

'Be Mission Centred, Market Smart and Politically Savvy': Challenges for Higher Education

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Higher Education Under Market Conditions: Theory and Practice

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-we cannot be complacent...because other international competitors like Australia, China and India are making big strategic investments in their best research and if we do not do the same we will slip down the research league (UK Department for Education and Skills, 2004).
- ... the challenges posed by globalisation require that the European Higher Education Area and the European Research Area be fully open to the world and that Europe's universities aim to become worldwide competitive players (EC Resolution: 'Modernising universities for Europe's competitiveness in a global knowledge economy, 2007).
- The continued transition to more knowledge-based economies, coupled with growing competition from non-OECD countries, has increased reliance of OECD countries on the creation, diffusion and exploitation of scientific and technological knowledge, as well as other intellectual assets, as a means of enhancing growth and productivity (OECD, 2004a).

Overview

1. Trends
2. Strategic Choices
3. Thriving or Surviving?

1. Trends

Trends

1. 'Battle for Brainpower'
2. Governance: from regulation to planning
3. 'Modernisation' and Management of HE

1. 'Battle for Brainpower'

- Globalisation of R&D and shift to service sector
 - Greying of population and demographic shifts across OECD
 - Shortage of talent, e.g. PhD graduates in industry
- Concern about ability of OECD countries to maintain level of growth and competitiveness
 - Lack of competitiveness & insufficient R&D
 - Inadequate investment in education, especially HE
- Role and mission of HE → growing research capability and capacity no longer optional
 - Conversion of academic research into innovation/economic growth is vital BUT timeline needs to be shortened
 - HE has become indicator of economic super-power
 - Universities regarded as 'ideal talent-catching machines'
 - Internationalisation – importance of rankings
 - Immigration/Visa restrictions being lifted

Rankings: Indicator of global competition?

Top 100	Times QS 2007	SJT Ranking 2007	Taiwan 2007
US	37	53	62
Europe	35	35	23
Australia/New Zealand	9	2	2
Asia Pacific (incl. Israel)	13	6	7
Canada	6	4	5
Latin America/Africa	0	0	1
Switzerland	1	3	2
UK	19	11	8
France	2	4	0
Germany	3	5	2
Japan	4	5	4
China (incl. HK)	5	0	0

Wealth of U.S. Universities, 2007

	Endowment \$b	Gifts Raised \$m	SJT Rank	Times QS Rank	Taiwan Rank
Harvard	34.9	614	1	1	1
Yale	22.5	304	11	2=	14
Stanford	17.2	911*	3	19	4
Princeton	15.8	254	8	6	48
MIT	10.0	333	5	10	10
Columbia	7.2	913	7	11	9
U-Penn	6.6	450	15	14	11
Cornell	5.4	406	12	20=	18
Dartmouth	3.8	159	101- 152	71=	160
Brown	2.8	126	86	32	110

News Blog

Higher-education news from around the Web

Berkeley Amasses \$1.1-Billion 'War Chest' to Prevent Professor Poaching

'The University of California at Berkeley has accumulated a \$1.1-billion "war chest" to fend off Ivy League poachers...

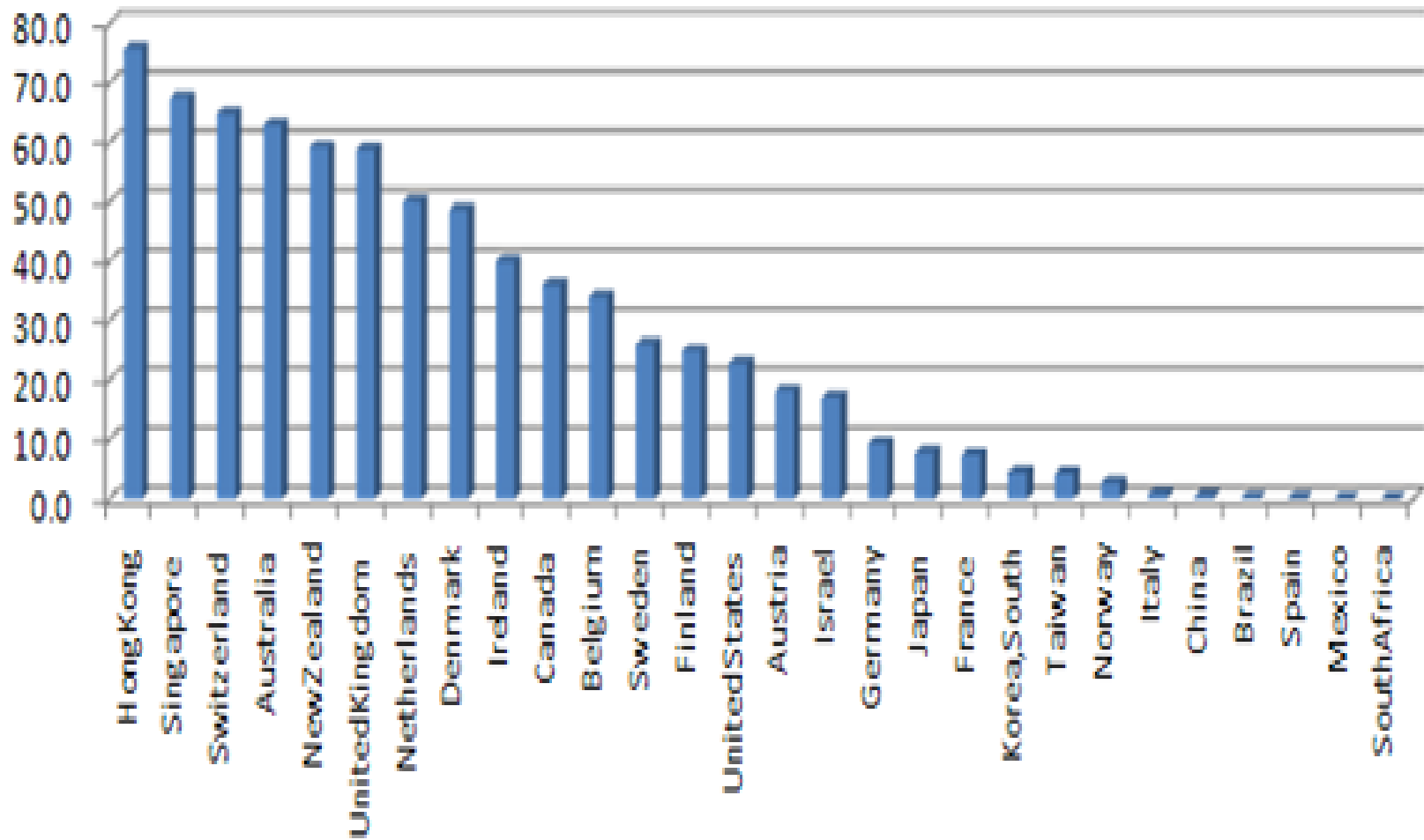
Berkeley administrators hope the money, which will go toward endowed chairs for 100 professors, will dissuade faculty members from defecting to wealthier competitors like Harvard and Yale, where salary offers are significantly higher.

...since 2003, the California university has lost at least 30 faculty members to its eight main competitors, chief among them Harvard.

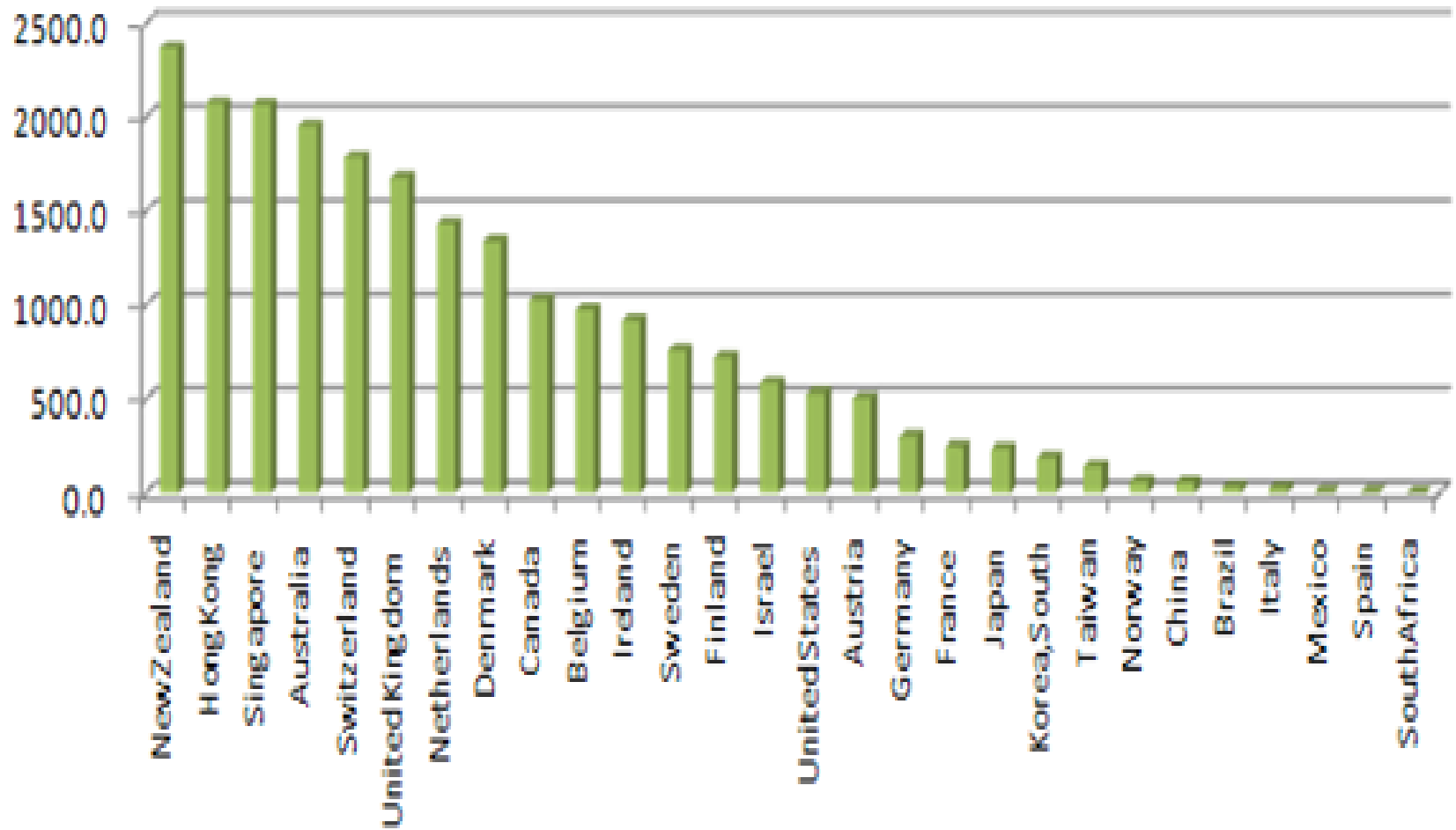
These institutions are competing for exactly the same faculty that we are trying to hire, and so an important question is whether the public universities are going to be able to compete," said Berkeley's chancellor, Robert J. Birgeneau'

Chronicle of Higher Education, March 14, 2008

Country Score per Million Population



Country Score per Million GDP (PPP)



Stratification and Elite Networks

- Rankings equated with institutional status and reputation
 - High rank influences applications, employment, philanthropy
 - High-achieving students most influenced by high rank, even by a few points
 - Students from top income quartile increased share of places in elite American universities from 39% in 1976 to 50% in 1995 (*Economist* 2006)
 - Elite formation; social stratification by sector?
- Increasing inequity in ability to respond
 - Private institutions best able to use financial aid/investments to attract talent, e.g. financial aid, salaries, facilities,
 - \$billion fundraising campaigns by US universities
- Growing importance of global networks
 - Universitas 21, Coimbra Group, League of European Research Universities [LERU], Worldwide Universities Network [WUN], and International Alliance of Research Universities [IARU])
 - Lisbon Agreement/EHEA and ERA
 - Knowledge Regions and City States

2. Governance: from regulation to planning

- Transformation of HE and HEIs into engine of economy requires different governance and organisational model
- Regulation → Steerage → Planning
 - Shift from micro-management to 'contracts' and 'compacts'
- Emphasis on accountability, transparency and value for money
- HEIs as 'knowledge industries'
 - Shift from sheltered to 'competitive advantage'
 - Replace old bargain between state and HEIs wherein one in which HE activities tied to national economic success
 - Removal of 'barriers to entry'/withering away of the binary
 - Rankings as 'silent' policy instrument
 - Mergers, acquisitions, take-over and foreclosure

New governance and funding models

- Proportional decline in public investment across most EU/OECD countries as demand for/access to HE intensifies
 - Privatisation of funding and provision
 - HE as 'private good': deregulated/differentiated providers/products and tuition fees
 - Profit maximizing HEIs free to set fees
 - Re-balance between core, competitive and out-come based funding
- Compacts and Contracts
 - Mission linked to targets/outputs and funding
 - Greater autonomy or micro-management?
- Research assessment exercises
 - Shift from peer review to metrics (UK, Australia)

Policy copying/learning?

- *Review of Australian Higher Education, 2008;*
- *Achieving Excellence: Investing in People, Knowledge and Opportunity, Canada, 2002;*
- *Action Scheme for Invigorating Education Towards the 21st Century, 2001, China;*
- *Higher Education Act, Czech Republic, 1998, 2001;*
- *University Act, Denmark, 2003;*
- *Higher Education Act, 2000, Hungary;*
- *Review of Higher Education, Ireland, 2008;*
- *A New Image of National University Corporations, Japan, 2002;*
- *Shaping the System, New Zealand, 2000;*
- *Government Commission for Higher Education, 2008*
- *The Distinctive Contributions of Tertiary Education Organisations, New Zealand, 2004;*
- *OECD Thematic Review of Higher Education, Poland, 2007;*
- *OECD Thematic Review of Higher Education, Portugal, 2008;*
- *Brain Korea 21, South Korea, 2004;*
- *White Paper 3 on Higher Education, 1994, South Africa;*
- *Higher Education Act, 1997, South Africa;*
- *Sustainability of University Research, UK, 2003;*
- *Review of Research Assessment, UK, 2003;*
- *Future of Higher Education, UK, 2003.*

3. 'Modernisation' and Management of HE

- Renewed focus on structure/organisation of HEIs and on systems
 - Shift away from egalitarian principles to hierarchies and elites
 - Shift from quantity → quality → excellence
 - Shift from undergraduate to postgraduate, PhD and Masters
- Professionalisation of HE
 - Career and succession planning/training programmes
 - Professionalisation of academic services, e.g. recruitment, marketing, institutional research/data collection
- Changes in Academic Practice
 - Teaching – Research nexus under strain
 - Performance contracts/deregulated salaries

Restructuring Global HE systems

- New institutional models emerging
 - HE as international traded service (GATS)
 - Rise of the global multi-national university
 - HEIs as components of global conglomerates
- National boundaries declining in significance as international and regional networks gain prominence
 - International networks of 'excellence'
 - The 'world-class' university: how is this defined?
 - What happens to the rest?
- Division of labour/knowledge production within and between HEIs
 - Mass vs. Elite; Teaching vs. Research; Third level vs. Fourth level
 - Centres and Peripheries
 - Neo-colonialism (Altbach, 2007)
 - Further concentration of Intellectual Property

2. Strategic Choices

Strategic Choices

- What Kind of University Do You Want to Be?
- Management vs. Collegiality?
- Research vs. Teaching (within and between HEIs)?
- Become What's Measured vs. Strategic Planning?
- World Class Universities vs. World Class Systems?

1. What Kind of University Do You Want to Be?

- Global competition forcing re-examination what it is an HEI
 - Aggregate rankings and other metric-based evaluation systems tend to 'normalise' institutions/institutional activity
 - Cost of competition raising fundamental questions about ability of each HEI to succeed across the full range of current demand and provision/activity;
- Traditional models no longer capable of meeting needs of knowledge society:
 - Binary/top-down diversity blind to change: different pedagogies, disciplines, and research applications
 - Applied research without underpinning sciences not sustainable
- Who decides?
 - HEI, government or stakeholders?
 - Market or the state?
 - Classification or typology system?

Carnegie Classification 2005

Classification	Definitions
1. Basic Classification	E.g. Associate College, Doctoral-Granting University, Master's College and University, Baccalaureate College, and Special Focus Institutions and by sub- category (Public-Rural-Small)
2. Undergraduate Instructional Program	E.g. Balanced arts & sciences/professions, some graduate coexistence.
3. Graduate Instructional Program	E.g. Single doctoral (education).
4. Enrollment Profile	E.g. Very high undergraduate, with less than 10% of the FTE in graduate/professions.
5. Undergraduate Profile	E.g. Medium full-time two-year. Fall enrollment data show 10–39 percent of undergraduates enrolled part-time
6. Size & Setting	E.g. Large four-year, primarily residential. Fall enrollment data show FTE enrollment of at least 10,000 degree-seeking students at these bachelor's degree granting institution; 25-49 percent of degree-seeking undergraduates live on campus.

A European Typology?

Classification	Institutional Characteristics				
1. Schemes on Education	Types of degrees	Range of Subjects	Orientation of degrees, e.g. professional/academic	European education profile, e.g. Socrates, Erasmus, Tempus,	
2. Research and Innovation	Research intensiveness	Innovation intensiveness	European research profile		
3. Student and Staff Profile	International Orientation	Life-long learning orientation			
4. Institutional Schemes	Size	Mode of Delivery	Community Services	Public/private Character	Legal Status

How Should Excellence be Pursued?

- Horizontal vs. Vertical differentiation
 - Vertically at national or global level?
 - Horizontally at international networks of excellence
- Internal differentiation
 - Formation of macro-units, e.g. Institutes
 - Parallel career structures
 - Differentiation salary and benefits
- Elite institutions
 - Rankings enforcing a global norm of research intensive university
 - Reinforcement of academic profession/culture

How Should Excellence be Measured?

- Evaluating/Benchmarking
 - Rankings, ratings or banding?
 - Ratings rather than rankings?
 - Banding via classification/typology?
 - Which metrics?
 - Teaching/learning, 'added value', community engagement/regionalism, breadth and depth of research, 3rd mission
 - How to measure 'added value'?
 - Output, outcome and impact?
 - Ranking within peer group?
 - OECD: PISA for HE?

2. Management vs. Collegiality?

- 'New public management': reform of public sector towards more market orientation, greater cost-efficiency and value-for-money:
 - E.g. internal cost centres and competition between centres (internal markets); encouragement of team working, introduction of targets via staff appraisal/performance benefits;
 - Often used as a term of critique: NPM seeks to 'alter the regimes and cultures of organisation and values of staff so that they more closely resemble those found in private for-profit sector' (Deem, 2001, p10)

HEIs: too slow to change?

- HEIs have often responded too slowly, insufficiently and not at the appropriate level to the technological, economic, social and demographic changes of last 20 years
 - 'Elite model' has limited ability to respond to needs of massification, and adapt curriculum, research and services to new students and pressures for a wider role (Coffield and Williamson, 1997)
- Changes in academic practice
 - Faculty respond by developing 'new strategies to protect and enhance professional privileges'
 - Skirmishes between 'successful' and 'less successful' faculty, and between elite and non-elite institutions
 - Academic freedom and peer review: important values or means of resisting change and preserving privilege

Career and Succession Planning

- Urgency and pace of change requires a new approach to HE leadership and management, at all levels, in order to:
 - Strategic plan within this new competitive and global environment
 - Increase efficiency/productivity to meet accountability and benchmarking criteria
 - Find new sources of income, e.g. 3rd stream, commercialisation, distance learning, etc.
 - Improve performance across ever-widening range of activities and services without undermining quality
- Balance between academic/research reputation and managerial capacity and ability
- What is it about the way HEIs currently conduct their business that should be reformed and what should be preserved?

3. Teaching vs. Research?

- Shift from individual pursuit to research enterprise
- Change from collegial to managerial structures
- Shift from 'discipline oriented' (Mode 1) and 'problem solving' (Mode 2) research
- Increasing tension between teaching (departments) and research (structures/units)
- Emphasis on inter- and intra-institutional/disciplinary teams and collaboration
- Shift towards research/commercialisation via 'extended peripheries'
- Greater focus on selectivity and outputs to support high quality research

Strategic Choices?

- Research or Scholarship? Basic/fundamental, strategic, applied?
 - Research comprehensive vs. Research intensive?
 - Research concentration vs. Research related to relevance and competences?
 - Defining appropriate metrics
- Recruit or Grow?
 - 'Buy-in' research talent vs. Staff development
 - New Contracts and Performance Measurements?
 - Appoint teaching only staff
- Cluster research in Centres/Institutes or Enable individual curiosity
 - Target/niche funding linked to priorities or seed-corn/universal funding?
- Balance between undergraduate vs. postgraduate?

3. Become What's Measured vs. Strategic Planning?

- Try to Game/Beat the Rankings:
 - Invest to influence 'input' metrics
 - Redirect resources, get more resources or both
 - Monitor /improve collection and presentation of data
- Focus on Research and Teaching vs. Concentrate on Research?
- Recruit students who are 'assets' to maintain/enhance rank (Clarke 2007)
 - Improve marketing, e.g. high achievers/international students
 - Use generous financial packages
- Reconfigure the organisation
- Define or redefine institutional mission?
- Use rankings to benchmark performance/improve quality or as targets and goals?

What do Rankings Measure?

SJT ARWU	<ul style="list-style-type: none"> ■ Quality of Education ■ Quality of Faculty <ul style="list-style-type: none"> No. Nobel Prize/Field Medal No. HiCi Researchers ■ Research Output <ul style="list-style-type: none"> No. Articles in Nature/Science No. Articles in Citation Index ■ Size of Institution 	10% 20% 20% 20% 20% 10%
Times QS	<ul style="list-style-type: none"> ■ Peer Appraisal ■ Graduate Employability ■ Teaching Quality/SSR ■ International Students ■ International Faculty ■ Research Quality/Citations per Faculty 	40% 10% 20% 5% 5% 20%
Taiwan	<ul style="list-style-type: none"> ■ Research Productivity <ul style="list-style-type: none"> No. Articles in last 11 years No. Articles in current year ■ Research Impact <ul style="list-style-type: none"> No. Citations in last 11 years No. Citations in last 2 years Avr. no Citations in last 11 years ■ Research Excellence <ul style="list-style-type: none"> HiCi index of last 2 years No. HiCi Papers, last 10 years No. Articles in High-Impact Journals in Current Year No. of Subject Fields where University Demonstrates Excellence 	10% 10% 10% 10% 10% 20% 10% 10% 10%

4. World Class Universities vs. World Class Systems?

- Excellence vs. Equity? Excellence & Equity?
- Invest to compete?
 - Identify/back 'winners' vs. Dispersed knowledge centres and creation?
 - Build-up small number of 'Centres of Excellence' vs. support 'excellence' wherever it occurs?
- Develop new/appropriate comparison metrics
 - Recognition of diversity of institutional missions
 - Multiple sets of metrics/rankings?
 - Added value; broaden research/scholarship; 3rd mission, etc.
 - HEIs ranked within peer group?
 - Tied to funding?

Can you/we afford the 'reputation race'?

Rankings inflate academic 'arms race' locking institutions and governments into continual 'quest for ever increasing resources'.

- German Excellence Initiative = €1.9b over 5 years but compare:
 - 'world-class university': \$1b-\$1.5b-a-year operation + \$500m for medical school; would require 40% increase (Usher, 2006; Sadlak and Liu 2007)
 - China \$20b '211 Project'
 - Korea \$1.2b 'Brain 21' programme
 - \$billion fund-raising capabilities of US universities
 - Saudi Arabia \$15b to establish 100 new colleges and universities
- Public HEIs have hard time competing: '...measures favor private institutions over public ones' (*Chronicle HE*, 25/05/07)

- Thriving or Surviving?

Observations

- Higher education is the key geo-political battle-ground.
- Today's emphasis on the market and reputation is leading to increasing wealth and status inequalities, and greater hierarchical differentiation.
 - Rankings are a metaphor for escalating competition and the reputation race;
 - Talent and resources being concentrated in wealthy universities in developed countries;
 - Ever-widening global knowledge production divide between 'research-rich' and 'research-poor' nations.
- Policy responses transcend national boundaries and political party in power.
- Those who can afford to do well in this marketplace will benefit, while others may find their current position eroding.

'Be Mission Centred, Market Smart and Politically Savvy'

- What type of institution do you want to be?
- How do you define your mission and profile?
 - What are your exceptional/niche (comparative) advantages based on your particular experiences and expertise?
 - What is the appropriate institutional strategy?
- What role does research play: Underpin teaching? Pursuit of Knowledge? Contribution to nation/region? Status?
- Do you benchmark your performance?
- Have you costed your ambitions?
- Do you have the appropriate management and leadership capabilities?
- What strategy, human resources policies and organisational structures are required to deliver these objectives?

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<http://www.oecd.org/edu/imhe/rankings>