member state of the EU or not to be one, still makes a difference among the 'Bologna countries' as EU membership may be a threshold for participation in various projects and decisions. But that difference will diminish swiftly, at least for the four countries involved, as they are among the ten countries accessing in 2004.

Perhaps the primary conclusion for universities and other actors in the four countries, based upon our sketch of the pertinent developments, should be that becoming part of the EU cannot solve everything. Rather, the conclusion should be that it requires individual initiative on the part of any actor to enter these networks. We have not written a handbook on the techniques of networking, though the succession of conferences in and around the Bologna process clearly play an important role in networking. There are too many to attend them all, and there are no reliable rules for selecting the interesting ones: conference titles, locations, organisers (from all

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<sup>16</sup> The emphasis placed on the Bologna process and especially on (quality) regulation in the two-cycle structure (Bachelor/Master) should not obscure the fact that the diversity of higher education remains high, e.g. through life-long learning, sub-Bachelor diplomas, or transnational education (TNE).

stakeholders!) – all seem to be uncorrelated with relevance. In short, as Guy Neave title a recent article ‘Anything goes’ (Neave, 2002).

Networking, or for that matter, any form of (international) co-operation, is not a matter of *l’art pour l’art*, it is an instrument to achieve goals. The primary goal, in our perspective, is to get a *commitment* to quality from all stakeholders involved in higher education. The recent co-operation between the two quality assurance networks and degree recognition is a case in point: different ‘stakeholders’ coalesced to address an area of common concern, out of their commitment to assure and enhance the quality of European higher education.

**Marijk van der Wende** is Professor of Comparative Higher Education Policy Studies at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

**Don Westerheijden** is Senior Research Associate at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

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## 9. New Rules of the Game? Reflections on governance, management and system change

*Harry de Boer & Leo Goedegebuure*

*With special thanks to Emanuel Ondráček (Czech Republic), István Bilik, Vilmos Sándor (Hungary), Piotr Wach (Poland), Darinka Vrečko and Eva Marjetič (Slovenia)*

### Introduction

The question of how to steer higher education systems and their institutions has been a recurrent theme in the higher education policy debate over the last forty years. A debate that has been fueled by a number of interrelated developments. Our systems have gone through a period of substantive expansion, transforming them from elite to mass systems. Both in terms of numbers of enrolled students and in terms of numbers of institutions, today's higher education systems bear little resemblance to those found in the late 1960s. This massification has led not only to a reconsideration of funding issues – funding mass systems on the same level and basis as elite systems simply takes up too much of the national budget, as many governments have found out over the years – it also has brought the issue of steering and control explicitly on to the table. In principle, one can imagine a relatively concise and homogeneous system being directed by a national ministry according to a uniform set of rules and regulations, as traditionally has been the case in many continental systems in Europe (e.g., Neave, 2002). But a whole new situation arises when these systems expand and subsequently diversify in terms of student bodies, functions and orientations (Meek et al., 1996). Systems of an unprecedented complexity emerge that are at odds with uniform and central steering and control. It is simply no longer viable to 'run' a system from one national control centre, as again many of our European governments have discovered – sometimes to their shock and horror, sometimes to their relief. And increasingly, it is not only the government-institutional nexus that drives our higher education systems. A wide range of interest groups make claims on higher education, a new situation often described as the rise of the stakeholder society (see: Enders, 2002; Neave, 2002; van der Wende, 2002).

All of this not only has far-reaching implications for the way systems can be run, they equally affects the management of individual higher education institutions. These issues are at the heart of this chapter, and will be explored in more detail in the following sections. Before doing so, however, we acknowledge the fact that the vocabulary used by the higher education policy and research community is often far from uniform and uncontested. Certainly in different contexts – as we ourselves have found during our work with colleagues in Central and Eastern Europe – particular concepts can take on quite different meanings which frequently results in

misinterpretations and misunderstanding. In this chapter we have therefore made a conscious effort to be sparse in terms of the number of concepts used, and explicit in what we mean by them. The following form the backbone for our discussions and analyses, as adapted from Gallagher (2001):

*Governance*: the structure of relationships that brings about organisational coherence, authorised policies, plans and decisions.

*Management*: achieving intended outcomes through the allocation of responsibilities and resources, and monitoring their effectiveness and efficiency.

*The Evaluative State, New Public Management, the Audit Society*: “These are all essentially solutions to what some economists have called the ‘principal-agent problem’, that is how does a government as principal ensures that its agents – hospitals, public utilities, schools and universities – provide their services in the optimum way from the point of view of society as a whole. Traditionally, this was done through detailed state regulation of the provision of these services, a procedure that reached its apogee in the centrally planned economies of Eastern Europe; but it was also the normal way of delivering most public services, including higher education, in most of the countries of Western Europe.” (Williams, 2003).

*The Entrepreneurial University, the Enterprising University*: “Enterprise is an enabling process through which the more fundamental aims of universities can be protected and pursued in mass-higher-education systems. Competitive enterprise can certainly result in dumbing down, but it can also lead to great works of scholarship and artistic and intellectual creation. Research at the boundaries of knowledge (...) are all produced and made widely available as a result of enterprise. It is the challenge facing those who manage and work in universities to ensure that the dominant outcomes of their enterprise are the proven virtues of exciting teaching and discerning research and not the transient rubbish of the mass media or the mass instant-food industry.” (Williams, 2003).

While this clarification of the core concepts we will be using throughout this chapter should assist in making our comparative analysis of trends and developments in the area of governance and management more accessible and better understandable, it nevertheless remains a fact that this is an area wrought with complexities and nuances. In order to structure our analyses, in the next sections we deal with the following issues. We start by focussing on the changes that appear to have taken place at the national level, where we argue that the changes we see taking place in Western European higher education are a reflection of wider public sector reforms. We then analyse in more detail the changes in the higher education sector itself, and explore the consequences they have on the governance and management of institutions. Having painted this picture, or at least our particular interpretation of it, for Western Europe, in the third section we attempt to present a similar analysis for the changes that have taken place in the Czech Republic, Hungary, Poland and Slovenia over the past ten years. Here again we start with an analysis of changes at the system level and then



explore their impact at the institutional level. Finally, we draw together both analyses and formulate some conclusions from a comparative perspective.

### **Western Europe: Reinventing Government, Neo Liberal Ideologies and Resulting Changes**

#### The changing position of national governments

For centuries higher education in almost all Western European countries was considered to be a public affair and, even today when many of us speak of the marketisation of higher education, it seems inconceivable that national governments can stand aloof from higher education in our societies. Because the government's position towards higher education is so crucial in many respects, including the governance and management of universities, we will briefly elaborate upon this changing position over the last decades.

The relationship between national governments and higher education institutions was, and still is, a highly contested issue. Though both governments and institutions tacitly admit to the interdependence of their relationship, governments on the one hand regularly complain about the esoteric and irresponsible stances taken by higher education institutions, and the institutions on the other hand criticize governments for unjustified and indelicate interventions (see e.g. Teichler, 1991:44). We will illustrate this by taking a brief trip through recent higher education policy history.

In the 1950s governmental intervention was rather ad hoc and incremental. Its interference was mainly re-active not pro-active. In those days national governments in continental Western Europe did not develop comprehensive, future-oriented plans for their higher education systems, despite the enormous, and from a historical point of view unique, quantitative expansion of higher education. In the 1960s, however, the attitude of national governments started to change. In their attempts to steer society in the direction of the modern welfare state, national governments intensified their grip on the public sectors in their countries, and consequently developed more comprehensive plans concerning the role and place of higher education in society. Generally speaking, in continental Western Europe public management was regarded as a means by which society could realise its substantive and common goals. The increasing use of comprehensive blueprints as a technical steering device certainly embodied the aim to rationalise public policy. The end of the 1960s and the 1970s exuded an atmosphere of rock-solid faith in the possibilities for national governments to steer society, amongst other things in the area of higher education. In this period governmental ambitions to arrange or even design public areas such as higher education reached an all-time high. There was a widely shared belief in the necessity and value of quantitative and structural planning by government. Ambitious mechanisms were introduced to develop strategic, long-term plans for higher education. The expanding and detailed interference of most European national governments in higher education expressed itself in an increasing number of laws, decrees, procedures, regulations, and administrative supervision.

From the late 1970s onwards the capabilities of national governments to arrange society by means of detailed, monocentric steering was called into question more and more as a result of several developments such as the disappointing outcomes of comprehensive governmental interventions (Hall, 1980). A major underlying ideological and political force was the rise to power of conservative governments in a number of European countries (Maassen and Van Vught, 1988). Their neo-liberal ideologies, reinforced by economic recessions, led, amongst other things, to the end of the more or less unconditional funding of large parts of the public sector, including higher education. This was not to be a one-night stand. Neo-liberal ideology has infiltrated the minds of politicians and managers to the point where it has become internalised and, quite regularly, normalised. The spread of the philosophy of the global economy, including the notion of lean government, has been strongly supported by international organisations such as the World Bank, UNESCO and the OECD (see e.g. Currie and Newson, 1998).

In political science literature, this transformation of the role of national governments in the 1980s is often referred to as “*reinventing government*” (Osborne and Gaebler, 1992). It implies that government is still active, but in a different way. National governments retain the prerogative to set broad policies, particularly budgetary ones, while increasingly transferring the responsibility for growth, innovation, and diversification to public institutions. ‘Reinvented governments’ are supposed to:

- promote competition between service providers;
- empower citizens by pushing control out of the bureaucracy, into the community;
- measure the performance of their agencies, focusing not on inputs but on outcomes;
- be driven by missions and goals, and not by rules and regulations;
- define their clients as customers and offer them choices;
- decentralise authority, and embrace participatory management;
- prefer market mechanisms to bureaucratic mechanisms;
- steer rather than row.

In a relatively short period of time, catchwords such as competition, empowerment, mission-driven, result-oriented, customer-driven, profit centre, decentralisation, and market-orientation became well known in the public sector at large, including higher education. Whether or not one believes that this has led to substantive change, it is evident that at very least a complete new jargon has entered in higher education with all the ensuing problems of rhetoric, confusion and misunderstanding referred to earlier.

#### National governments and higher education

In higher education this reinvention of government has been described as a paradigm shift from the *state control* model to the *state supervisory* model (Maassen and Van Vught, 1994). In the state control model – traditionally found in continental Western Europe – the government is the overarching and highly powerful regulator of the system. In such systems the government controls nearly all aspects of the dynamics of higher education. It regulates access conditions, the curriculum, the degree requirements, the examination systems, the appointment of academic staff, etc. The

government finds legitimisation for the detailed control of the system in its self-proclaimed task to steer and further the nation's economy. The state control model reigned supreme in the 1970s, as described earlier. In the state-supervising model – traditionally found in the US and the UK – government's role is more limited. The government sees its task only as supervising the higher education system in terms of assuring (academic) quality and maintaining a certain level of accountability for the use of public funds. It respects the autonomy of institutions and stimulates their self-regulating capabilities. This model found increased resonance in continental Western Europe from the mid-1980s onwards.

In other words, the prevailing view towards the end of the 1980s was that governments should interfere less directly and in less detail in higher education. The firm belief in the virtues of regulation, planning, and central co-ordination, which were common sense in the 1970s, were replaced by a philosophy in which government's role is more modest (Goedegebuure *et al.*, 1994). The government should set the boundary conditions within which universities operate, leaving more room for manoeuvre at the institutional level. In fact, what was under attack in the 1980s was not governmental interference as such but its increasing all-pervasiveness.

In the late 1980s and 1990s it became clear that the nature of governmental intervention had changed. This was the age of the Rise of the Evaluative State that emerged from different discourses (Neave, 1998).<sup>1</sup> The Evaluative State is a rationalisation and wholesale redistribution of functions between governments and higher education institutions such that the government maintains overall strategic control. It can be regarded as a watershed development turning primarily around a more remote, semi-hands off nexus between government and university. Functions that previously were vested in government, are assigned to the individual institutions. The Evaluative State is linked to lump sum budgeting, contractual financing, greater margins of discretion in internal budget allocation within the university, the increasing importance of staff productivity and the means of verifying it, and the assignment of responsibility for 'strategic development' to institutional leadership and its supporting management. During the 1990s – which might be referred to as the institutionalisation phase of the Evaluative State – the changes, intended and unintended, of the shift from state control to state supervision became clearer. In the next section we present some of these that are related to the issue of governance and management in higher education.

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<sup>1</sup> Neave (1998) makes a distinction between the European and political discourse on the one hand, and the American and economic one on the other. The former tended to predominate in countries such as France, Sweden, Belgium and Spain, whilst the latter held sway in the UK and the Netherlands. The economic discourse was more radical. It was a direct bid to reduce the ambit of government through deregulation and to substitute government steering by market steering.

### Changes in higher education<sup>2</sup>

The first change that we mention here concerns the marketisation of higher education – i.e. the introduction of market-like mechanisms such as competition, tendering and differential funding – that seems to go hand in hand with neo-liberal governments steering ‘from a distance’. Amongst other things this marketisation implied a fragmentation of the funding base for higher education institutions. Government’s share in the overall funding of the system is reduced, whilst other parties such as students/parents or beneficiaries of research outcomes are ‘stimulated’ to contribute more. There is an increasing reliance on ‘third party funding’ which places a considerable burden on academics and administrators to maintain stability in institutional income flows. A stability, or at least a reasonable certainty, that hitherto had been the advantage of substantive public funding. In the 1990s, universities needed a growing number of specialist services within university administrations in order to try and deal with these changed circumstance: their fundraisers, contract negotiators, liaison officers, project managers, and so on. And of course, trying to maintain a certain level of stability and predictability also implied a stronger grip from the central institutional management on the processes that take place within the academy. With this, a paradox becomes apparent: freedom from national bureaucracy for all intents and purposes requires universities to expand their own internal bureaucracy. This development is inextricably linked to the next point.

Second, as has been argued earlier, governmental strategy to increase institutional self-regulation was tied to demands for institutional accountability. It is the obligation of institutions to report to others, to explain, to justify, and to answer questions about how resources are being used, and to what effect (Trow, 1996). Higher education institutions have to demonstrate to the public that what they are doing is in line with public expectations and with the specific interests of those who seek their services. Although accountability is seen by many as legitimate, one should keep in mind that it can serve several functions. It may strengthen the legitimacy of institutions or it may raise standards (because institutions are forced to examine their operations critically). Or, accountability may be used (and is used) as a regulatory device, through the kind of reports it requires, and the explicit or implicit criteria it requires the reporting institutions to meet (Trow, 1996). As such, it is a double-edged sword. And if this is the case, the good intentions of governments – as stated in vast numbers of national policy documents – may be called into question. One might wonder whether accountability demands are equated with governmental centralism in a new form, seriously impeding institutional autonomy.

According to Neave (1998) this is the case. He argues that in the 1990s the concept of institutional self-regulation has been tempered by increasingly sophisticated systems of accountability. According to his view, it is one of the more bitter paradoxes that the

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<sup>2</sup> In this subsection we do not deal with changes and developments in the ‘knowledge area’ itself. The expansion of knowledge, for instance, is beyond belief in speed and scope and has without any doubt major implications for governance and management. We leave these issues unexplored in this chapter.

introduction of mechanisms for self-regulation involve massive investments in legislative effort. But not only these mechanisms have caused a legislative 'burden'. The new type of legislation – so called framework legislation – that accompanied the Evaluative State, led to further fine-tuning and detailed specification by various agencies. Consequently, the number of rules and rulers appears to be larger than ever before. Neave (1998) argues that the, on the surface, lighter form of governmental co-ordination goes hand in hand with a veritable orgy of procedures, audits, and elaborated instruments. There is a tendency towards re-regulation instead of de-regulation. The ever-increasing bureaucracy and form-filling that has accompanied the accountable institution is one of the primary complaints of academics: it distracts them from the "main game".

Third, it has become clear that the functions of definition, implementation, interpretation and verification were separated and assigned to different structures and different levels of decision-making rather than being concentrated in a central ministry. For a long time the external relationships of universities were largely focussed on one single actor – national government. Today universities have to operate in a multi-actor arena with plural interests (see our earlier observation on the rise of the stakeholder society).

Fourth, governmental policies, driven by the ideology of the global market, provide incentives for institutions to change the mix of research and education from predominantly discipline-inspired to market-driven systems. The increasing emphasis on contract activities is a rational response that may have several consequences at the institutional level. First, it changes the nature of the organisation. It is no longer a 'pure' public institutions, but a hybrid in which different norms and values, public and private, have to be combined.<sup>3</sup> If this blend is not successful, the organisation may be torn apart into two different, competing entities. Moreover, it is argued that contract activities may divert attention away from traditional activities, because the first brings in money and thus prestige in a global market or in an institution run by managers (In 't Veld, 1997). The displacement of fundamental research by contract research is obviously the biggest bone of contention for many scholars. Generally speaking, 'Academia Inc.' or 'Academic capitalism' (Slaughter and Leslie, 1997) is, at least in continental Western Europe, regarded as a threat to academic freedom. It has been argued, for instance, with respect to British universities that research endeavors are increasingly geared towards the requirements of government and industry (Halsey, 1992:13). According to this view, the don increasingly becomes a salaried worker in the service of an expanding class of administrators and technologists. The commercialisation of research has resulted in closer links with industry and, consequently, a move to more applied research agendas with an accompanying reduction in curiosity-driven research and serendipitous discovery. Furthermore, it is argued that the opportunities to carry out contract activities are not equally distributed. Technological, or engineering departments, for instance, have more possibilities in this respect than social science or humanities departments, and, consequently may be

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<sup>3</sup> In 't Veld (1997) argues that the different sets of values cannot be united, but they can be successfully mixed.

treated or rewarded differently. This may initiate new internal distributions of funds and status favouring units close to the market. If this inequality in opportunities is true, universities face a fundamental and tough question regarding their internal policies: egalitarian (spreading costs and benefits among all departments) or competition supporting policies (leading to ‘money making’ and ‘money spending’ departments in one and the same institution).

Clearly, the above mentioned consequences of the push towards accountability and market-like behaviour are both serious and real. There is no denying that the day-to-day lives of academics in Western Europe have become harsher in the sense that more emphasis being placed on performance which can be operationalised in different forms, ranging from traditional academic excellence to raising outside funding. Yet, we also need to be careful not to fall into the trap of academic nostalgia. Whether we like it or not, our world is rapidly changing, not least because of the inescapable consequences of globalisation – interpreted here as the international integration of economic markets – the rapid rise and expansion of information and communication technology, and the emergence of the knowledge society (see e.g. Castells, 1996; van der Wende, 2002). These are profound developments that also put pressure on higher education institutions and, more likely than not, require them to reconsider their traditional modes of operation, including a possible redefinition of values and reward structures. Traditionally, higher education institutions in Western Europe and especially universities have been insulated from external pressures by their national governments (see: Neave, 2003) on the basis of a rationale that was considered quite appropriate for that time. But if times indeed are changing, than it is likely that rationale for insulation will change as well, forcing higher education institutions to be more open to exactly these pressures in their direct and more distant environments. It would seem unlikely that academia can escape these changes or remain unaffected by them given the nature of its work. We will come back to this point in the concluding section of this chapter.

#### New modes of university governance in western Europe<sup>4</sup>

The consequences for universities of the changes and developments discussed above are far-reaching. In essence:

“modern universities develop a disturbing imbalance with their environments. They face an overload of demands; they are equipped with an undersupply of response capabilities. (...) demands on universities outrun their capacity to respond. (...) As demands race on, and response capabilities lag, institutional insufficiency results. (...) Universities are caught in a cross-fire of expectations. And all the channels of demand exhibit a high rate of change” (Clark, 1998:129-32).

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<sup>4</sup> In the previous sections we have spoken deliberately about higher education institutions and avoided the term ‘university’. In this section we explicitly refer to universities because the changes in the governance structure of universities have been far more pronounced than in other types of higher education institutions.

The relative contraction of financial resources together with increased demands on services of all kinds – teaching, research, technology transfer, consultancy and public service – obviously poses problems for higher education institutions in general, and universities in particular. The traditional ‘continental model’, the blend of state bureaucracy and faculty guild, has been characterised by a weak central level at the university through which weak institutional steering became the norm (Clark, 1983). This weak central level at the university, though strengthened over the years (see e.g. de Boer *et al.*, 1998), has severely limited the university’s capacity to change (Clark, 1998). Collegial decision-making, the norm in the traditional faculty guild structure, seems unsuited to coming to grips with the problems of this imbalance between demand and supply capabilities. The collegial structures in place are too slow and cumbersome to meet the needs for flexibility and responsiveness. Nor are they effective for taking the kind of cost-cutting and resource allocation measures that are called for in the harsher financial climate within which higher education in Western Europe now finds itself. Operating in a ‘market’ demands quick responses and sometimes tough decisions. It is argued that these cannot be dealt with without strong, risk-taking executive leadership. Institutions need to assess situations comprehensively and to take a holistic view of their operations so that they can respond quickly and effectively to external pressures. Co-ordination, teamwork, and pulling people together may not have been the typical characteristics of university life. Yet, they now may be much more necessary.

What happened in several western countries was the re-definition, or abolition of collegial decision making bodies. Middle managers such as deans and department heads, certainly from the point of view of governments, must be clearly accountable to superiors or boards. Corporate managerialism and line management have replaced elected deans and have marginalised faculty senates and academic councils, leading to a general decline in collegiality. Presidents, vice-chancellors and rectors no longer think of themselves as ‘first amongst equals’ or as operating through consensual leadership, but as chief executive officers of corporate enterprises with multimillion-euro budgets. However, top-down decision-making by university chief executives, well intended as it may often be, has a bad track record in universities. This change in roles, functioning and structures is not appreciated by all. There is a definite feeling amongst academics that both external agencies and managers internal to their universities are shifting the balance of power and are taking autonomy away from them. Academics perceive these moves as an attempt to centralise power in the hands of a few senior managers who make decisions more quickly. As a result, academics are consulted on fewer decisions, mainly those dealing with curricular issues. Some even hold the opinion that an administration designed to serve the academic function of the university has succeeded in making that function subservient to the managerial imperatives of ‘the new dons’.

This ‘managerial revolution’ is a complex process, with competing discourses of centralising control for policy directions (ends), yet devolving responsibility for spending (means). This new relationship within universities between devolved means and centralised ends has been referred to as “*decentralised centralisation*” (Henkel, 2000). More corporate strategies and structures for academic development were

perceived to be needed to manage the implications of external policies. In most cases this meant the creation of new roles at the centre. But this does not imply that the academy is fully subordinate, even if some academics may have that feeling. There is a prevailing understanding that the future lies in the institution's academic strength. Therefore, academically strong basic units are essential. The present environments of universities emphasise the ability to take opportunities when they arise. But this requires an effective and efficient governance and management structure. One in which a 'managerial' type of decision-making contains a strong element of collegial participation. Otherwise decisions taken opportunistically over time will create so much negative feedback that each opportunity will be more difficult to grasp than the last. In other words, there has to be a balance between effective academic participation and the need for speed and decisiveness. The development of a structure that contains both the elements of clear division of responsibilities (managerialism) and guild like structures (collegialism) is not, as many seem to believe, a mission impossible<sup>5</sup>, though it is not an easy one. In the next section we address the implications of these 'modernised' universities in Western Europe.

#### Implications of the rise of the modernised university

For the purpose of this chapter, we identify six sets of implications that we consider of relevance for a debate on institutional governance and management. First, the changes in the internal balances of power through the introduction of executive leadership might stir up tension between academics and managers. The coexistence of academic and managerial values is an uneasy one. It is not too much to suggest that the success of the widely discussed transformation of universities will depend on the way in which the interface between academics and professional administrators is managed. The key question is how to support and sustain the transformation of universities while acknowledging and accommodating the basic sentiments and work practices of academics considered central to the idea of the university as a community of learners. The simultaneous existence of both a professional and managerial ethos results in a conflict over demands and preferences to be incorporated in a managerial strategy. This is the case because the two perspectives emphasise different institutional solutions to the problems of organising, carrying out, and controlling the work to be performed. Professional authority and control rest on the notion that only professional peers are qualified to judge the adequacy and appropriateness of professional performance. In contrast, bureaucratic forms of control rest on the authority vested in the organisation's hierarchy. It should be clear that the relative dominance of one of the two groups with respect to managerial strategies leads to differences in the management practice of public organisations. And for the moment, the co-operation between ivory tower and market place is more of a *marriage de raison* than a *marriage de passion*. If managerialism means a tendency towards greater directive control through a line-management structure, than one of the main problems is that academics

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<sup>5</sup> Trow's analysis of governance and management in the University of California shows how 'managerialism' and 'collegialism' can be successfully fused. He spots an overriding esprit de corps that urges academics and administrators to pursue jointly goals of excellence and autonomy (Trow, 1998).



in a university possess the 'line' expertise necessary to evaluate the feasibility of strategic proposals (Dill and Peterson Helm, 1988).

The second implication is that concepts such as 'managerialism' are rather broad and vague (Clarke and Newman, 1997). This leads to ambiguity and a lack of coherence, which might have several consequences. One of these consequences is that decentralisation, while enhancing the market responsiveness of departmental units, can tend to erode rather than enhance the power of the executives at the central level and the strategic coherence of the university as a whole. It can also produce high levels of internal competition. This shift to a market-driven regime entails some control risks for top management. Decentralisation offers professionals new areas of opportunity and discretion, and new ways of playing political games or exercising their skills. Professionals may even revel in the competitive excitement of the market, while top management strives to rein them in.

Third, the dispersal of managerialism might lead to the embedding of calculative frameworks throughout universities. This refers to the processes by which employees come to find their decisions, actions and possibilities framed by the imperatives of managerial co-ordination: competitive positioning, budgetary control, performance management and efficiency gains. Academics become increasingly consciousness that managerial agendas and the corporate calculus condition their working relationships and processes, and that these have to be negotiated.

Fourth, tensions may also arise between belief, language and practice. That is, people may adopt new behaviours but retain old values. They play the game, apparently in the way intended, but in essence they stick to old values (cosmetic operations). It has been argued that organisations develop plans, strategies and visions as a matter of symbolic compliance or legitimisation - that is, producing the symbols that organisations ought to have.

Fifth, academic chief executive officers often find themselves in multiple binds. When acting as change agents, they will often encounter resistance within the institution, while at the same time they must defend and interpret the very institution they wish to change.

Finally, the new governance structure provided by the legal framework and regulations offers an incomplete set of instructions and incentives to those supposed to implement them, leaving considerable room for judgement and discretion. Furthermore, the incentives offered are in some ways contradictory, not providing the possibility of a fully consistent response, and threatening to undermine some of the outcomes – such as high quality and falling costs – which they are supposed to promote. With respect to managerialism, there are at least three variants: an efficiency oriented variant (stressing productivity and managerial control), a market oriented variant (stressing competition and contracts) and a user oriented variant (stressing service quality and responsiveness). These variants may all be present in a single university, and are potentially contradictory. Such contradictions may produce tensions and dilemmas. Incentives and constraints linked to managerialism do not all work in the same

direction. There may be inherent tensions between internal decentralisation and the possibilities of a coherent strategic role at the centre. Tensions may arise from the coexistence of multiple rule systems in the process of change. For example, rules of audit (performance measures, standards, and inspection) are in potential – and often in actual – conflict with the rules of the market (flexibility, responsiveness, and dynamism).

### Summary

Put succinctly, the changes from one mode of governance to another in universities in continental Western Europe have created a number of dilemmas and tensions. It has not been a simple displacement of one model by another. Becoming a ‘more business-like’ university means more than the adoption of good business practices, whatever they may be. New concepts are rarely straightforward; change is seldom linear. Moreover, we like to stress that we have described changes and their implications in a general way. We have not discussed how much change actually has taken place or how serious the implications are, for instance, at shop floor level. It might well be that in some places the new governance structures are just a bit of cosmetic surgery, while underneath it is business as usual (de Boer *et al.*, 1998). And of course the implications of similar trends may be perceived differently in different institutions or different countries (Currie *et al.*, 2003).<sup>6</sup> It is these issues that we will address in the next section, when maintaining our substantive focus, we shift our geographical attention to Central and Eastern Europe.

### Central and Eastern Europe: Reinventing Government, but in a Different Vein

As has been argued in the previous chapters of this book, it is very obvious that the post Second World War period of communist rule and the in many respects very rapid demise of this system after the fall of the Berlin Wall, has left a deep mark on the institutional fabric of the four countries. We use the term ‘institutional fabric’ in the neo-institutionalist interpretation to refer to the existing system of norms, values, formal and informal rules – the social and cultural structures that bind a particular society. Within such a framework, it becomes perfectly clear that you cannot ignore the legacy of forty years of communist rule. It has had an impact on social structures, on cultural values, on norms, on rules, and most definitely on people. And as has been the case for all public sectors, it has had a massive impact on the way in which the higher education sector has been steered, organised, structured, and controlled. As Neave has argued in the introductory chapter to this book, we should not close our eyes to the fact that even within a doctrine that by many outsiders is perceived as homogeneously oppressive, diversity and nuances have existed across the countries in Central and Eastern Europe. And individual countries have experienced their own form of communist rule, depending on their own systemic contexts. This has important ramifications for the unique histories that unfolded in the last decade of the previous century.

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<sup>6</sup> In their study, Currie and her colleagues analyse that managerialism could be regarded as a global trend in higher education but that it is perceived differently in various countries.

With respect to the impact that the ‘winds of change’ have had on the way in which higher education in the respective systems has been steered from the national level, one could argue that, indeed, in Central and Eastern Europe we have seen the reinvention of government. And, falling into the trap of nominal similarities, one could also argue that there is a remarkable resemblance between the developments in Western and Central/Eastern Europe. For do we not also find here the thrust of neo-liberal ideologies, of market-like forms of co-ordination, of competition, and of individualism? But even though many of these tendencies can indeed be observed the bottom-line is that nothing could be further from the truth. Yes, we witness a reinvention of government, but in a form and fashion that is almost foreign to western observers. The reason for this is at least two-fold. On the one hand we cannot dismiss the pace of change. Whilst in the Western Europe we have experienced a relatively gradual process of change from central co-ordination to state supervision, lasting in effect some two decades, in Central and Eastern Europe this change has taken place at lightning speed. In a time-span of mere years complete systems have been re-arranged, sometimes in a more nominal fashion, but predominantly in a substantive manner. And this has rocked the boat as the winds reached on gale force status. On the other hand, the whole notion of government, governance and control needs to be seen in a different light. Without intending to start a normative debate on ‘good governance’, we believe it fair to argue that in Western Europe the forms of central government steering and control described in the previous section can be captured under the concept of the ‘benevolent state’. Therefore, despite the often heard and voiced university critiques on the role of national governments, there seldom has been an atmosphere of absolute distrust or overt rejection. This situation is completely different in Central and Eastern Europe. It would be an almost Herculean task to find someone who perceives the past forty years of communist rule to have been benevolent. It would be equally difficult to find strong support for the notion that governments, despite all their failures and flaws, at the end of the day can in principle be trusted. This legacy, again cast in terms of the institutional fabric, has had a major impact on the notion of reinventing government, as will be demonstrated below.

#### The changing relationship between national government and higher education

The most extreme case of the reinvention of government can be found in the Czech Republic, where at the beginning of the 1990s this could almost be equated with the abolition of government, though in a very democratic and organised manner – not through a process of anarchy and destruction as most in the case when we speak of abolishing the concept of government. Immediately after the Velvet Revolution, ‘policy’ in some senses became a forbidden word, and decentralisation and liberalisation key concepts. For the higher education sector, these principles were embodied in the 1990 Act. Not only was this act prepared and implemented in a very short time-period and with little debate, it also transferred practically all powers from the state to the institutions. The ministry was left responsible for the allocation of the state budget and the co-ordination of system development. All other powers resided with the institutions. Even though it frequently has been argued that the ‘power of the purse’ is one of the most influential policy levers available, in the Czech case in the

early 1990s this potential was seriously curtailed by the provision that all important issues, which obviously include funding issues, needed to be discussed with the Council of Higher Education Institutions (Šebková and Beneš, 2002). The Act of 1998 had more of a flavour of policy orientation; national policies and objectives in terms of mission and vision emerged. The system moved from a full institutional focus to a more mixed and balanced state-institution-market focus.

Poland experienced a similar policy development at the system level to the Czech Republic, though not as sharp. At present we see something like the reinvention of the State, partly as a result of all the requirements that accompany the entry into Europe. This is accompanied by a shift of powers from 'bodies' to the Minister. The only body outside the influence of the Minister is the Central Committee for Degrees and Titles, which is completely controlled by academics, and whose members are elected, appointed by the Prime Minister, and who generally are traditional and old academics. Another reason for the reinvention of the State is that higher education funding has gotten out of control. The 1997 legislation created the possibility for establishing vocational schools. The 2001 amendment brought power back to the Minister and introduced accreditation. The rationale for this was that higher education institutions enjoyed too much freedom and misused that freedom (for example the explosion of private higher education and the very dubious quality of some of this provision). The primary instrument in the hand of the Minister, had been the funding formula, but it was concluded that this did not offer enough grip on the system for the Minister and this was subsequently suspended.

The process of change in Slovenia has been relatively gradual compared to Poland and the Czech Republic, and reflects developments in the political and economic system. In terms of regulation, the two universities have to operate within the same legal framework, but have their own statutes. As is the case in the other countries, the role of legislation is important, and in the Slovenian case this is quite detailed. Following independence in 1991, the first Higher Education Act was passed in 1993, followed by an amended version in 1999, the latter having a major impact on institutional governance (see below). A process of changing to a lump sum funding system has been set in motion, but again is slow. At present, the state of affairs is such that the Boards of Trustees together with the Rectors have managed to achieve one-year stability in funding, which in the Slovenian case appears to be unique. At least now the universities know what they will receive from government for a period of a year, even though it remains a line-item budget, which leaves little room for manoeuvre in terms of institutional management. In terms of the direction of change, the emphasis has been on increasing efficiency and rationality regarding the issues of governance and management and on the creation of de facto higher education institutions: the university as a real institution rather than as a loose federation of individual faculties (see Chapter 5).

For Hungary the situation is somewhat different in the sense that regime-change in this system was not as abrupt as in the other three countries. As Darvas (1998: 1–2) notes, the particular functioning of the Communist Party in Hungary

“brought about cycles of relatively lenient and reform-oriented periods in which government strategy focused on the traditionally more marketable economic sectors of agriculture and consumer goods. From the mid-1960s on, economic reforms in Hungary established progressive internal models of market economy as well as interests in export-oriented business. (...) The establishment of a market-friendly environment drew in the most significant overall amount of Western investment within the CEE region.”

The more 'western-oriented' approach was continued and strengthened in the post-communist period. For the higher education system, this implied a further reduced role of the national government. However, it should be noted that state influence is not absent. Government still has a prominent role through the funding of the system, and appears to use this role in a more pronounced way than is the case in e.g. the Czech Republic. But important powers also reside outside of the government, in the hands of national committees, resulting in a complex governance structure of “joint bodies of policy-making in which both government and the higher education sector is represented through delegates” (Darvas, 1998: 8). Examples of bodies outside government influence that hold key positions in important areas are the Hungarian Accreditation Committee with respect to quality assurance (see Chapter 8) and the Strategic Expert Committee of the Higher Education and Research Council, responsible for strategy development for the higher education sector. Institutional leaders play an important role through their respective collective bodies, the Hungarian Rectors' Conference and the College Directors' Conference, while academia itself has an important role to play through its representation by leading academics on the boards of bodies such as the Higher Education Development Fund (see Chapter 3). From the above it follows that policy-development and decision-making to a very large extent are based on negotiation, which also implies that these processes are fairly lengthy. This particular feature of the Hungarian system also implies that the overall thrust, as expressed in formal policy statements, on effectiveness, efficiency and autonomy need to be interpreted in this context and takes on a somewhat different conception than traditionally understood in the literature.

Bringing the four histories described above together, our argument is that all four systems in a way have experienced the same transition: from a (very) detailed system of government regulation and planning to an autonomous, decentralised higher education system, with emphasis on accountability. But we also should note that the process has been very different in all countries. The Czech Republic clearly has seen the most abrupt change, followed by Poland, whilst in Hungary and Slovenia this process has been more gradual. Although with respect to the two latter systems we clearly should differentiate with respect to their different starting points. Early in the 21st century we see a good deal of convergence: the systems more or less coming together at comparable points on the centralisation-decentralisation axis. In the Czech Republic and Poland we can see governments and national policies carefully taking on a more prominent role, though still within the context of explicit institutional autonomy. And in Hungary and Slovenia we continue to witness an intricate balancing act between governments, institutions and collective bodies. For all four countries it could be argued that the dust of the transformation is settling down and the proverbial pendulum is finding its point of equilibrium.

### Changes in higher education

For the Czech Republic, democratic principles are very important in the area of institutional governance and management. The position of Rector is a mixed one. Though the Rector should be responsible for everything within an institution, Senate's approval for many things is required. As the Senate is a body whose members are elected from the academic community, this basically means that on all matters of true importance to the institution, the Rector cannot act without the support of the academic community. The Rector chairs the Scientific Council, which has one third external membership, and deals with issues of research and academic programmes; its members are nominated by the Rector, which, from a comparative perspective, is a rather unique feature. The 1998 Act also introduced the Board of Trustees; a board consisting of external members, nominated by the Minister. It embodied the shift from higher education institutions as state institutions to public institutions.<sup>7</sup>

Governance and management are very complex and complicated issues in Czech institutions. There are many bodies with different responsibilities and interrelations. No doubt, this structure again is the result of the strong emphasis on democracy, although interpretations on this differ. According to Cerych, as a result of the Velvet Revolution "anything evocative of the old central control was banished, including the powers and competences of rectors or deans as effective managers of the higher education institutions. The prevailing *Weltanschauung* was a radical liberal stance with as little as possible of state intervention and with an almost unlimited faith in free market forces." (Cerych, 2002: 113). We will not again go into a prolonged debate on the relationship between the market and institutional management (see the first section of this chapter), but there is little contestation of the fact that decision-making within Czech institutions is a lengthy process, involving much discussion by many parties. For example, before Senate discusses an issue – and in the end gives its approval – it is usually required that the matter has been debated in the Scientific Board or in the Board of Trustees, or even in both. The Rector is nominated by Senate and appointed by the President of the Republic. The deans are nominated by the faculty senates and appointed by the Rector. In Senate, 30–50% of the seats are taken by students, which means that quite often they hold the balance of the vote. This constitutes pressure for consensus, and thus results in a management style that best is described as collegial management. Institutional administration supports the Rector and the other bodies and is small in size. At the national level we find the same focus on democratic/collegial decision-making, featured in bodies such as the Rectors' Conference and the Council of Higher Education Institutions.<sup>8</sup>

With respect to management and government, in the Polish system there is very strong autonomy for the higher education institutions, as also is suggested by the emphasis on

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<sup>7</sup> This change basically implied the transfer of ownership of property from the state to the institution. The Boards of Trustees were introduced to assure responsible use and maintenance of this former state property by the institution.

<sup>8</sup> The Council is composed of representatives of institutional and faculty senates.

decentralisation discussed in the previous section. Funds come in the form of lump sums, buildings are the property of the institutions, and so on. A cap on this vast autonomy may be placed by the newly introduced accreditation system, but this remains to be seen. Overall, it can be argued that – like in the Czech Republic – the power of the Ministry has been considerably limited compared to the situation before 1990 (Jabłocka, 1998).

Higher education institutions, as said, are fully autonomous institutions that frame their own statutes. They are characterised by strong decentralisation. With respect to degrees and research, faculties are fully autonomous. As regards appointments, they are made by the Rector, on the advice of Senate, and in the case of academic staff after a selection process by the Faculty. Deans are elected by the appropriate faculty body – in most cases the Board of the Faculty – without any influence of the Rector. Senate is composed of a majority of academics, a maximum of 15% students and of administrative personnel. It approves the mission and strategy of the institution, it attempts to balance the central-decentral issue, and it decides on internal resource allocation. Although the Rector can overrule Senate (if an issue is 'in the vital interest of the university') this seldom occurs. Yet, the Rector is directly responsible to State bodies. This is another example of being caught in the middle and of the need for a difficult balancing act by the Rector. The Rector attempts to do this by interacting with the important committees of Senate. There is some discussion over whether the Rector is the prisoner of Senate, or whether in fact it is a fairly powerful position. In terms of formal powers, it is at least a complex situation as the Rector is elected by Senate<sup>9</sup>, but at the same time the Rector employs and pays the staff. The Rector is supported by the administration, whereby there is little to no relation between the central and the decentral administrations. The top administrative structure appears fairly stable, and is slowly evolving in terms of professionalisation. Key functions would be: director of administration and treasurer/questor, people who normally would be members of Senate.

The above holds true for the public higher education institutions. In private institutions the position of the Rector (or Chancellor) is much stronger. In these institutions Senate only has an advisory role on matters relating to education. As laid down in the law, the founder of a private institution appoints the Rector. In the private sector there is substantive diversity as regards the issues of management and governance, a diversity that is formalised through the statutes of the higher education institutions.

As regards external pressures, these are very strong regarding the effectiveness and efficiency of higher education. Like all other public sectors in Poland, higher education is coping rather well with these pressures. The sector is characterised by spectacular growth as regards student numbers. In the early 1990s legislation, a strong liberal approach was chosen, which opened the system, including private higher education, and a strong demand for higher education existed from 'the people'. In terms of

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<sup>9</sup> Formally, the Rector is elected by the highest body defined in the statutes of the state university; often this is Senate, but sometimes it can be a much larger body.

management style, this can be characterised as rather traditional, non-managerial. But again, there is considerable diversity in the system.

In Slovenia, there are three public universities (the third has been recently founded) and 11 independent institutions (see Chapter 5). The emphasis in the change process has been on academic autonomy, which in a way is an interesting concept in Slovenia due to the enormous decentralisation within the institutions: extreme fragmentation, and hardly any concept of an institution. As argued by Kump (1998: 358-359), this has been a heritage of the post Second World War higher education system, which resulted in

“the disintegration of the university into isolated parts with very low levels of co-operation and communication” ultimately leading to “a permanent problem of the university [that] turns around the lack of both a concept of mission and a global strategy”. This particular situation, however, has been realised at the national level. In 1997 the Council for Higher Education in discussing the starting points for the Master Plan on higher education stated that: “The basic objective of institutional development in the field of higher education in the Republic of Slovenia is to ensure that universities are integrated and autonomous. Only an integrated university incorporating various disciplines and professions can pursue its scientific, cultural and wider social mission. By autonomous research and teaching, management and administration, the universities and higher education institutions assume their part of responsibility for social development. Integrated and autonomous universities ensure that their members apply uniform standards in the adoption and implementation of study and research programs, in academic promotion, admission of students, award of degrees, etc.” (Council for Higher Education, 1997: 14).

Yet, effective institutional administration remains an area of both difficulty and concern in Slovenian higher education. Although there were differences between the two universities, the OECD’s review team in 1999 still concluded that:

“Already when the two Slovenian universities drafted their constitutions it became evident that the institutions which were to form the universities are reluctant to accept effective coordination at the university level. (...) This raises the question whether the organisational structures and the power of the central organs are sufficient for efficient co-ordination and to handle conflicting demands. There are signs of a danger that conflicts remain unsolved and are passed back to the Government which would threaten the newly acquired autonomy and academic self-government. (...) [T]he review team considers that more effective government and decision-making at the university level is highly desirable in the interests of reform. (...) Adjustment of resources to meet new demands by industry, students and society -- never easy in any higher education system -- would be facilitated by a more centralised system of internal government and management within each institution.” (OECD, 1999: 44).

Although perhaps change is slow, nevertheless there is change. There is an increasing awareness that universities have a role to play in the development of Slovenian society (the concept of university responsibility), both within and outside universities. Students press for more relevance in their programmes, which has resulted in a



stronger labour market orientation. And at least in Maribor, the university administration has been strengthened: from 18 to 94 fte staff over the period, which has been accompanied by increased professionalisation. A development that has been supported by government, which has approved these new positions and provided, again, line item budgets for them. Ljubljana also has experienced an increase in staff numbers as a result of massive enrolment increases and the push for internationalisation. A major area of change, and one very much in line with the 1999 OECD recommendations, has been the opening up of internal university governance, embodied in the 1999 revision of the Higher Education Act. Traditionally, university governance was the exclusive domain of full professors. The 1999 Act brought this dominance to an end. A new body, the Academic Assembly was established, in which all academic staff and their assistants could participate and which also reserved a minimum of one-fifth of the seats for students (Zgaga, 2002). The Academic Assembly elects the Senate and nominates the candidates for the position of dean, who is elected by Senate. Also, the composition of Senate has been changed from the exclusive domain of the full professors to a body consisting, in theory, of a variety of academic staff and students. This 'democratisation' of institutional governance is also reflected in the election procedure for the Rector: all full-time academic staff members can vote, as can the representatives of the student councils. And the position of the dean is now open for all academic staff, not only for full-time professors.

Institutions have a Managerial Board, consisting of 3 government/ministry representatives, 1 student, 1 non-academic staff member and 4 academics. The power of this Board relates to the long term institutional plan, budget policies and university buildings. The president of the Board is elected, but he/she does not get time off to actually seriously do anything as the president: it's an add-on job. To what extent all these formal changes and new bodies will affect the nature of institutional management and decision-making obviously remains to be seen. Yet, from an outsiders' perspective it would appear that some major initiatives have been implemented to break the deadlock of a very bottom-heavy, insulated and consequently conservative academic system facing vast and inescapable pressures for change as a result of both within-system developments and imminent accession to the European Union.

In Hungary, the management of the university is in the hands of the Rector and the Senate (which equates to a university council). Senate is composed of senior academics, non-academic staff and students (one third) and it elects the Rector. A striking feature of the Senate is that the students usually carry the balance of the vote as staff are normally divided on most issues. This implies a strong lobbying by all parties for the students' vote. Senate also is responsible for the institutional development plans (IDP's), which are accepted by Council (an external body, consisting of higher education experts, appointed by the Minister). Senate has a number of advisory councils. There is an intention to separate academic and management affairs, which is not the case yet; institutional management is an 'add-on' to the regular (academic) work. The above is the situation for all higher education institutions.

With respect to research, the universities face the competition of the Hungarian Academy of the Sciences (HAS), an independent body that decides over and holds the majority of research funds. The existence of the HAS inhibits the development of professional institutional management, since academics are dependent on the HAS for acquiring research funds and these are distributed on the basis of academic achievements. Yet, another peculiarity is the way in which professors are appointed. They are nominated by Senate – interesting given the student position in these councils – discussed by the Hungarian Accreditation Council, and when the advise is positive, appointed by the President of the Republic.

At the system level, as noted before, there is only direct influence on higher education institutions through funding (see Chapter 3), which comes in the form of a lump sum. Yet, administration is not a significant function in most institutions. Overall, the common understanding is that policy development and management basically is a bottom-up process, except in those cases where there is unequivocal support of Senate (which as stated above, is not very common). Consequently, institutional policy-making is very much a political process. Over the years, institutional autonomy has increased. Though in the past an average situation (financially) for institutions would be 75% government funding - 25% external income, there now are vast differences between institutions in this respect, as a result of increased autonomy. Differences between institutions also appear to be related to the extent to which they are willing or have been able to ‘open up the ivory tower’. From 2001 higher education institutions also are obliged by law to have a so-called Social Board, a kind of Public Senate, which is an advisory body consisting of regional and industrial representatives.

## Conclusions

For all four countries it is clear that the changes at the system level have had their impact within the higher education institutions themselves. Although any generalisation does injustice to country-specific issues and within-country differences, we believe the following observations to be a fair synthesis of what in themselves are complex processes of change and adaptation. In all systems it would appear that the institutions have opened up. The traditionally dominant and sometimes exclusive position of full-time professors in the governance and management of institutions is making way for more democratic and inclusive forms of governance and management. Yet management itself, especially in the way it has been used and described in the first section of this chapter, should not be interpreted in a managerial sense. The powers of institutional leaders are limited, with the exception being the private higher education institutions. Institutional decision-making is a time-consuming and complex undertaking. And the role of academia in governance and management, despite the changes that have taken place within institutions, is still pronounced. A professional institutional administration is emerging in many instances, though overall this is a slow process. Although changes in both the structure and nature of governance and management at the institutional level have been brought about through national legislation, they are without doubt the result of the mixture of internal and external pressures that are besieging the institutions in all four countries. Internally, previously underrepresented groups successfully have claimed a more prominent position, which

could be interpreted as the rise of the internal stakeholders. Externally, institutions increasingly are facing demands to increase the relevance of their programme offerings and their relationships with local and regional industries. As such, we also witness the rise of external stakeholders. The combined impact of these claims and demands will pose a major challenge to the management of the higher education institutions in the four countries a challenge that has to be taken up in order to successfully complete the transformation process that has been set in motion.

### **Comparative Observations**

When we look at the developments at the system level analysed in the previous sections, a number of things come to the fore. First, despite the fact that on a very high level of abstraction one could argue that there are comparable developments taking place in Western and Central/Eastern Europe, we have to recognise to the fact that these developments in essence are quite different. The surface similarity lies in the overall shifts towards a reduction of state influence, an increase of institutional autonomy, and an increased reliance on the market as a mechanism for co-ordination. But realities are far more nuanced. In Western Europe, to the extent that one can identify a common trend (see our first section in this chapter), it would be triggered by a mix of diverse forces such as prevailing political ideologies, semi-rational responses to tackle perceived problems, the massification of higher education systems, and a continuing reduction of public expenditure on higher education. Clearly, some of these forces are at play in Central and Eastern Europe. But the great divide, at least conceptually, between the two parts of Europe is between gradual system change and abrupt change, or, phrased differently, between evolution and revolution. Here it is not only a question of the time-frame in which change has taken place, but as much the deep psychological impact of radical political change. The four countries version of 'reinventing government' was driven by an almost complete loss of faith, at least in the immediate period following the system changes, in the virtues of the role of government.<sup>10</sup> Such an explicit rejection of the role of government has not been the case in Western Europe, nor has it been a driving force for change. Without having the opportunity in this study to go to great length and depth in terms of scientific analyses, a plausible assumption arising from this would be that the adjustment to a new mode of governance at the system level, has been a much more profound and problematic matter in the four countries than it has been in Western Europe.

What can be argued with more force and substance is the notion of a lack of within-system steering capacity. One of the great difficulties that most continental Western European systems have experienced is to deal adequately with devolved authority. Though the processes of decentralisation and the devolution of power and authority have been far more gradual than has been the case in Central and Eastern Europe, the real trick has been how to accommodate these powers and responsibilities at the lower levels of the higher education system: the institutional and the 'intermediate' level, the level of buffer bodies in those systems where these exist. In all fairness, we should be open to the fact that in most of the Western European systems, both institutions and

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<sup>10</sup> But again, we need to note the differences in this respect between the four countries.

buffer organisations have had – and sometimes still are having – great difficulties in dealing with their increased responsibilities. For despite the fact that cries for increased autonomy and a reduction of state influence have been frequent and continuous, taking full responsibility for one's own affairs *and* being truly accountable for proper use of public funds has proven to be no mean task.

In a slightly more theoretical vein, the argument would be that in order to govern a higher education system, a certain degree of steering capacity is required. This capacity is independent of where – and at what level – in the system it is located, or how it is distributed over the various system levels. Whether it is the state, academia, or the market (Clark, 1983) that co-ordinates, steers, or governs the system is not the point; a particular 'total volume of steering capacity' is needed to co-ordinate a higher education system effectively. When in a system degrees of power and authority to steer are devolved to lower levels, but not accommodated at these levels, steering capacity seeps away; the system loses steering capacity (energy so to speak) and the system's performance is subsequently reduced.

This we have seen happening in many of the Western European systems in a fairly gradual form. And in a way we can still observe the problematic of dealing with increased institutional autonomy both at the national level – political and governmental complaints about the inadequacy of institutional behaviour – and at the institutional level – complaints about insufficient resources and still stifling regulations. But self-reflection and self-criticism are less frequently found attitudes at both levels. In the four cases discussed in this chapter, our argument is that we see a similar development taking place, but in a far more condensed period of time, and therefore more pronounced. But again, the discussion needs to be nuanced to do justice to the four cases. At the system level, it would appear that much of the devolution of power and authority has been accommodated by the creation of collective, intermediary bodies, mainly in the form of 'National Councils on Higher Education' that have very important advisory powers which in practise are often decision-making powers. Consultation is vast, decision-making slow, but decisions are reached, and are implemented. Again generalising, the nature of these decisions is general, setting the parameters within the system has to operate, although the ensuing legislation can be quite detailed.

Yet the crux of the matter would seem to reside at the institutional level, where the actual implementation has to take effect. It is at this level that the four systems seem to run into the same types of problems encountered in Western Europe. In Western Europe this is in essence the result of the specific nature of a higher education organisation – a professional bureaucracy, fragmented, bottom-heavy, and with diffused decision-making authority (Van Vught, 1989) – in which institutional executives increasingly are being placed in a position of authority. In the four countries the latter is almost completely lacking, and the basic characteristics of higher education organisations are even more pronounced. It is not for us to argue that managerialism or executive types of decision-making are better than collective forms. The reality is that in many of the institutions in the four systems, there is a serious lack of formal authority at the central institutional level to take decisions and to implement them.

There is also no strong tradition of professional institutional administration. And the core academic staff is 'not appreciative' of being steered. The 'steering capacity' that has been devolved in the system to an extent then disappears into black holes of academic decision-making; the energy gets lost and the overall system underperforms.

Is the above, perhaps confrontational, conclusion surprising? It should not be. Western European systems have experienced quite similar tensions and still are trying to come to terms with them. In the four systems we discuss in this book, it would have been a sheer miracle if these tensions were not apparent. Social theory has attuned us to the fact that social institutions take time to adapt to new situations. And for us, it goes without saying that academe is a social institution *sui generis*. It does adapt over time, but ten years is a very short period for a fundamental adjustment. What we see evolving are particular adaptations and accommodations to governance and management models and practices that will continue to change over the years to come. What is most encouraging is that they have changed so much already.

**Harry de Boer** is a Senior Research Associate at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

**Leo Goedegebuure** is Executive Director of the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

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## **Part 4**

### ***Comparative Reflections***



## 10. On Real-time Systems, Change and Challenges Comparative reflections

*Jon File & Leo Goedegebuure*

*With special thanks to Jürgen Enders*

*This lightning storm, this tidal wave,  
this avalanche, I'm not afraid.  
That's who you are, that's what you could  
(Buck, Mills, Stipe. Imitation of Life. Athens, 2001)*

### Introduction

In this volume we have attempted to provide a concise overview of four higher education systems that have experienced, each in their own right, as well as collectively, a process of rapid and profound change. What we have not tried to do in this book, nor in this comparative reflection is to engage with the notion of 'Central and Eastern European Higher Education'. Ours is in essence a tale of four countries and we share Peter Scott's point of departure:

"...the unity of Central and Eastern Europe is an artifice, contingent on half a century of communist rule. The nation states that occupy the region bounded on the West by the Elbe and the mountains of Bohemia, on the East by the plains of Russia and on the North by the Baltic Sea and which, on the South, stretch to the Adriatic and (almost) the Aegean Seas are as heterogeneous as the nation states that occupy the West of Europe, stretching from the Arctic to the Mediterranean. Central and Eastern Europe is both part of a larger whole, Europe, and subdivided into many regions. Its institutions, including its universities, reflect that variety. Almost certainly, despite their common experience of communism, universities in Central and Eastern Europe have less in common with each other than, for example, universities in Latin America." (Scott, 2002: p. 137)

In the public debate on higher education policy and reform, the case of 'Central and Eastern Europe' is also often presented as either unique, or as an example of the transformation of underdeveloped higher education systems to a state of maturity. We find neither perspective convincing. As has been made eminently clear by Guy Neave in his introduction to this volume, the four systems have a rich, long and intricate higher education history, and thus substantive traditions and structures that form the foundations from which revitalised systems are emerging. And although the speed of change is such that comparable cases cannot be found that easily, we should not close our eyes to the fact that many of the pressures that are driving these changes are found in most, if not all, of our Western European systems. In this final chapter we would

like to continue the debate on the transition processes that are taking place in the four systems following Peter Scott once more:

“... the challenges facing higher education in Central and Eastern Europe appear in a different light – not as “catching up” with higher education in Western Europe, a limited (and limiting?) and finite project – but as part of a wider enterprise, to re-orientate the whole of European higher education, by reaching out beyond the elites, old and new, cultural or technical, into the diverse communities that constitute modern Europe, and by realising the potential of the new synergies between knowledge and society and the economy, identity, and culture.” (Scott, 2000: p.405).

In doing this, we start by outlining a number of major internal and external forces of change that are pressuring higher education systems to change. This is also the starting point that we chose for our dialogue with our colleagues from the Czech Republic, Hungary, Poland and Slovenia during the course of our four-year project. From thereon, we expand the argument to the common themes that run through this present volume, and discuss the major challenges that face higher education in the four countries *and* in Western Europe. In this, our aim is not to provide a normative recipe on how to deal with these challenges, but rather to sketch a road map of what still lies ahead. For despite the fact that much has been achieved in terms of change and transition, much still remains to be done to meet the challenges that flow from a fundamental re-orientation of the socio-economic fabric of European society on the eve of the knowledge society. And, to return to the overarching theme of this volume, all this needs to be done by real-time systems, responding in time to a multitude of demands simultaneously and in a co-ordinated manner.

### **Rooted, Re-routed and Re-formed**

If we had included South Africa, Mozambique, Bolivia and Indonesia in this book (four other countries where CHEPS has worked over the past four years), the four systems would have appeared more similar than they have in our account. But the greatest similarities would have remained the broad-brush historical picture of continental European systems separated from their European cousins for a forty-year period of state-socialism – Guy Neave’s period of Babylonian exile. The focus of our dialogue has been policy and future oriented, and it is here where the real sense of four higher education systems approaching the future, and current domestic and European policy challenges, in their own distinctive ways is most clear. As is evidenced in the four country chapters, there can be little doubt that reform and change has been substantive indeed.

### **Mass Higher Education Provision**

One of the most striking features of the concise descriptions of the four systems is a decade of sustained expansion in higher education participation. While this reflects pent-up demand released from the constraints of state manpower planning, and may be ‘just’ the four systems experiencing the second wave of growth a decade or two later

than in Western Europe, it meant that the four systems went through the transition from elite to mass higher education very rapidly indeed.

The real insight of Trow's (1973) seminal work on mass higher education was not the numerical indicators used to define different stages in the growth of higher education (elite systems enrolling 15 – 20% of an age cohort, mass systems from this level up to 50%, and universal systems even larger numbers) but the recognition that elite features persist in mass systems, and that different elements of a system change at different rates. The approaches to this transition from elite to mass higher education have been different in the four countries. Most obviously, in Poland expansion has taken place mainly through a spectacular growth of private higher education, whereas the other systems have accommodated strong growth primarily within the public sector. But in all four systems there has been a complex process of developing 'diverse forms of mass higher education' alongside the traditional forms of elite provision. Notably, in a number of cases these forms have been developed within the same institution.

New forms include institutions of a non-university type and tertiary professional schools in the Czech Republic; the further elaboration of the Hungarian college-university binary system by the provision of short-cycle AHVT programmes, together with a dramatic increase in part-time and correspondence enrolments; the development of higher vocational schools and part-time programmes in the Polish public sector; and a sophisticated and pragmatic relationship between programme level, institutional type and the public/private distinction in Slovenia. The different routes to mass higher education provision can be clearly seen but so can plenty of evidence for Trow's differential rate of change observation. In general, formal entrance requirements, aspects of quality assurance, and student funding mechanisms have still to 'catch up' with these rapid changes. As is the case for an established and transparent system of articulation and transfer between the different sectors of the systems and the different types of programmes. And clearly, the transition processes in each of the four systems have not been without difficulty. As has been discussed in the third part of this volume, issues of funding, cost sharing, quality, and governance and management have proven to be tough nuts to crack. Yet, at the same time, it is without doubt that all four systems are continuing their processes of transition.

### **The Times they are a Changing**

There are many in our field that argue that the period we are living in today is one of unprecedented change. These claims come from a variety of different vantage points, ranging from politicians to institutional policymakers to higher education policy researchers. The following statements illustrate this conclusion well. At the 1998 UNESCO World Conference, the meeting of the world's education ministers, it was concluded that:

- On the eve of a new century, there is an unprecedented demand for and a great diversification in higher education, as well as an increased awareness of its vital importance for socio-cultural and economic development;
- Everywhere higher education is faced with great challenges and difficulties related to financing, equity of conditions of access, improved staff development,

enhancement and preservation of quality, relevance of programs, employability of graduates, and equitable access to the benefits of international co-operation;

- At the same time, higher education is being challenged by new opportunities relating to technologies that are improving the ways in which knowledge can be produced, managed, disseminated, accessed and controlled. Equitable access to these technologies should be ensured; and
- The second half of (the last) century will go down in the history of higher education as the period of its most spectacular expansion: an over six-fold increase in student enrolments worldwide, from 13 million in 1960 to 82 million in 1995. But it is also the period that has seen the gap between industrially developed countries, the developing countries and in particular the least developed countries with regard to access and resources for higher learning and research, already enormous, becoming even wider.

At a 2001 conference on the future challenges facing higher education, which brought together an international forum of policymakers and researchers, the same emphasis was placed on change, though with a somewhat different focus. Not so much the changes themselves were the object of discussion, but rather their consequences for the role and position of higher education institutions. Taking as the point of departure that the new economy has placed a premium on the acquisition of knowledge, which increasingly is viewed as a resource by businesses, governments, and individuals, as well as an area of potential profit by higher education, three core set of questions were addressed (The Futures Project, CHEPS and CHERI, 2001):

- What is the role of higher education in the new economy? As a result of the new economy, higher education institutions are facing multiple and competing pressures from stakeholders;
- Are core values under threat? In this evolving context, it has been argued that the core values that have traditionally underpinned higher education are now under threat; and
- Who is in charge? With increased institutional diversification and an increase in the power of market forces, are we experiencing a change in the status and role of the key stakeholders in higher education?

As could be expected given the nature of the participants and the complex topics of both conferences, no absolute answers to the questions posed were found. Yet, overall the case for higher education being in an era of unprecedented change is a compelling one. It remains difficult, however, to actually pin down causal relationships between the drivers, objects and outcomes of change. In a way this is not surprising given that so many aspects of higher education appear to be subject to simultaneous and interconnected change. A not all-encompassing listing would read something like this: the economy, technology, control, diversity, resources, students, programmes, inequity, growth, knowledge, and values. Whether together these constitute 'the times that are a changing' is perhaps a question better left to our successors, but the issues emphasise the need for an analytical approach to the drivers of change in order to be better able to understand their impact and outcomes.

### **The Differential Impact of Global Warming**

In our dialogue with our colleagues from Central and Eastern Europe when dealing with the complex issue of change in higher education driven by both external and internal forces, we have found it helpful to use the metaphor of global warming. Overall there is fairly substantive evidence, though not completely uncontested, that the earth is warming up. If this is indeed happening there is no doubt that it will lead to a rise in sea levels. Yet the impact of this is not uniform. For a country like the Netherlands, the impact will be vast given that at least half of the country is beneath sea level. Without a serious investment in dams and dikes, Zandvoort-by-the-sea will be replaced by Amersfoort-by-the-sea.<sup>1</sup> Thus, the Dutch will experience a major and very direct impact of rising sea levels as a consequence of global warming. In the Slovenian Alps, on the other hand, such an impact will be much less direct or major. Obviously, climate changes will have their impact here as well, but flooding appears somewhat less likely than in the Netherlands, and the measures that need to be taken to react to climate changes will be different.

Transferring this metaphor to our present discussion, our argument is that for higher education there are external environmental changes taking place that have a parallel to global warming in the sense that they are taking place, and that they cannot be avoided. Internationally these changes include (i) economic globalisation, (ii) the rise of knowledge-based economies, and (iii) the spectacular developments in information and communication technologies. For Europe, a fourth change can be added, namely the emergence of a European higher education and research area. All four changes are taking place, individual countries cannot prevent them, nor can they ignore them on the assumption that these changes will not have an impact on their systems. Put succinctly, they are larger than life. Yet their impact will not and need not be the same in all systems, but will and can vary according to a number of variables. Examples of these are: the structure of the economy, the availability of (financial) resources, priorities in national policies, socio-cultural traditions, and so on. Inevitable, however, is the fact that systems will need to respond to these changes in their macro-environment, and to the effects they will have closer to home.

Next to these four major environmental changes there are a number of other changes that are typically more directly mediated at a national level or that are specific to particular systems. Examples of these are the speed and methods with which to approach mass higher education provision (as discussed above); whether and how to aim for greater levels of diversity in a system; the changing nature of government co-ordination; increased levels of competition within national systems; the extent to which the costs of higher education should be shared and how to do this, etc. It is these types of changes that have featured in particular in the previous chapters of this volume. And given the fact that they are nationally mediated this also helps explain why we can observe so much diversity across the four systems.

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<sup>1</sup> For those slightly less familiar with Dutch geography, Zandvoort is a seaside resort town, while Amersfoort is a city some 100 kilometers inland. The Dutch problems, however, are nothing compared with those of the Maldives that will sink below the Indian Ocean in its entirety.

### **Convergence and Diversity: The push and pull factors in higher education**

The question of ‘convergence or diversity’ is one that has bedevilled both policy makers and researchers for a long time. And despite the fact that progress has been made over the years to understand what forces drive systems and/or institutions to respond in a similar or different vein (e.g. Huisman, 1998; Meek *et al.* 1996), we are still far away from a full-blown theory of systemic and institutional diversity. What is gaining acceptance, however, is the notion that the more diverse a particular policy environment is, the more chance there is for diversity amongst the systems and/or institutions located in that particular environment. Relatively crude as this notion still is, it can help us understand better why we can witness both similar and different developments in the four systems that are central to this volume. And it can help us in improving our understanding of what lies ahead.

Looking at the national policy environments that characterise the Czech Republic, Hungary, Poland and Slovenia, a number of substantive differences come to the fore that are described in more detail in chapters 2-5, and have also been touched upon in Chapter 9. We have already referred to the different institutional landscapes of the four higher education systems. The existence or otherwise of different institutional types has a major impact on the competitive environment in which individual institutions operate, as does the severity of the regulative system for the entry of private providers into the system. National regulations determining which sort of institution may offer which sort of degree programmes, and the criteria and procedures for the approval of new programmes also have a major impact on how institutions determine and fill their niches in the landscape. The criteria governments use to fund public (and in two of our four cases, private) higher education programmes, research activities and contract work for government agencies all create a complex web of opportunities and incentives. The general governmental attitude towards, and provisions made to regulate, entrepreneurial activities within higher education can further expand or limit this web. Without attempting to summarise the findings of the previous eight chapters the four systems already exhibit many of the characteristics of diverse policy environments, and the ‘current policy issues’ identified in each system suggest that this diversity is likely to expand.

At the same time, at the supra-national level, we can witness the emergence of a more homogeneous policy environment for the four systems as a result of at least two parallel developments. The first is the Bologna process, the second their forthcoming entry into the European Union. Although these two developments are quite different in nature and origin, they do exert pressures that may lead to convergence of policy developments in the Czech Republic, Hungary, Poland and Slovenia – as they do for the wider European Union and the countries in Europe in its broadest definition. As regards the Bologna process, it is clear that in our four countries this has resulted in substantive, although more or less fundamental, restructuring of the academic programmes offered by higher education institutions (see Chapters 2-5). A restructuring that marks a significant break with past traditions, as the four systems show the definite imprint of the continental European tradition: long to very long first degree programmes, with a relatively weak relationship with the socio-economic needs of the respective societies. Given this strong tradition, it is not surprising that the



introduction of a Bachelor-Master system is not welcomed with open arms and open curriculum development manuals by everybody in academia. Similar reactions and emotions are apparent in quite a number of Western European systems, and certainly in their traditional university sectors. What is remarkable in the national policy approaches of the four systems is the extreme seriousness accorded to the implementation of the Bologna Declaration. In much of the policy debate in many parts of Western Europe one is often left with the impression that 'Bologna' is something 'out there'. Ministers have signed a treaty, the deadline is 2010, that's a long way away, and actually we may want to think about this ... But in many of the policy debates that we have participated in during our project, 'Bologna' is perceived much more as a binding and urgent reality. As such, it constitutes an important external force that pushes the four systems towards a more similar programme structure. While once again this varies across the four countries (Slovenia is clearly at the forefront in terms of the priority it has given to internationalisation), this also expresses a fairly strong belief in cross-national student mobility beyond the threat of brain drain, and in the opportunity to enrol students from neighbouring countries – both to the West, and to the East and South-East.

A second trend towards convergence can be seen in the developments discussed by Marijk van der Wende & Don Westerheijden in Chapter 8 on the European debates on quality assurance and degree recognition. Even though assessing these policy developments is still to an extent like 'reading the signs on the wall', there is a general consensus that one way or another they will result in more commonality in degrees, approaches, methodologies, curricula, standards and even outcomes. And thus, here again, is a driving force towards more convergence at the European level.

The third trend is one that takes place outside of the direct sphere of higher education policy. But it is clear that entry into the European Union will have a major converging impact on the four systems. On the eve of entrance, an inordinate amount of time is spent by many civil servants to actually assess the changes necessary in national procedures, rules and legislation to meet EU requirements. This was described to us once as having to translate 80 000 pages of Brussels' policies, guidelines and rules into one's home language and then to ensure that one isn't inadvertently in conflict with them! (The potential impact of EU policies should not be underestimated, as has been demonstrated with the case of Mme Gravier.<sup>2</sup>) The effect of European policies also will become more tangible when the European higher education and research areas become more of a reality. Though whether this will be all good news remains to be seen given the emphasis on matching funding, which may prove to be a serious constraint for the four systems. But that all of this will impact on both the structure and the nature of education and research is beyond doubt. The extent of this impact, however, is dependent on both national and institutional policies and this remains a much-contested dimension.

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<sup>2</sup> Mme Gravier was a French national who enrolled in a higher education program in Belgium. Unlike Belgian nationals, she was charged a registration fee. The case was taken to the European Court of Justice, which in 1985 on the basis of this developed the principle of equal access to higher education for students in all European member countries.

### **The National – Institutional Policy Nexus**

One of the main challenge for the coming years for the four countries – but certainly not for them alone – will be how to co-ordinate national and institutional policies in an increasingly volatile and international environment. The complexity of this task cannot be underestimated. We have outlined some of the push factors that are likely to drive higher education systems towards more convergence. And we have outlined a number of forces that play a crucial role in national policymaking and that constitute a drive towards diversity. This ‘clash of forces’ becomes an interesting phenomenon if we take into account the concept of the ‘loss of steering power’ identified by Harry de Boer & Leo Goedegebuure in Chapter 9. What happens when national systems find themselves caught between supra-national policies with a European rationality and local policies that quite legitimately relate to different claims and priorities? How is this balanced in systems where much of the policy debate is in fact a complex dialogue between parties that have very different priorities? The difficulty becomes even more pronounced when political balances are intricate.

What we thus see is first the complex issue of national policies dealing with ‘global warming’ types of external forces. Second, institutional policy makers trying to mediate between national and supra-national policy priorities and claims by their internal and – increasingly – external constituents. Third, all of these actors coming together in a national policy arena to attempt to reach consensus on the most appropriate ways forward. And finally, all of this occurs in a situation where institutional representatives are challenged to muster a sufficient degree of internal support for the outcomes of these processes.

We believe this leads to a particular version of the demand-overload problem that has been identified as one of the serious problems facing modern higher education policy (Clark, 1998). What is often considered an appropriate reaction is a loosening of central controls, or a decentralisation or devolution of power. Clearly, this to varying degrees has already been the case in the Czech Republic, Hungary, Poland and Slovenia. Which brings us to our final point: the role and nature of institutional management.

### **Tackling a 700 Year Old Problem**

The problem of institutional management is not a recent phenomenon, even though many of us like to think it is. As Cobban (1975) argues:

“Whatever the differences in scale and technology, there is a hard core of perennial problems which have taxed the minds and ingenuity of university legislators from the thirteenth century to the present day. Matters of organisational form and democratic procedures ... are just some of the issues which reveal the strands of continuity linking the medieval studium generale and the universities of the modern world.”

Chapter 9 has identified the major areas of contention in this respect for the four countries. Yet it is one thing to analyse a particular situation, but another thing altogether to suggest solutions. We do not claim to have the ultimate solution to the

problem of institutional management in times of vast and rapid transition. But we strongly feel that a further professionalisation of the institutional management function is an important *and* necessary condition to deal with the issue. This is not because of misplaced trust in the wisdom of professionals or a rock solid faith in the principles of modern management. On the contrary, it is the logical conclusion to the arguments presented above. In the knowledge society, higher education is asked to take an increasingly prominent place and is expected to pro-actively engage in relationships with *all* of its stakeholders, including its internal constituents. It is asked to do so in the context of higher education institutions being difficult institutions to manage because of their principle characteristics (Clark, 1983; Van Vught, 1989): goal ambiguity, high professionalism, fragmentation, and devolved decision-making. Therefore, given that institutional management has more responsibility now than ever before, the drive towards professionalisation would seem inescapable. The consequence is that we need to break away from the assumption that a good and respected academic by definition is a good manager. This tradition is still paramount in all four of the countries we have observed. Furthermore, this is as much true for the central institutional level as it is for the decentral levels. Given the overload of demands placed on higher education institutions, it cannot be assumed that a Rectorate can effectively deal with, let alone solve, all of the issues facing an institution. In the same way that at the systems level a case can be made for devolution of power and authority, this case can be made at the institutional level. And this directly affects the primary institutional processes of teaching and research. For effective institutional management is not only about overall strategic planning and resource allocation, about balancing income sources and understanding cost drivers, it is as much about human resource development, about motivating staff and using their individual qualities to the maximum benefit of the institution. Which requires effective co-ordination of the teaching and research function within institutions.

At a recent seminar with colleagues from a higher education centre at the University of Pennsylvania we came to the following conclusion:

“Competitiveness in today’s higher education marketplace depends on academic strengths, the management acumen of the rector or president, and just as much on the knowledge, experience, and foresight of the team supporting that person.”

(Lazerson, Toma, Neave: CHEPS/Penn Seminar on Higher Education Management Development, Enschede, 2003)

This is a challenge then that is not unique to the Czech Republic, Hungary, Poland or Slovenia. It is a challenge facing all of higher education in Europe, and beyond. The Bologna process, in combination with the major external forces discussed before, drives us to reconsider our undergraduate and graduate programmes with a keen eye to societal needs. And this requires professional programme management. The emergence of a European Research Area is likely to have the same effect on the research function of universities. Though curiosity driven research will always remain a cornerstone of academia, we cannot escape the fact that thematic priorities also are set increasingly outside of an institution, as is evidenced by the EU Framework Programmes. Within institutions, and even across institutions, this requires effective co-ordination of

research activities, implying that this can no longer be the sole prerogative of individual professors. Dealing with these challenges in a context of professionalism and individual autonomy is no easy task. Yet, the extent to which we succeed in accomplishing just this, will determine to a very large extent the success of the modern university in Europe.

None of this is to suggest that changes to institutional leadership and management are not fraught with risks. In all of these discussions about changing patterns of university management and decision-making there is a need to remember that the core activities of higher education are teaching and research programmes guided and lead by specialised and professional academic staff. In an environment of rapid change and burgeoning opportunity one of the major challenges facing university leadership is attracting and retaining talented staff, and ensuring high levels of motivation and morale. Rising levels of entrepreneurial activities and 'creeping managerialism' within the academy are not uncomplicated in this regard. In a gentle parody on the business school genre of 'the four Bs of human resource management' our colleague Harry de Boer suggests 14 potential consequences in C many of which pose real risks to the academic enterprise:

Cost awareness, Clients & competing interests, Consumer power, Change is normal (constant change), Competing stakeholder interests, Curriculum distortion, Core business downgraded, Curiosity displaced, Curtailment of freedom, Commercialisation, Contractualisation, Continuity is lost, Competition, and Collegiality under pressure.

Our argument is that these risks are best avoided, and an appropriate balance best found between the internally and externally generated demands on the modern university, in a context of strong and effective institutional management and leadership. Major environmental changes are driving these potential consequences in C, and ineffective non-transparent decision-making structures will not make them disappear. In contrast, particularly in systems where academic salaries are a real challenge, the changes will be responded to in an uncoordinated manner at the level of departments and individual academics and many of the negative Cs will develop 'off-shore' in the private arrangements individual academics forge in their own micro-environments.

### **The Dangers of Context-crossing Best Practice**

In this book we have seen substantial evidence of a decade of fundamental system-wide reform and innovation in all four higher education systems. In this context we suggest that one of the remaining great challenges revolves around creating effective leadership and management capacity at the institutional level to enable informed responses to the turbulent environmental conditions we have identified. What we are not arguing, however, is that there is out there somewhere a 'best practice' solution to this challenge. Higher education internationally has suffered from management fads (Birnbaum, 2000) that jump from their contexts of development to very different contexts of application. In some cases this entails the jump from the military or business sectors to higher education, and in others the jump from higher education

systems with particular traditions and underlying socio-economic conditions to systems operating in very different contexts. In a rare and fascinating account of 'importing organizational reform', in this case importing to Hungary the US idea of intermediate boards of external stakeholders at the system and institutional level, the consultants came to the following conclusion:

"As economic and academic globalisation marches on, innovative structural configurations like intermediate boards are encountering cultural traditions and long-held distributions of power. Other characteristic structural features of the region, such as relatively weak, elected rectors and very powerful senates with broad management powers, clash with what might be regarded as "global" management models that call for a stronger executive function including expanded powers of the rector and separation of administrative from faculty expertise. It will be interesting to watch the strength and pervasiveness of these dominant, increasingly perceived as global, management norms and models as they encounter regional and national cultures...these are sufficiently strong, particularly in countries with large, well-established university sectors and with a culture of strong government bureaucracies, to question the value of these "global" management norms. At the very least, we believe that these global management norms will be substantially adapted by these strong regional and national cultures."

(Morgan and Bergerson, 2000. p. 447)

On the one hand, we are unconvinced about the existence of really workable 'global' management models, but, on the other hand, we are convinced that effective and modern higher education leadership and management approaches will be developed out of regional and national traditions and experiences. As we indicated in the preface to this volume, one of the aims of our dialogue over the past four years has been to make a modest comparative higher education policy contribution to the search of our colleagues in the Czech Republic, Hungary, Poland and Slovenia for their own distinct solutions to this and other policy challenges. We hope that this book will add to this contribution.

**Jon File** is Director: Education, Training and Consultancy at the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands, and is programme co-ordinator for the multi-lateral higher education programme with the Czech Republic, Hungary, Poland and Slovenia.

**Leo Goedegebuure** is Executive Director of the Center for Higher Education Policy Studies, University of Twente, Enschede, the Netherlands.

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