The European Higher Education Area: Perspectives on a Moving Target

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This volume presents the state of the art with respect to the most important elements of the Bologna process. The reflections on the past are also used to fuel the debate on the next decade.

In 2008, the Flemish Ministry of Education and Training invited the editors to produce a volume with chapters discussing topics that are deemed to be most salient in the coming decade. Based on a tentative list of themes to be covered initially suggested by the Ministry, the editors have solicited contributions from appropriate scholars, experts on the specific topics. As a result this volume contains a rich set of chapters which address the promises and perils of the Bologna process and its preliminary outcomes. A difficult task, given that the process is a target on the move and even changing in nature during the process. It is also a difficult task because evidence can be interpreted differently paving the way for new paradoxes and complex interactions between the actors in the field. Consequently we are faced with new questions every time we believe answers to old questions have been found. The contributors to the volume not necessarily agree in their analyses of the Bologna process, but there is – nevertheless – a fair amount of consensus. According to their analyses governance, quality, mobility and diversity are the topics that have been most important to the Bologna process in the past, and will be at centre stage in future discussions.

The book is meant to be a reflective exercise for those involved – in whatever way – in the Bologna process (researchers, teachers, managers, political decision-makers). The material is also relevant to those outside of the countries currently subscribing to the Bologna process.
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FOREWORD

Re-designing the map of European higher education is a daunting task. Shaping the future European Higher Education Area (EHEA) is an incremental process. Its success depends much on a continuous dialogue with all stakeholders. Until now, the involvement of the community of higher education researchers did not appear clearly. It was a worthwhile initiative to look for their contributions. They have analysed the trends of society and higher education in trying to see and understand the future challenges of and for higher education. The outcomes of the Ghent Conference have demonstrated the value of that exercise. I would like to encourage all higher education researchers to continue their endeavour. They have a task of asking about the values underlying the decision making both at the governmental and the institutional level. They have to address the broad range of questions outlined in the paper ‘Higher Education Looking Forward: an agenda for future research’.

We have arrived at the final stages of the Bologna Process, or more precisely: we are about to reach the end of the process as it was originally conceived. The programme of the Bologna Declaration, as signed in 1999, was indeed meant to unroll “within the first decade of the third millennium”. The next meeting of European ministers responsible for higher education, in April 2009 in Leuven and Louvain-la-Neuve will hence be the last ministerial conference within the initial time-span of the process. But apart from an elaborate evaluation of the achievements of the Bologna Process, the Ministerial Meeting will also focus on the challenges and objectives for the post-2010 agenda. For we believe that we should take the opportunity to reflect collectively on the needs for the next phase and the objectives that should be realized by 2020.

In preparation of the Leuven Ministerial Meeting, numerous conferences and seminars have been and still are to be organized by various countries and organizations.

BOLOGNA TODAY

In designing the future of the Bologna Process, we first should look at the outcomes and results produced thus far. An independent assessment has been asked for by the European ministers to clarify what has been really achieved and to what extent this has been done. Without anticipating the conclusions of the assessment, one can nevertheless already acknowledge the impressive achievements of the first ten years of the process. The vision that guided the gathering in Bologna in 1999, was to have an integrated higher education area in Europe by 2010, with transparent and readable higher education systems, trustworthy institutions and
programmes, and mobile students and professors. That vision was optimistic in the true sense of the word, but also proved to be very mobilizing.

The Bologna Process was also unique in constructing a new method of policy-development. It has set new standards for policy development by its top-down and bottom-up interaction, its active involvement of stakeholders and its ability to generate and mobilize an enormous energy of reform, even if not everyone was always fully aware of certain backgrounds or higher aims. One can truly say that Bologna has led to the mobilization of all relevant social forces in higher education.

When looking into the critical conditions for success of the Bologna Process, besides the ambitious vision and the inclusive nature of the reform process, one should also mention the clarity and relative simplicity of its objectives. The ministers formulated a small number of easily understandable objectives. The Bologna Declaration has set the agenda of reform of European higher education at the right time. Transparency, convergence, and mobility were the strategic objectives European higher education needed in order to unlock its potential, to demonstrate its qualities and thus, and that is of utmost importance, to provide an alternative for an unrestrained global competition.

Indeed, we should probably put more efforts in underlining that Bologna is not a big sell-out operation of European higher education, as critics often put up. To the contrary, even, thanks to Bologna, we arm ourselves, all over the continent, with a framework and instruments which allow us to keep the higher education sector within the public domain.

It is true that governments and public authorities all over Europe tend to restrain themselves from deciding on how each and every euro in the university budget should be spent, and where professor so-and-so should be appointed. But that does not mean that they have disappeared from the higher education scene: instead, the focus has shifted towards investing in solid and objective quality assurance systems, developing common qualification levels and descriptors, looking after the social dimension in higher education, and so on. Honestly speaking: as a minister responsible for providing all citizens with equal opportunities for an excellent education, I care much more about these levers and regulatory frameworks, which secure the position of higher education within the domain of public interest, than about the traditional ministerial prerogatives vis-à-vis public institutions, as these prerogatives in themselves do not protect at all against the strikes of the invisible hand of the free market.

To name but one example: Bologna has made us install quality assurance systems – which are, by the way, already demonstrating their positive influence on the (proven!) quality of teaching and research. Don’t these quality assurance instruments leave us with much more confidence in our higher education than typical market indicators would ever do, such as market shares or partly earned, partly bought reputations?

**BOLOGNA TOMORROW**

That is for the past. Together with my colleagues from the other Benelux countries, I had the ambition then to start a new process of collective reflection and debate on
what should be the objectives for the next ten years of the Bologna Process. Several seminars and meetings have already taken place all over Europe. There is still a way to go to the Leuven 2009 Ministerial meeting. Yet, a number of provisional statements already can be made on how the strategic objectives for Bologna 2020 should look like.

Before presenting some ideas on the strategic objectives to be set for 2020, I have to make clear that I really believe that we do need a sequel to the Bologna Process. The work is not finished yet. The structural reforms in degree systems, the accompanying regulatory frameworks in quality assurance and credit transfer, the cooperation and mobility realized thus far, they all were established in most countries, but in various modes and at a varying speed. Apart from that, they also seem to be only partial answers to the challenges and needs of today’s world. Recognition of qualifications, to name but one example, often still is a problem, in spite of frameworks and instruments, such as quality assurance and accreditation, which have been created or further developed with lots of enthusiasm for the objectives of the Bologna Process. Indeed, while much of the structural reform is already in place, the key challenge now appears to be moving from structure to practice. That is an indispensable move, for popular support for the Bologna reforms – and popular interest in maintaining higher education within the public domain – is to a large extent precisely based on very tangible results and achievements (“why still a procedure for the recognition of my study period abroad?”), rather than on abstractly looking structures.

The general sense of the Bologna Process – transparency, convergence, mobility, quality – is, in other words, still the right one, but it has to be refuelled with new goals and objectives. For we have to be honest about that: the integration of the European higher education area is still rather weak and its global potential not yet realized. A considerable number of countries have joined the process later on, and some of them even quite recently, which challenges these countries, however ambitious they might be, to catch up with the forerunners within a realistic timeframe. But even the forerunners themselves still experience many difficulties in rightly applying the various instruments Bologna has brought about.

STRATEGIC OBJECTIVES FOR BOLOGNA 2020

What then should be the core concepts of the strategic objectives for Bologna 2020, apart from completing the initial agenda, of course? Transparency certainly should remain a primary core concept. A lot can be said on increasing complexity and diversity, and most of it is true. We have learnt that heterogeneity and diversity are not the enemies of convergence and integration. As a spontaneous corollary to the convergence realized in the course of the Bologna process, institutions have differentiated themselves. They show ever more variation in mission and ambitions now.

The institutions are right and they should not hesitate continuing along this path. As attractive as it may sound, not least to ambitious policy makers both inside and outside the institutions, the future does not lie in everyone pretending to do the same thing, nor in attempting to assume the many roles society expects higher
education to play nowadays. As for me, mission differentiation is a much more promising avenue of future-focused development, contributing to the overall performance of our higher education system as a whole.

But in order to really articulate and value diversity, we should reveal its real nature. Diversity cannot be appreciated if it is kept under the veil of ignorance and ambiguity. The next phase of the process towards transparency therefore should invest much more energy in developing instruments to really address diversity and make it readable and understandable for everyone. Well-designed, multidimensional rankings can be a suitable instrument for that – assuming, and I hope that it can be proven in fact that this is not a killer assumption, that such a type of rankings cannot only be thought of theoretically, but also developed in practice. A realistic assessment of actual learning outcomes will be yet another instrument to make diversity readable and understandable. Regulatory frameworks validating institutional diversity should be developed. For not focusing on making diversity transparent, entails a serious risk: the risk of European higher education being an arena of confusion in which the market is organized as a bazaar of undemonstrated reputations. It is not possible to build an attractive European higher education system with a strong collective reputation, if this system is internally not transparent. Thus, transparency of diversity could, however paradoxically it may sound, lead to a new, higher sense of identity and coherence within the European higher education area.

Next to transparency, there is a set of values and ambitions that I would like to summarize in the concept of social responsibility and responsiveness. I am strongly convinced that there is no need for differentiation that goes so far as developing a binary divide between a mass higher education system of average quality and an excellent system for the elite. Equality of opportunity for education of excellent quality should be acknowledged as a core value of the European higher education system and a condition for its further success. Despite a successful democratization of higher education in the past, Europe will have to increase its efforts to mobilize its full potential. This implies providing opportunities to all talents, especially in those communities where under-participation risks resulting in a real waste of talent. The demographic challenges will force us to mobilize and regularly upgrade all available “brain-power”. (Seen from a different angle, one could say that there is no acute need neither to dramatize demographic changes nor to hastily import talent from overseas, given the actual rate of talent still waiting to be discovered and developed on the hand, and the often heavily underexploited potential for life-long learning on the other hand. In many aspects, the higher education sector indeed still has to maximize the impact of learning and research.)

Social responsiveness also requires a new relationship between governments and the public body in general on the one hand and institutions on the other hand. Institutions rightly ask for more autonomy. I do agree that they need more autonomy in order to liberate their potential. But as Isaiah Berlin taught us about the concept of “liberty”, we should distinguish two concepts of “autonomy”, a negative concept and a positive concept. To be relevant for education policy, “autonomy” should not only be understood in its negative definition, as less government interference. Enhancing autonomy also means: enhancing the capacity
to make choices and define strategies, enhancing the capacity to act effectively, and to have impact – in the case of higher education institutions, impact on our society at large. So conceived, autonomy and regulation are not mutually exclusive concepts. I believe in the positive definition of autonomy, in which regulation is seen as a kind of dialogue between responsible actors for the common good. We should look for a new “pact” between higher education institutions, the political authorities and society at large as an alternative both for traditional political regulation and complete political abdication. The challenges ahead for higher education are so crucial for Europe’s development in general, that conceptualizing the state-institution relationships in terms of (negative) autonomy and accountability only, may fall short of what actually needs to be done.

Clarity on what governments and social stakeholders expect from higher education institutions should be one of the first goals of such a dialogue. In the context of the knowledge society the public benefits of higher education are ever more increasing, manifold and far-reaching: a better educated and more creative “human capital”, up-to-date learning outcomes focusing on generic skills preparing for employability in a changing labour market, new qualifications, new flexible learning arrangements, academic excellence focusing on critical inquiry as well as on knowledge transfer, social and cultural criticism as an invaluable contribution to democracy and critical citizenship.

The paradox of policy-making in higher education is that higher education is becoming so crucial to economic, social, cultural, and even political development, that governments have no alternative but to actively engage in a critical dialogue with institutions and stakeholders, whereas at the very same moment, the institutions themselves claim more autonomy in order to improve their effectiveness. As for the governments, there should be no hesitation in recognizing that the importance of higher education also implies a higher level of funding. I at least have no problem in recognizing the validity of the 2%-norm put forward by the European Commission, and member countries which do not reach this norm, i.e. the large majority, should not hesitate to design an ambitious growth path towards these 2%.

The third concept that should guide us in formulating the strategic objectives for Bologna 2020, is global attractiveness and global partnership. The question should not be how Europe guards itself against the tides of globalization or arms itself in the “academic arms race”, not even how Europe should organize itself to successfully wage the global war on talent. The question is what Europe can contribute to the global public good: how to unlock not only Europe’s but the world’s academic potential, how to make ideas circulate around the globe, how to forge partnerships across the continents, how to maintain a global balance between educational needs and educational capacity. That is where the real attractiveness of European higher education really lies. In redefining our ambitions, we should make clear what Europe’s contribution should be to answering the global challenges. We should definitely demonstrate the openness of European higher education systems and institutions to the world, rather than establishing a “fortress” against it, despite some feelings of fear and envy against Europe, and despite an overall climate of commercialization or “commodification of knowledge”.

CONCLUSION

I took the opportunity to focus on three guiding concepts which could enlighten our road map towards Leuven 2009. These three concepts emerged out of work of the higher education research community. Many more could be added, but let’s keep in mind that in moving the Bologna Process further, we should focus our energy upon a relatively small number of strategic objectives. Only by focusing, the Bologna Process will keep on mobilizing energy and interest, not only in Europe itself but also on a global scale.

Frank Vandenbroucke
Vice-Minister-President of the Flemish Government
and Flemish Minister for Work, Education and Training
The Bologna process has been characterized as an example of unprecedented change in European higher education. Indeed, who – at the end of the 1980s, a decade before the Bologna Declaration – would have thought that 29 ministers would commit themselves to reach a number of common and far-reaching objectives for higher education in Europe? The sheer quantity of endorsement and commitment as well as the high-stake ambitions are – again from the perspective of the 1980s – astonishing as is its intergovernmental nature. Shortly after the Declaration it transformed into an even more puzzling, multi-stakeholder process, involving various supranational and national agencies.

How different are current developments from two decades ago? At the end of the 1980s, issues like reduction of government spending and the erosion of higher education as a part of the welfare state; increasing attention to new mechanisms of public control over output and performance (the evaluative state); and the withdrawal of the state (Neave, 1988, 1990) were dominating the political agendas. There were no explicit signs that trans-national or supranational issues would soon be on the political agenda. For sure, ERASMUS had been launched by then (1987), but its success was yet to be confirmed and the prominence of (higher) education in supranational policies was still far away. With the Treaty of Maastricht (1992), education received a less ambiguous, but still limited, position in supranational policy-making (De Wit & Verhoeven, 2001). The important 1988 Magna Charta of European Universities was indeed a trans-national treaty, but one that dealt primarily with concerns about what the university entails as an institution (Olsen, 2007) and the charter mainly addressed national governments, asking them to support the principles set out around institutional autonomy, academic cooperation and the nexus of teaching and research. Even if one would contend that Bologna can be seen as the “logical extension” (Neave, 2001: 186) of various programmes like ERASMUS and COMMETT and experiences of NARICs (National Academic Recognition Information Centres) and ENIC (European Network of Information Centres), the speed of change and the seemingly overwhelming support for the process is surprising.

On the other hand, one should judge the amount of change brought about by the Bologna process with some caution. ‘Unprecedented’ may aptly denote the change in national regulations in many higher education systems concerning the structure of degree programmes, regarding quality assurance mechanisms, diploma supplements and credit accumulation. However, at the level where it all should happen – the level of individual higher education institutions, there is much more ambiguity in terms of actual change and progress made. Various progress reports indicate that
change is visible, but not always fully in line with the expectations (Crosier, Purser, & Smidt, 2007; Huisman, Witte, & File, 2006). From a methodological perspective, Neave and Amaral (2008) adequately point out that “institutional take up” is a rather flexible concept, still far away from execution and institutional embeddedness. Furthermore, other scholarly work points out that the Bologna process was used to achieve particular national reforms (Gornitzka, 2006; Witte, 2006) and there are reasons to extend this perspective to the level of higher education institutions: higher education institutions have translated the expectations of national governments to fit their own strategies. For sure, institutions have to adhere to the national regulations, but beyond that there are many ways in which higher education institutions “take up” elements of the Bologna process.

WHERE DO WE GO FROM HERE?

The above makes it difficult to really pin down the actual amount of change that has taken place in the context of the Bologna process (and the Lisbon process) as well as to disentangle the Bologna process as the prime explanans of organizational and systems change from other explanatory factors, such as globalization, changes in national governance arrangements, etc. The role of the Bologna process in relation to other explanatory factors could also be disputed. Is the Bologna agenda part of a de-nationalization process, and compatible with other de-nationalization processes such as globalization? Or is it rather a sort of regional response to globalization? Perhaps both interpretations are correct pointing to the complexities of the process as such.

While trying to identify what might come after Bologna, these complexities can be good pointers to a future. First, by the fact that the Bologna process was developed over time, and by new objectives added in a number of ministerial meetings since 1999. Second, by the fact that the Bologna process is closely intertwined with a number of other European initiatives, most noticeable the Lisbon Strategy and the modernization agenda for universities in education, research, and innovation launched by the European Commission. Third, by acknowledging the diversity of instruments and approaches for achieving the objectives stated – ranging from more legalistic approaches exemplified by the recently established register for quality assurance agencies in higher education to the Open Method of Coordination characterized by mutual policy learning and knowledge exchange. These characteristics tell us about a process that has been constantly transforming, open-ended and realized through a number of measures and instruments. Perhaps the greatest challenge for the future is not to identify a number of clear-cut objectives for the next decade, but to design a policy environment that shares some of the same characteristics as the Bologna process in the past. As such, looking back at the achievements is not only an inviting intellectual challenge but also a potential rewarding one for future policy development.

Of course, we already know quite much about the Bologna process. It has been a valuable object of research for scholars in the field of higher education, i.e. those interested in curriculum and organizational change and policy implementation and
impact could gather relevant empirical materials to increase our understanding of
the phenomena.

Moreover, given the nature of the change process, disciplinary approaches lend
themselves perfectly for applications to the Bologna process. Scholars have
successfully used political theory and public policy theories, multi-player and
multi-level governance approaches, sociological perspectives, (organizational)
institutional theory and historical perspectives to analyze elements of the Bologna
process. Let us also stress the valuable insights that emerged from analyses from
practitioners themselves. As such a body of knowledge emerged – not perfect and
certainly not complete – that allowed us to come to terms with process and
outcomes of the changes brought about by intergovernmental and supranational
dynamics. In this volume, this body of knowledge is built upon to present the state
of the art with respect to the most important elements of the Bologna process. And,
the reflections on the past will also be used to fuel the debate on the next decade.
As such, this book is meant to be a reflective exercise for those involved – in
whatever way – in the Bologna process (researchers, teachers, managers, political
decision-makers).

While this may sound modest, such reflections are perhaps one of the greatest
achievements of the Bologna process in general. Few would disagree in the agenda-
setting function of Bologna, but we seldom think about what this means in practice.
The agenda-setting functions of Bologna can imply symbolic and strategic use of
the process as exemplified when different countries use Bologna to implement
reforms with a more domestic agenda. The agenda-setting function of Bologna
could also imply expanding our horizons when entering strategic discussions about
the future of universities and colleges. Bologna reminds us all that there is another
world out there which we can not ignore. At the same time, the agenda-setting
function of Bologna can also be a life-line to those that only see anarchy and a
more confusing environment to which one needs to adapt. There are indeed many
uses of the Bologna process ranging from the concrete and operational to the
abstract and conceptual. We have seen Bologna being used to develop, back,
refine, identify, and change policy processes in European higher education.
Whatever comes after Bologna, we would argue that the process has created a
momentum of change that to some extent is self-sustaining in that new networks,
actors and groups have been established and closely intertwined. The many
meetings, discussions and deliberations taking place under the Bologna umbrella
have created a new space for policy-making which indeed is unprecedented in
higher education, and making the whole process of policy-making more
unpredictable and interesting than ever.

Therefore, we would emphasize that the material is also relevant to those
outside of the countries currently subscribing to the process. Not only by including
“an outsider’s perspective” (see the chapter by Simon Marginson), but we think
that the reflections on ten years of Bologna are relevant outside the European area
as well (see also Adelman, 2008a, 2008b; Zgaga, 2006).
THE CONTRIBUTIONS TO THIS BOOK

The Flemish Ministry of Education and Training (Department of Higher Education) invited the three editors to produce a volume with chapters discussing topics that are deemed to be most salient in the coming decade (see preface). Based on a tentative list of themes to be covered initially suggested by the Ministry, the editors have solicited contributions from appropriate scholars, experts on the specific topics. The contents (beyond pointing out the general topic of the chapter) were up to the scholars themselves, the editors provided them with a general structure for the presentation of their arguments. Short summaries of the chapters were presented and discussed at the Bologna Seminar Unlocking Europe’s Potential – Contributing to a better World in Ghent, 19–20 May 2008. The drafts presented in Ghent have later been further refined and extended in collaboration with the editors, and the results can be found in the following chapters.

The contributors to the volume not necessarily agree in their analyses of the Bologna process, but we found – nevertheless – a fair amount of consensus. We summarize the most important topics covered under headings that have been important to the Bologna process in the past, and which we also believe will be at centre stage in our discussions on the future: governance, quality, mobility, and diversity.

Governance

The emergence of a higher education policy arena at the European level is one of the most striking developments in higher education governance in the past decade, but it is certainly not the only one. We have witnessed at the same time (and actually already in the 1980s) national governments stepping back and increasing institutional autonomy, although not in all European countries at the same pace and there are notable exceptions to the trend towards more institutional autonomy. Another governance development is the emergence of the market and network steering as alternative approaches to state steering.

The governance trends as such are recognizable in European higher education, but the picture becomes much fuzzier when we look at what is happening in practice. Some relatively new policy instruments emerge (e.g. contractualization, performance-based funding), but modes of governance interact in particular historical contexts and it becomes unclear what the outcomes are of the new modes of steering. Consequentially, the promise of institutional autonomy may not be at odds with expectations of major stakeholders in higher education. Still, both those in favour of more professional governance and those wanting to maintain more traditional governance arrangements seem to agree that governance is important. Those wanting to see Bologna realizing its potential would emphasize that current reforms in the governance arrangements have not gone far enough. Those pointing to the potential downsides of Bologna would emphasize that change is not taking place due to failing designs and adaptations in the governance area. What everyone agrees upon is also that we do not yet know the full impact of new governance arrangements on higher education in Europe. The paradox emerging is that we may
well face another decade of governance reforms in Europe without actually knowing what works and why. Future reformers here will have the double challenge of not only identifying good governance arrangements, but also their applicability in different contexts.

Quality

Trust as a device in professional contexts has been replaced by rational and instrumental forms of control and accountability. Recognition based on estimates of equivalence has, e.g., been replaced by other forms of measurement and assessment and a fair number of new agencies emerged to fulfil new and old accountability roles. This process has also strengthened the call for meta-evaluation and the supranational coordination of assurance mechanisms. Supranational agencies and mechanisms (European Association for Quality Assurance in Higher Education, the European Quality Assurance Register, the ENQA’s Standards and Guidelines, European Qualifications Framework, etc.) start to become influential drivers for national and institutional quality assurance practices.

Whereas the latter development is evolving in rather close cooperation with the academic field and academics are still involved in a major way when it comes to quality assessment (peer review), rankings develop in a much more independent way. Rankings can be seen as another mechanism to gain insight into quality, but it would be more accurate to state that currently rankings and league tables are actually measuring prestige. Not only do invalid and unreliable measurements make it impossible for rankings to seriously measure quality, other methodological issues – can we really measure institutional quality? – loom large as well. Whatever our appreciation of rankings is, they are definitely here to stay (Hazelkorn, 2008) and will have a impact on institutional strategies and the higher education landscape in general. Two important – as yet unanswered – questions are: How can we assure and improve quality without ending up with unproductive bureaucracy and how can stakeholders (particularly the next generation of students) be provided with adequate and relevant information on higher education quality? A paradox coming to the fore is perhaps that in the process of creating more trust and transparency while maintaining a high level of efficiency in the sector, we need to re-invent some of the ways quality was secured in the past.

Mobility and Human Resources

The introduction of a tiered structure of study programmes and degrees is not strictly necessary to facilitate temporary intra-European student mobility but will be an advantage for the increase of degree mobility of students from other parts of the world. It remains to be seen how higher education institutions actually deal with recognition (in-depth analysis of student qualifications versus recognition on the basis of trust). The increasing stratification of universities might become a problem for mobility as well. Furthermore, due to many opportunities to go abroad temporary student mobility is experiencing a decline in professional value. This is
yet another paradox: the rationale underpinning mobility as part of the Bologna process has been to gain some added value. When everyone is going for the same experience, the added value diminishes. That might make internationalization at home increasingly important. Academic staff mobility is less of a success story compared to student mobility and takes place mostly for purposes of research. In this context challenges for career models, employment conditions, and social benefit systems are anticipated.

Some contributions pointed out a number of barriers for increased mobility of students, not least demographic changes and reduced value of temporary mobility for professional careers. Despite the fact that some further increase in intra-European student mobility is foreseen (although it will be increasingly degree mobility rather than temporary mobility), the emphasis is put on increased mobility of students from other parts of the world. For this, no proper preparation is being made as yet. Growing proportions of mobile students from other parts of the world will impact on issues of quality, curricular change to accommodate their needs and expectations, the language in which programmes are delivered, and last but not least on home students and mobile students from Europe. Furthermore, a danger is foreseen that intra-European mobility will tend to concentrate in smaller zones of mutual trust among institutions with similar quality and profiles. For these anticipated development guidelines are needed to deal with potential conflicts and tensions.

Related to mobility is the issue of equity. The social dimension appeared on the Bologna agenda, but it remains to be seen how much progress has been made in realizing some of the objectives. Time may be too short to judge this, given that social inequality has been visible in higher education for centuries and many attempts to balance this have been in vain or have shown only slow progress.

**Diversity**

Throughout all the contributions the issue of diversity is explicitly (sometimes more implicitly) addressed at various levels and connected to different topics. A number of topics have emerged:

- functional (teaching versus research), geographical, and stratified organisational diversity;
- diversity of student population and the issue of equity;
- diversity of qualifications and skills (critical academic competencies versus competencies for the knowledge economy) needed by society and economy;
- diversity of markets in which universities will have to compete and to which they will offer their services;
- diversity of stakeholder groups with which universities will have to interact and the interests and needs of which they will have to take into account;
- diversity of funding sources which will have to be developed in order to enable flexible responses to new needs and demands;
- diversity of networks and alliances to be forged and joined by universities;
- diversity/diversification of the academic workforce.
The general concern emerging relates to our final paradox: how to maintain or increase institutional diversity in a European higher education area intended to become increasingly compatible? There are several forces at work that could harm the organizational diversity, but it is difficult to predict how the complexity of interacting drivers will shape the higher education landscape in the coming decade. An undercurrent in some of the writings is that there may be too much diversity. Given the forces pulling and pushing in different directions, there is a risk of diversity gradually heading in the direction of fragmentation. To some extent this has become reality already, e.g. when it comes to the academic profession, but also in terms of the (national, regional, and international) student body. Academics perform a much larger variety of roles in academia and students attending higher education constitute a far from coherent group (background, culture, etc.). Also, at the institutional level, the ongoing competition between higher education institutions may lead to very loosely coupled systems of higher education, although international coherence (networks, consortia) may replace national coherence. It would be too far-fetched to state that academia is falling apart, but it would be worthwhile to keep a close watch on the developments and think about governing mechanisms that would preserve some of the existing coherence and cooperative efforts in higher education.

CONCLUSION

In all, this volume contains a rich set of chapters which seriously – if only for their academic rigour – address the promises and perils of the Bologna process and its preliminary outcomes. A difficult task, given that the process is a target on the move (we are indebted to Neave and Maassen, 2007, pp. 136–137 for this metaphor) and even changing in nature during the process. It is also a difficult task because evidence can be interpreted differently paving the way for new paradoxes and complex interactions between the actors in the field. Consequently we are faced with new questions every time we believe answers to old questions have been found. Still, one lesson learnt from the process is that we (i.e. those involved in policy-making and policy evaluation) should take the evaluation of such large-scale processes more serious than has been done in the past decade. For sure, many insights were gained from evaluation studies but we seem to be still far away from evidence-based policy making in European higher education.

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Part I: Governance
GUY NEAVE

1. INSTITUTIONAL AUTONOMY 2010–2020. A TALE OF ELAN - TWO STEPS BACK TO MAKE ONE VERY LARGE LEAP FORWARD

INTRODUCTION

Autonomy, whether academic or institutional, has been the subject of constant preoccupation for policy-makers, University Presidents and scholars of university affairs for the best part of two decades. What has changed during these twenty years, however, is the way the issue has been posed and debated. *Grosso modo*, the debate can be divided along two lines: first, the defence of the historic construct of academic – or personal, alternatively, positional – autonomy: Second, the gradual modification of that historic model under pressure from reforms throughout the late 1980s and the decade following. Amongst them were closer public control over expenditure, the press for greater institutional accountability, the quest for a more adaptable and flexible relationship between higher education, government and society (Neave and van Vught, 1991) the rise of the Evaluative State (Henkel, 1994; Neave, 2006; Neave, 2008) and the general shift in policy from being driven by social demand to being urged on by “market forces”, effectiveness and economy (Dill, Jongbloed, Amaral and Teixiera, 2004).

Before suggesting some issues Institutional Autonomy might pose during the decade 2010 to 2020, a number of *caveats* should be born in mind. The first is the tendency to “over project” – effectively, to underestimate the time need for new developments or practices to embed into institutional routine. An excellent illustration of such over projection in today’s agenda of higher education may be seen is the central exercise of implanting a standardized study structure across higher education systems engaged in the Bologna Process (Neave and Amaral, 2008).

The second aspect that merits attention is the process of embedding legislative reform within the individual university and more particularly, whether its importance is real or symbolic. As numerous case studies on both sides of the Atlantic (Pressman and Wildavsky, 1984; Cerych and Sabatier, 1986) into implementing reform in higher education have shown, implementation never follows the tidy path of linear progression that earlier planners counted upon and, as a result, were so often grievously disappointed. Rather, seating policy into the institutional fabric of higher education tends to be reiterative, its thrust blunted by negotiation, interpretation and re negotiation it proceeds (Stensacker, 2004; Weiss, 1977).
THE EVALUATIVE STATE: A FORMATIVE CONCEPT

The experience of higher education in Western Europe these two decades past suggests that institutional autonomy has been under revision far longer than that the legislation which specifically focuses on it today. Prior developments have then to be taken into account.

One of the most important, a “pre conditioner” to institutional autonomy, is the advent of the Evaluative State (Henkel and Little, 1994; Neave, 1998, Kehm, 2007; Clancy, 2007; Henkel, 2007; Neave, 2007). The Evaluative State stands as a transitional stage when many of the issues, later to become key elements in reform at institutional level, are first rehearsed.

The Evaluative State saw Autonomy mutate from a broad-ranging value and a privilege conferred upon universities as a prior condition to their fulfilling their long term task in society (Thorens, 2004) to becoming an operational, multifaceted, and largely conditional contract. The transition from the first definition of autonomy, itself well established in Western Europe’s systems of higher education – personal and positional autonomy – to a formally expanded interpretation as institutional autonomy was largely accomplished within the workings of the Evaluative State.

The Evaluative State and its origins

French. The origins of the Evaluative State go back to the mid to late Eighties in France, the Netherlands and Britain, though in each case, the purpose behind these early developments differed considerably. In France, for example, the purpose for establishing the Comité National d’Evaluation in 1986 was less to detect the lack of efficiency amongst individual universities. Rather, it set out on the one hand, to stimulate institutional initiative by using institutional evaluation to disseminate real examples of successful practice, examples to be followed by other universities: on the other, to speed up the pace of change at institutional level. (Neave, 1996)

The French initiative sought to establish a regular feedback mechanism and to remove one of the major blockages a high degree of legal homogeneity plus the need of formal authorization from central Ministry, imposed on the French university system. (Comité National d’Evaluation, 1989; Staropoli, 1987) In effect, the feedback system à la française was designed to strengthen system capacity for change within the existing closed mode of accountability between universities and Ministry by prodding the former into bolder action.

Dutch. This was not, however, the prime concern of the Dutch. In the late Eighties, the Dutch Ministry of Science and Education set out to develop a more radical and far-reaching alternative “steering system” to the classic and detailed “state control” model hitherto dominant. Unlike the French, it did not seek simply to update the procedures of “Legal Homogeneity”. Its objectives were broader and more ambitious: How to create a system of coordination which ensured clarity in the strategy at system level, more rapid take-up at the institutional level and, last but
very far from least, cut back on the time-consuming procedures of clearance and authorization in short the minutiae of central government control? Initially, this was tackled in terms of applying a “cybernetic” approach to the relationship between government and universities. (van Vught and Maassen, 1988, pp. 64 – 75)

A “self correcting” system held out several advantages: it placed the burden of adjustment on the individual institution whilst opening the possibility for central administration to concentrate on strategic priorities rather than exercising an oversight both close and detailed. Such a concept, later developed under the term “remote steering” (van Vught, 1989) recast the function of central administration, replacing detailed “state oversight” by an arrangement more loosely coupled in which its main task was “facilitatory”, that effectively put in place procedures and conditions for rapid and appropriate adjustment at institutional level. (Neave and van Vught, 1991) Unlike the French approach, the Dutch model called for a simultaneous overhaul of central administration, of the capacity to adapt at institutional level as well as a system of feedback and monitoring, based on academic performance and output indicators entrusted to the Dutch Universities’ Association. (Jenniksens, 1997)

Both the French and Dutch reforms shared the belief that central to providing the higher education system with an inbuilt capacity to adapt rapidly to change required a greater margin of initiative at the institutional level, by updating management and revising the structures of governance. This agenda, however, was not presented as extending institutional autonomy, though such revisions to internal management and governance may certainly be seen in this light.

British. The situation was very different, however in the United Kingdom. Paradoxically, the British university system had long been identified – and very certainly so in the minds of its denizens – by certain unique operational features which, ironically possessed a degree of kinship with the vision entertained by the Dutch, though not by the French. The British university system was largely self-regulating, driven by the initiatives of individual universities and progressed in what is best described as an organic manner. By contrast to both French and Dutch universities, their British fellows were not legislatively driven. British universities possessed an extremely high degree of institutional autonomy, legally guaranteed by each university’s founding Charter and upheld by a very particular relationship between central government and individual university which reflected the classic interpretation of the “proper” relationship between government and university, which owed much to 19th century English Liberalism. (Rothblatt, 1998) and very particularly in university affairs: State intervention was best reduced to a minimum.

Under this agreement, appointment to positions of leadership, (Neave, 1991) academic recruitment, promotion, the granting of tenure, the holding of – and sometimes, the canvassing for – endowment capital, the selection of individual students, the determination of curricular content and the methods used to evaluate student performance as indeed the award of degrees from Bachelor through to Doctorate, were very real instances of the institution’s self-governance and the substantial nature of its autonomy. Other differences followed: not least the view
that Institutional Autonomy was the prior condition that guaranteed Academic Autonomy. To the British academic, without the first, the second is precarious at best. This is a very different way of interpreting the ties between Academic Autonomy and Institutional Autonomy. By contrast, the Humboldtian Concordat looked to the State to uphold academic or positional autonomy. The Jacobin university in France looked to the State to sustain the same principle by preventing the incursion of occult or particular interests into the affairs of academe. The British, however, in not untypical eccentricity, looked to Institutional Autonomy laid down in the terms of the individual University Charter, to protect the University and Learning from the State itself. (Neave, 2008).

Institutional Autonomy was the central and basic principal permeating British Universities. It set them aside from their European counterparts. Indeed, until the late 1980s system-wide legislation – the basis of the principle of Legal Homogeneity (Neave & van Vught, 1994) – was unknown. The legal basis of each university, its structure, patterns of governance and administrative procedures were enshrined in an individual Parliamentary Act, which constituted the individual University’s Charter, specifically tailored to the purpose and mission the founding fathers laid upon a particular university. This founding legislation laid down the individual university’s responsibilities, structure, inner workings, regulations and procedures. Powers of oversight and verification that in Europe formed part of the University’s responsibility to the collectivity, in Britain were vested in the individual university and exercised in keeping with the terms of the Founding Charter – or its modification.

The Evaluative State: national variations on a strategic theme

French. The rise of the Evaluative State carried with it subtle variations in national priorities. In France, the introduction of the principle of “Contractualization” – that is, negotiation between individual university and central Ministry over the objectives to be attained for the coming five years (Chevaillier check) in no way compromised the status of the university as a public service, still less its commitment to meeting social demand. (Neave, 2004a) If the press for more efficient resource usage, improvement in quality and competition were present, the latter applied to a very different sphere. Rather than pitting one university against another for resources, the French version of the Evaluative State was grounded in rhetoric of competition abroad and national cooperation and solidarity at home. (Neave, 2004b)

Dutch. By contrast, the Dutch operationalization of the driving principles of modernization, marketization and institutional efficiency, enthusiastically applied on the home front were very definitely seen as an “exportable” model, both within Europe and farther afield.
In Britain, the emergence of the Evaluative State impelled higher education from being grounded in a species of organic development towards a “regulated” system, with a growing emphasis on active government steering, exerted through specially created “agencies of public purpose” (Henkel, 2007) intermediary bodies which effectively reversed the pattern, long sustained by the University Grants Committee.3

Through the new stratum of oversight and verification, the will of government was injected into the university world. System-wide re-engineering resulted in system-wide legislation in the shape of the Education Reform Act of 1988, the 1992 Higher Education Act and the Higher Education Act 2004. The 1998 Act was an unprecedented example of the first Framework Act (Loi d’orientation, Rahmengesetz) ever to be applied to British higher education. The second created a unified system by granting university status to Polytechnics, outlined a national system for funding higher education. It laid down a corporate model of institutional governance, standardized in role, size and composition across all institutions raised to university level. (Williams, 2004) The third ushered in a further round of national standardization together and differential tuition fees. It set system wide conditions that determined the amount individual universities could charge their students. (DFES, 2003)

Three Remarkable Truths

British strategy yielded three remarkable truths. First, that whilst government certainly possessed the means to refine institutional autonomy, previously, it chose not to exercise them. By acting, it demonstrated, that the distinction between institutional autonomy as an inalienable right and academic freedom as a theoretically revocable privilege could, in practice be rendered rather less distinct than once believed.

Second, that the very feature around which other systems were building their strategy of modernization through institutional self-adjustment and self-correction – that fundamental concept of “organic development” which historically lay at the heart of the British university system – was not sufficiently adaptable – or to be more nuanced, was not sufficiently adaptable within the time frame envisaged by the British authorities. (Brown, forthcoming)

Third, in the absence of a “market” mechanism in higher education, central government found itself having to act as an Ersatz, hopefully temporary. With government acting as a ‘pseudo market’ ushered an unprecedented degree of juridification into British higher education. Whilst in no way comparable to the Legal Homogeneity that historically “steered” higher education in Western Europe, juridification was evident and very certainly so in a system that had long evolved without it. As one long-term student of British higher education observed: “… government in the UK employs the rhetoric of the market in connection with higher education, but since government controls the price universities can place on their services and the amount and variety of services they can sell, universities
operate not in a market but in something like a command economy.” (Trow, 1996, p. 310)

And their Consequences

There is a further perspective, which draws a contrast more stark still between the rise of the Evaluatory State in Britain and on mainland Europe. It involves “dual lines of accountability” in Western Europe, sometimes described as a “bi-cephalous model of administrative control” (Lane, 1982).

Prior to the Evaluative State, this bi-cephalous arrangement was the key underpinning to Legal Homogeneity, linking university and ministry (Lane, 1982; de Boer. 2003, pp. 253 – 255). It rested on a descending administrative hierarchy emanating from ministry to university, terminating in the person of the Secretary General in French universities, the Regiringscommissaris in their Flemish counterparts, with the Kanzler in Germany and the Administrative Director in Sweden, civil servant administrators who exercised legal oversight within individual universities on behalf of the ministry. An ascending academic hierarchy ran in parallel, culminating in the person of the Président d’Université, or the Rector as the first amongst equals in the academic estate.

By extending the bounds of institutional self-management, the Evaluative State formally weakened the descending administrative hierarchy, whilst strengthening the administrative responsibility laid upon the head of the ascending academic hierarchy. Not untypical was the Dutch Law for Modernizing University Governance of March 1997 (Modernisering Universitaire Bestuursorganisatie). (de Boer, 2003) It strengthened institutional self-management, opened up new ties with local interests and concentrated executive authority, hitherto dispersed across Senate and Board of Curators, into a three member Executive Board. For the first time in their history, Dutch universities were run by a monocephalic administrative structure. (de Boer, 2003, p. 256)

In mainland Europe, the Evaluative State shortened and concentrated the descending administrative hierarchy at institutional level. By contrast, the British authorities brought a dual hierarchy into being, at the very moment it was being phased out in mainland Europe. The British edition of the descending administrative hierarchy, which took shape during the early to mid Nineties, was more redoubtable than its earlier European counterparts: it was constructed around agencies of public purpose wielding oversight for regular assessment, evaluation and verification of institutional achievement. The descending hierarchy à la britannique was powerful precisely because it formed an evaluatory mechanism linking institutional funding to institutional performance.

The Significance of Evaluatory Homogeneity

The presence of a technically sophisticated and deeply penetrative system for evaluating performance and quality, which is the heart of the Evaluative State, redefined the procedures involved in Accountability. By focusing on the individual
The transition from *Legal Homogeneity* to *Evaluative Homogeneity* as the prime driver in coordinating higher education is not surprising that inter-

university rather than on whole sectors or on institutional types, which were the operational focus of *Legal Homogeneity*. (Teichler, 2007) Instead the principal of Homogeneity changed its location. The new version was bought to bear and operationalized *a posteriori*, thereby modifying control over higher education previously exercised *a priori*. (Neave, 1998)

The Evaluative State, by counterbalancing *Legal Homogeneity*, did so via *Evaluative* Homogeneity, set standardized criteria for minimum levels of performance and quality, applied to the individual University. (Neave, forthcoming) Nor did it subscribe to the basic assumptions of *Legal Homogeneity*. It did not assume institutional capacity to meet change to be similar across different types of institution.

*Evaluative Homogeneity*

The Evaluative State fulfils two principal functions. It is a powerful instrument for the organizational integration of higher education through operationalizing and applying standardized procedures and uniform rules in the area of quality assessment and accreditation. (Bliękli, 2007, p. 397) When the twin principals of transparency and public accountability are added into Evaluatory Homogeneity, the Evaluative State becomes central to society’s understanding how its higher education system and within the system, how individual universities, perform. As its name implies, the Evaluative State brings together a basic instrumentality, which systematically, in standardized format and regularly updated, makes information on higher education publicly available. Such information on institutional output, performance and achievement shapes society’s readiness to fund individual establishments, influences the choice students make between different institutions and courses. It provides a feedback for leadership to determine institutional strategy and priorities by allowing leadership to compare output and performance with other institutions of a similar condition or to identify those whose achievements are worth emulating.

Thus, the Evaluative State acts as the central construct in the relationship between higher education and the legislator and the priorities the latter wishes to be reflected in higher learning. By the same token, it also represents the termination with extreme prejudice of what was presented earlier as the historic “Concordat” between higher education and society in Western Europe. For whilst the earlier Concordat was grounded in the State’s acting as protector of the University, so the Evaluative State re-defines the role of the State primarily as the protector of society’s interests – economic, social and developmental – vis a vis the University. To make no finer point, having resigned its historic role as the “Guardian of Learning” the (Evaluative) State now acts as “Overseer of the Market for higher education”. (Neave, 2008b)

*Evaluative Homogeneity: Its Potential*

Yet, in the transition from *Legal Homogeneity* to *Evaluative Homogeneity* as the prime driver in coordinating higher education it is not surprising that inter-
interpretations as to its viability, potential and the exact ways it may shape higher education, are by no means clear-cut. On the one hand stands the argument that Evaluative Homogeneity is a counterweight to institutional diversity and overlap, in programmatic provision, modes of study – on site or distant – and in means of diffusion. (Huisman and Kaiser, 2001) By operating through standardized criteria, dimensions and procedures, focused on higher education’s output, coherence and order are maintained at the very moment when the national community fragments, when regional interests assume greater importance in shaping institutional priorities and when institutional identity, under press from both markets and competition has increasingly become the thing of institutional self –advertisement rather than being the long accumulation of repute built up over the years.

Viewed thus, Evaluative Homogeneity modernizes but does not alter the basic characteristic of higher education. It remains a regulated system. Indeed, one of the perverse effects of policies of “de-regulation” has been to bring regulation to new and surreal heights of conformity and constraint. (Daxner, 2006, pp. 231–240; Amaral and Magalães, 2008) Evaluative homogeneity and its operational instrumentality ensure a central and additional objective – that market forces now have their place as the prime policy driver. Fragmentation of the national community in no way diminishes regulation. On the contrary, when both evaluation and funding are “repatriated” to the regional level, regulation is better aligned with regional concerns by a physically more immediate control over institutional performance and achievement.

Evaluative Homogeneity brings clarity at a time when institutional diversity is all the more evident precisely because the historic administrative framework of higher education, if not dissolving, at very least, is subject to increasing overlap. (Huisman and Kaiser, 2001)

**Stratification, Differentiation and Evaluative Homogeneity**

Institutional stratification and differentiation are not exclusively the work of evaluative homogeneity. Though sometimes taken for granted in such decentralized systems as the United Kingdom and the United States, these system characteristics have always existed de facto in Western European systems, even if strenuously denied de jure.

Legal Homogeneity did not take either differentiation or stratification into account save in terms of broad sectors whose component establishments were nevertheless held to be on a footing of legal equality. The status of individual universities was thus defined by their inclusion in a particular legally and administratively defined sector. Standing and identity were then collectively defined by “institutional types”. Belgium, for instance, provides a particularly nice example. Higher education, like Caesar’s Gaul, is divided into three segments – university, long course higher education outside the university, (Hoger Onderwijs buiten universiteit HOBU) short course higher education outside the university. (Verhoeven & Devos, 2002)
The mutation of Legal Homogeneity into Evaluative Homogeneity dissolves both stratification and differentiation as the means of distinguishing different types of establishment on the basis of their collective standing in a given sector. It individualizes institutional status. In contrast to Legal Homogeneity for which legal stratification and differentiation served as devices for assigning permanent status and identity to Universities, Evaluative Homogeneity employs stratification and differentiation as provisional and dynamic driving forces. Irrespective of whether they bring reward or penalty in their train, these two characteristics perform a central and strategic function in system coordination as opposed to acting, as they did under Legal Homogeneity, as a descriptive registration. Thus, institutional status is explicitly linked with, and made dependent upon, institutional services and performance. In turn, the same criteria determine the standing, repute and recognized excellence the individual University commands— or lacks!

The Evaluative State and Institutional Autonomy.

The setting up of macro steering systems – analysed in terms of increased efficiency, performance, output on the one hand, and on the other as a search by governments for a focused and reiterative mechanism rapidly to transplant national strategy into institutional execution – is clearly central to the change which is redefining academic autonomy from being personal or positional and re-constructing it in terms of institutional autonomy.

Some scholars have argued that institutional autonomy and personal autonomy are the heads and tails of the same coin. (Bleiklie and Kogan, 2007, p. 477) Historically, this holds good only in the Anglo Saxon systems of higher education. The equivalent construct in Western Europe extolled positional autonomy. It never conceded universities were autonomous institutions. (Hirsch and Weber, 2001, pp. 52–67) Regardless whether one agrees with the term “institutional autonomy” to describe offloading responsibility from central national administration to the institution, or placing additional conditions and responsibilities upon the individual university, both certainly require a very different pattern of internal institutional power (for an English perspective on this see Smith, Adams and Mount, 2007).

Positional autonomy is a very ancient pattern of governance, which endured many centuries namely, internal governance shared amongst senior scholars in the Academic Guild (de Groof, Neave and Svec, 1998) This today is translated as “collegiality.” This construct contrasts with the rising notion, visible in the Netherlands and UK, though by no means limited to those systems, of institutional decision-making vested in a strong institutional Executive, backed by a team of professional managers. (Whitchurch, 2006) It derives rather from corporate management and business practice in the belief that managerialism may be associated with academic success though there is remarkably little evidence to support this conviction. (Smith, Adams and Mount, 2007, p. 8) The shift of institutional governance away from “academic community” and “collegiality” to “managerial professionalism” (Rhoades, 2005) reflects that change in higher
learning’s purpose and culture from the contemplative and spiritual to the applied, the productive and the expeditive.

Institutional autonomy may be justified on much the same grounds as its earlier positional counterpart. It ensures conditions necessary and conducive to sustained, creative and original thought which, maintained at a consistently high level and over time, begets excellence. Its contemporary construction, however, has to do with the management of the university as a public institution, more particularly with creating optimum effective administrative structures that permit institutional leadership to develop and carry out those strategic decisions that enable the institution to discharge the responsibilities and tasks which external interests and stakeholders have laid upon the university and to do so with speed and within cost. To meet the culture of production, power and authority, rather than being collegial and thus dispersed, are concentrated around institutional leadership and delegated in the form of an administrative chain of command. (Bolden, Petrov and Gosling, 2008) In other words, the principles of good husbandry and accountability to major stakeholders – of which the government is one –assume organizational form. Institutional autonomy becomes both an operational task and the individualization of a once shared and collective responsibility.

What is an Autonomous Institution?

The range of responsibilities placed on individual institutions begs the question: “what are the essential functions a university must control if it is to exercise Institutional Autonomy as a genuine rather than as a symbolic condition?”

In 1994, the German sociologist Rudolph Stichweh identified a number of key functions necessary if Institutional Autonomy was to have substance. Amongst them, Stichweh believed, was the University’s right and competence

- To decide independently the areas, which would engage its commitment.
- To endorse specific value systems and to define capital, career systems and incentives.
- Independently to decide on the basic institutional principles and forms of institutional governance.
- To control the criteria of access both for students and for academic staff.
- To define its strategic tasks and to set institutional goals.
- To determine both the formal and informal links to be developed with other sectors of society.
- And the obligation to assume full responsibility for the decisions taken and to be fully accountable for them. (Stichweh, 1994 cited in Nybom, 2007)

As a theoretical typology of Institutional Autonomy that appeared during the 1990’s, Stichweh built on the same basic propositions as positional autonomy. Internal self-governance of academia by academia is enlarged from, and extended beyond, the fundamental freedoms of teaching and learning to embrace and include all activities undertaken within the purview of the individual university. Strategic planning, setting institutional goals, the ties between university and external
community are, under such a schematic, internally determined by the Academic Estate, with the Administrative Estate serving in an executive capacity.

Institutional Autonomy as Stichweh presented it, is driven by an internal dynamic, grounded in the principle of academic self-government, tempered by the obligation to be accountable to government and society. Under this construct, Institutional Autonomy is driven by the disciplinary and epistemic evolution within the university. It is an interpretation remarkably close to its British counterpart, particularly in selection of students and staff nomination and appointment which, in the German context of the day, were highly heretical.

**Institutional Autonomy Reshaped**

Stichweh’s theses allow us to identify and thereby to contrast, the features of Institutional Autonomy as they emerged first within the rise of the Evaluative State and second, when set against the changes in distribution of power and authority within the institution itself. Indeed, the overall thrust of recent legislation stands at the antipodes of Stichweh’s vision. Whereas Stichweh regarded Accountability as flowing from the nature of internal academic self-government, its contemporary edition puts accountability at the centre of the university’s obligation. The repositioning of accountability and the obligation to submit to assessment of performance, achievement, financial efficiency and good husbandry is a natural concomitant of Institutional Autonomy in the Knowledge Economy. Nevertheless, it reverses the relationship between university and external society, by replacing distance by proximity and involvement. The task of the new Institutional Autonomy is to permit the university to set up those procedures, administrative structures and qualified administrative personnel to enable it to deal with external society reaching in.

The upshot, as Kogan and Bleiklie pointed out in a recent review of organization and governance in universities of Western Europe, is the creation of powerful managerial infrastructures, running in parallel, where not supplanting, academic structures built around Deans, Heads of Departments and the Professorate, once the personification and apotheosis of positional autonomy. (Kogan and Bleiklie, 2007, p. 479) It is unclear, for the moment, whether Institutional Autonomy in its new guise is a constraint upon, or is relatively neutral vis a vis academic autonomy in its positional definition. Swedish evidence suggests that its impact is relatively marginal: more important, both institutional and academic autonomy appear increasingly to be dependent on external actors. (Bladh, 2007, pp. 243 – 249)

**Dependency and Conditionality**

Dependency alone does not differentiate the contemporary edition of Institutional Autonomy from its positional predecessor. It may equally well be argued that the latter was just as dependent on the government’s upholding the Humboldtian Concordat as it was on the state budget. Nor is dependency any the less when
transferred from Prince to Merchant, from public revenues to private contracts, eeked out by payment for commissions and services.

More important than dependency, is conditionality. Conditionality implies instability, though this is rarely recognized. Just as the boundaries of Institutional Autonomy are subject to continual negotiation in keeping with the expeditive ethic which requires higher education keep abreast of continual and largely unpredictable change through permanent negotiation between government, the market and academic institutions, (Henkel, 2007, pp. 87–99) so too are the conditions that determine whether the individual institution is able – quite literally – to afford even the remnants of positional autonomy within it. Both are subject to the same constraints. Henkel’s proposition that neither Institutional nor Academic Autonomy today are fixed in stone and for all time, cannot be gainsaid, either for the United Kingdom or, for those systems of higher education currently committed to re-constructing the Knowledge Society’s equivalent of Institutional Autonomy. But to see Academic Autonomy in terms of boundaries contested between the state, the market and academic institutions merely confirms – though in an alternative vocabulary – the basic unpredictability to which academic autonomy is now hostage. For if academic autonomy is not entirely out of the control of academia, by the same reasoning, neither is it wholly within the powers of academia. And this is tantamount to admitting its oscillating and unpredictable quality.

This view is partly shared by Kogan and Bleiklie. The Academic Estate with its collegial “style” of decision-making has, they argue, become integrated into the Administrative Estate less as decision-makers than as the executors of institutional policy. Collegiality gives place to top-down line management. Collegiality’s end transfers the basis of legitimacy from the Academic to the Administrative Estate. (Kogan and Bleiklie, 2007, p. 479) Thus, inverting the relationship between the Academic and the Administrative Estates is one of the more significant developments in Institutional Autonomy’s mutation from a broad ranging value and organizational ethic to becoming a form of intellectual shorthand for the strengthening of managerial hierarchy as the prime vehicle to ensure demonstrated efficiency and expedition under the new rubric of that term.

Leadership

Though Britain has a long way still to go before individuals can make a life-time career as ‘professional’ President – a practice well established in the United States (Kerr & Gade, 1986) – significant developments are to be noted. In particular, the balance between managerial acumen and a proven track record for institutional development may be a pointer both to the weakening of academia’s power to organize their institution and to placing it in the hands of “manager professionals’ rather than scholar/managers. (Rhoades, 1998) The gradual extension of the descending administrative hierarchy within the institution – the advent of the “professional Dean” as manager rather than as academic, the assimilation of “Pro Vice Chancellors” as senior managers rather than senior academics ((Smith, Adams and Mount, 2007, p. 8) point to the transfer of authority within formally
autonomous institutions from the community of scholars to the world of managers. And thus to redefining the bounds of positional autonomy. (Whitchurch, 2006 p. 9)

Strengthening of leadership is far from being British exclusivity. On the contrary, it stands well to the fore in France, where recent legislation in the shape of the Law of August 10th 2007 – the so called “Péresse Law” named after the Minister of Higher Education and Research, Valérie Péresse – concentrates power in the hands of the University President. (Montlaur-Creux, 2007) whilst simultaneously diluting that of academic staff. (Berger, 2007) A broadly similar trend is equally evident in Norway (Stensaker, 2006) Portugal. (Amaral, 2008) and the Netherlands. In the latter instance, the 1996 Law on University Governance, revised the basic duality in mentioned earlier and at institutional level reinforced the descending administrative hierarchy. The Governing Board is smaller. The President is re-cast as the direct and explicit representative of external interests. Still formally elected from amongst the senior Professorate, the Dutch Rector’s executive powers over institutional management are reinforced. However, the Rector reports to the President. The President represents civil society. He replaces the classic descending chain of oversight that bound Ministry to University. The President serves in a strategic role as intermediary between civil society and university, whereas he Rector is responsible for the execution of the strategy determined in the Governing Board and serves as intermediary between Board and the constituent interests within the University. (De Boer, 2003)

The Danish University Act of 2003 stands as a further variation on the general theme of reforming governance. The managerial aspect, which is a central characteristic in the present day version of Institutional Autonomy, is clear. Executive Management is vested in a Board, not greatly dissimilar to the American Board of Trustees. Whilst the Dutch version has outside interests speaking through the person of the President, membership of the Danish University Board has an external majority of members of whom the Chairman is one.

Looking Ahead: A Very Dark Glass

As we turn to issues that are likely to follow from re-engineering Institutional Autonomy, it is as well to recall three indisputable verities. They bear directly on aspects likely to cause concern over the decade before us.

The first is that the reforming impulse in its entirety, which has lasted over twenty years, was ushered in by a severe economic crisis, by structural changes in the economy, by major restrictions in the higher education budget and, as this analysis has argued, by major additions to the instrumentality of system steering through evaluating institutional performance, efficiency and achievement.

The second lies in aligning higher education’s purpose and mission with the canons of one particular School of Economic Thought, – or its derivatives in higher education – variously qualified as Neo- Liberalism or Ultra-Liberalism.

The third truth is that Institutional Autonomy, reinterpreted in the light of the demands of the Knowledge Economy, sets the specific purpose upon the University to expedite its response to the specific demands of external interests for knowledge,
useful and relevant to their purposes. The instrumentalization of Institutional Autonomy reflects the unavoidable fact that today the market is deemed to be the prime driving force of higher education. It also reflects the dependency of the university on the state of the economy to which it is deemed to be a partner with a varying geometry of indispensability, and depending on the particular faculty involved. Like Animal Farm, some faculties are more indispensable from industry’s standpoint than others.

Identifying key issues is complicated further by the crisis, which so far few have had the courage publicly to admit, though it is generally agreed that the economies of Europe show disquieting signs of creaking under the combined strain of a second oil shock and of grossly imprudent behaviour by another of Neo Liberalism’s “axial” institutions, namely Banking. If the universities from the mid 80’s through to early 90’s were weighed in the balance and found wanting by the canons of Neo Liberalism, the viability and sustainability of the reforms enacted in the meantime cannot but be subject to similar heart-searching and reassessment, as will be the assumptions of Neo Liberalism itself – one of the many fallouts from the present querulousness in the economies of Europe.

Other Consequences of Marketization.

It is a basic axiom of Neo Liberalism that just as in a buoyant economy the privatisation of profit is an excellent thing, so in a morose economy, the socialization of loss – that is, the responsibility of the ordinary citizen to bail the imprudent out – is no less imperative. If some governments have admitted the necessity for bailing out Banks in the interests of the short term, can they deny the bien fondé of the same argument when applied to universities, which under the action of those same governments have become increasingly focused on the short term, whilst nevertheless retaining a commitment that extends over the long?

Precisely because higher education is today more closely coupled to the market than ever before, so it is more vulnerable than ever before and more speedily so, to the market’s vagaries and fortunes. Seen from this perspective, it is precisely the re-definition of Institutional Autonomy to serve as instrument for an expeditive managerialism, that bids fair to drive the impact of external down-turn rapidly into the Groves of Academe. No less worrisome is the possibility that precisely those universities that have gone out of their way to diversify to the utmost their reliance on contracts with industry, business, information technology – the cream of the Entrepreneurial Universities – that will suffer most. If business lays off its own employees, management and cadres, will it continue to back university research or buy university services to the same degree as before? Will the pendulum of policy fashion swing in the opposite direction with the possibility that regulations put in place to extract more initiative and responsiveness from higher education, are uncoupled and dissociated from the Neo Liberal ethic? How far will the growing regulation of certain key areas such as research, see the role of governments and the European Union acting as quasi-permanent “pseudo markets”? 
Economic crisis has prompted reforms more radical and more sustained than economic prosperity ever did. One has only to compare the 1960s with the 1980s and 1990’s in Western Europe to see how far this axiom is born out. One has to admit that the fortune-teller’s crystal ball is more than usually clouded when turned to the coming decade. The futurologist’s glass becomes darker still, when we bear in mind that reforms in performance assessment, governance, leadership – initiatives that took root during the 1990s – could not have been deduced, even less predicted – on the basis of cost-cutting exercises undertaken the previous decade.

Abiding Issues

There are, most certainly abiding issues that arise from re-defining Institutional Autonomy as the central construct in higher education. First, how far, and to what type of establishments, is it to be applied? Another way of posing this question is: How far is the transition of Institutional Autonomy as a pervasive and universal value to an operational modus administrandi, nearing completion? There are two sides to this; first, Autonomy whether institutional or positional, serves to identify and to confer status on institutions. It also serves to differentiate them. Thus, short cycle higher education, whether in the form of French Instituts Universitaires de Technologie, German Fachhochschulen or Polytechnics – whether British or Portuguese – tended, by and large, to come under closer and more direct oversight from Ministry or Local Education Authorities. (Pratt and Burgess, 1976: Amaral and Carvalho, 2008) Differences in the range and scope of Institutional Autonomy between university and non-university sectors has given rise to much ill-will, not to mention being the root cause of “academic drift”. (Kyvik, 2007) and “policy drift” (Neave, 1979) Various remedies have been applied.

In the United Kingdom, integrating and nationalizing Polytechnics as new universities, in Portugal under pressure from the Polytechic interest, the removal of pedagogic autonomy from the universities under the terms of Law 26/2000 and of Law 1/2003. (Amaral and Carvalho, 2008) are timely reminders of the tensions that differential distribution of Institutional Autonomy causes.

As yet, the issue of Institutional Autonomy as a new management construct applies mainly to the university sector. This policy tends to disregard that over the past twenty years, the universe of learning has undergone two changes in definition, from university to higher education and, more recently, from higher to tertiary education. (OECD, 1998) The expanding universe of post school provision begs the question exactly where the lines are to be drawn – and how justified – between post school establishments where Institutional Autonomy applies and those where it does not.

This is a matter of the utmost nicety. It is clearly an issue falling fairly and squarely under the responsibility of national authorities. How far, where and to what degree are the boundaries of Institutional Autonomy to be set? On what criteria they are to be delimited? This issue is present in all systems where non-university, short cycle higher education exists cheek by jowl with “research universities”. On geographical criteria alone, it is a matter with a “European”
dimension, even though the power to act is most assuredly a Member State concern.

Other scenarios also follow from re-defining Institutional Autonomy. There is an “inclusive and maximalist” definition. Likewise, there is an “exclusivist and minimalist” edition. The latter appears to be emerging in various forms in Germany, France, Sweden and the UK within the setting of identifying and preserving, excellence – in essence, a policy of triage. Yet, the search for excellence and the evident and well-advertised advantages that recognition brings, raise two other questions. Are the excellent to be accorded separate status? Is the purpose of such public benediction to set aside a few “super” or “European” universities – say, 200 or so out of the 4,100 in Europe sensu lato? What will be the consequences for the type of Autonomy, whether Institutional or positional, accorded to the excellent? Will there be any substantive differences between that enjoyed by the Elect and that granted to the commoners? Thus, the well-worn issue of whether variations in the degree of institutional autonomy are a privilege – temporary, ephemeral and revocable – or whether the institutional autonomy granted to the majority is an institutional right, returns in full force.

Such scenarios are very far from being a pipe-dream as certain Scandinavian governments contemplate quite amazing reductions to their university base. This option unearths another interesting possibility, namely the return to a “Guardian Relationship” for just some of Europe’s leading establishments whose recognized excellence is so outstanding that to let them sink without trace would compromise the very visibility Europe reckons it ought to have in the vast world.

The Guardian Relationship Resurrected?

Resurrecting a highly-focused and selective “Guardian Relationship,” built around a few highly-performing establishments, may not be wholly within the canons of Neo Liberalism. It may, paradoxically, be the way of sustaining Europe’s viability in a global economy. If it were, such an arrangement would cast a further and no less interesting light on the relationship between government, university and society. For, regardless of whether the recognition of excellence is a passing or a permanent thing in the advantages it secures, it is a very clear example of further stratification. The new Guardian Relationship may anticipate a system profile akin to the current configuration in Brazil, where the elite universities are public sector and the mass sector, private. (Schwartzman, 1998) An alternative to this vision could well see the emergence in Europe’s higher education systems of a “temporarily protected” sector, consisting of highly-performing research universities at the apex and at the base a “market-driven” mass sector. The latter, whilst not private, would nevertheless compete ferociously for public funding and for whatever largesse it could garner from private sector sources.

What such an arrangement would entail for Institutional and positional Autonomy is not difficult to see. If the purpose of Institutional Autonomy is to allow the individual higher education establishment to determine its best strategy for demonstrating performance and achievement, from this it follows that positional
autonomy is the reward for excellence demonstrated rather than a right that attaches unconditionally to the individual academic by the nature of his or her employ. What this suggests is that indeed, positional autonomy where it is recognized at all, will be dependent on, and conditioned by, the success Institutional Autonomy may reap. In turn, this situation suggests that positional autonomy will become a matter of privilege and circumstances, both conditional upon institutional success, not as a professional right. (7492words)

NOTES

1 All too little attention has been paid to the often very specific connotations and sous entendus that accompany this term when transposed from one nation-state system of higher education to another. In part, this arises from the very nature of Autonomy as the central “taken for granted” in any one system of higher education. Matters are complicated yet further by the belief, largely unspoken, even—or perhaps, above all—amongst the denizens of academia itself, that because the same term is often shared across different systems, it carries with it the same operational outcomes. Or has been the result of similar experience. This, however, is very rarely the case. Take for instance, the French rendition of university autonomy – les libertés universitaires. There is a world of difference as any philosopher is aware, between Freedom in the singular and Liberties in the plural, the first being a permanent and inalienable condition, the second as a theoretically revocable privilege. (Thorens, 2004; Neave, 2008) The systematic exploration of the different connotations that attach to this term across different systems is very far from being a sterile exercise in socio-linguistics. It merits further and sustained attention.

2 Humboldt saw the Monarch as the best guarantor and through him the apparatus of state. However, the elevation of the Prussian monarch as Protector of Universities was realized only in 1848. (Nybom, 2004)

3 The furious multiplication of such bodies on the British higher education landscape from 1992 onward was unprecedented. In addition to the four Higher Education Funding Councils for England, Scotland, Wales and Northern Ireland, went the Quality Assurance Agency, the Adult Learning Inspectorate, the Teacher Training Agency, the Higher Education Staff Development Agency, the Institute of Learning and Teaching in Higher Education, not to mention the further division of the main Research Councils which alone constituted seven separate bodies. To this, discussion in 2003–2004, proposed Learning and Skills Councils and Sector Skills Councils dispersed at regional level. (For a more elaborate treatment of this curious phenomenon see Guy Neave, (2005) “The supemarketed university: reform, vision and ambiguity in British Higher Education”, Perspectives vol.9, No.1 January, pp. 17 – 22.

4 This point is developed above.

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INTRODUCTION

Universities are an indigenous product of Western Europe, where the organization and the idea of university was first developed during the eleventh and twelfth centuries on a ‘utilitarian soil’. According to Cobban (1988, 10), ‘Europe’s earliest universities were institutional responses to the need to harness the expanding intellectual forces of the eleventh and twelfth centuries to the ecclesiastical, governmental and professional requirements of society.’ The originality of the European university – compared to other forms of higher learning in the world – was based on the social innovation of its organization. The universities were privileged corporate associations of masters and students with their statutes, seals, administrative machinery and degree procedures (see Cobban 1988, 1). However, the development of a guild of masters or students into an organization using the name ‘university’ was contributed to by the four principles of university, which have become deeply embedded in the European universities. According to Cobban (1988, 11–14), those are “1) the belief in the dignity of man, who, even in his fallen state, was capable of impressive mental and spiritual growth, 2) the belief in an ordered universe which was open to rational understanding, 3) the belief in the prospect of man’s mastery of his environment through his intellect and his mounting knowledge and experience, and 4) culture in which questioning and analytical approach to both classical and contemporary material was encouraged.” One of the objectives of this paper is to reflect on how higher education institutions continue to respect their ‘utilitarian soil’ and whether the founding principles still are the cornerstones in and of European universities.

Even though the aim of this paper is not to run through the history of higher education, it should be noted that the second critical period in the development of European universities took place during the Europe of Napoleonic wars in the beginning of the nineteenth century. As a solution to the crisis of universities, this era saw the establishment of the University of Berlin (in 1810), which helped to create the globally influential Humboldtian idea of university. The unity of teaching and research combined with academic and institutional freedoms laid the basis for the crucial social roles universities played in the processes of modernization during the nineteenth and twentieth centuries. Universities and other higher
education institutions have not only promoted, but they have also greatly benefited from the processes of modernization, which supported the current knowledge explosion and occupational specialization and strengthened the nation state as a central unit of and in modernization processes. Higher education institutions took the advantage from the ally with the nation state, able to provide more and new resources for universities. In return, universities provided the nation states with new cultural identities and skilful labour for both public service and industrial production, as Wittrock (1993) has sharply stated looking at the modernization from the perspective of higher education.

One reason for beginning this chapter with a glimpse at the history of European universities is the fact that we are now witnessing another period of potential transformation of universities, which may challenge the founding principles of universities. The globalization, massification and mission overload of higher education are all concepts that describe the changing and increasing societal demands of and for higher education. The growing importance of knowledge, research, innovation and evolving perspectives on expertise are changing the social role of universities in the globalized world. One of the most popular concepts used for approaching these changes is ‘knowledge society’ together with a number of other conceptualizations (Knowledge Economy, Information Society, Learning Society), which aim at illuminating the nature of societal change. These conceptualizations both challenge higher education to change and force it to test – once again – the foundational principles of European universities. The main research question of this paper is: What is the relevance of higher education for Europe in the (new) era of knowledge society and knowledge-driven economy?

I will begin this chapter by analysing ‘knowledge society’ and its related concepts ‘knowledge economy,’ ‘learning society’ and ‘information society.’ This analysis will be followed by a discussion on the relationship between higher education and society through the topics of private and public goods and ‘world-class universities’ (also cf. contributions of de Boer and Texeira in this volume). I will also focus on the main Zeitdiagnose, namely, mode 1 and 2 and the ‘triple helix’, and on academic capitalism and entrepreneurial universities as more empirical approaches to recent changes. In Section 4, the focus of the article is on ‘knowledge society’ as a political goal in national, regional and global contexts. Section 5 changes the perspective and analyses the changes in higher education challenged by ICT, knowledge production, the training of professionals and the development of civic societies. Section 6 sums up the themes of the paper.

ON THE KNOWLEDGE SOCIETY AS A SOCIAL PHENOMENON AND AS AN INTELLECTUAL DEVICE

Michael Peters (2007, 17) states, “concepts have histories. They also have homes.” ‘Knowledge society’ has been developed by sociologists, ‘knowledge economy’ by economists and ‘learning society’ by educators. These concepts – or their developers – do not, however, normally really communicate with each other in the academic world. Their communication – or confrontation – takes place in the realm of public policy, where conceptualisations rather than academic theories operate
like performative ideologies (Peters 2007). This insight is fruitful, especially for higher education research, which is often utilized – or debated – in public policy making processes. This study aims, therefore, at identifying and analysing the origins of the central concepts surrounding ‘knowledge society.’ The argument is that we need critical analyses of concepts as intellectual devices and their uses in different public policy arenas in order to ascertain the relationship between the changes taking place in higher education institutions, higher education policies and societies.

‘Knowledge Society’ is often used as a slogan in a number of political contexts. In Japan, for example, it supports the ideas of lifelong learning and the need to train the labour force that is both technically skilful and has good communication, leadership and team working skills. In the European Union, in comparison, ‘knowledge society’ is related to the employment issues and the global competition with other R&D superpowers, whereas in many European nation states it is connected with national innovation policies (like in Finland). Therefore, the concept of knowledge society has created a discourse which is based on intellectual assumptions about the social dynamics of modern societies. In a knowledge society discourse, everything related to knowledge and knowledge production can be included and interconnected, regardless of whether it concerns individuals, organisations or entire societies. The knowledge society discourse also describes the current situation in which the knowledge society is both the objective of policies and debates, and an agent promoting policies and debates concerning its potentials.

A Short History of Knowledge Society as an Intellectual Device

The given title of this paper contains two crucial concepts: ‘knowledge society’ and ‘knowledge-driven economy.’ Intellectually, the latter belongs to the tradition of the knowledge economy, which will be discussed below. The term ‘knowledge society’ requires more attention because it is a social theory explaining social change.

According to Bell (1973), postindustrial society can be characterized as a knowledge society in a double sense: the sources of innovation are increasingly derivative from research and development, and the weight of the society is increasingly in the field of knowledge. The same ideas have been advanced by Castells when analysing key differences between previous modes of development with the societal dynamics of the digital world. According to Castells (1996, 17), “in the new, informational mode of development the source of productivity lies in the technology of knowledge generation, information processing, and symbol communication.”

As a concept, ‘knowledge society’ has its own history. The use of the term ‘knowledge society’ began to expand with the studies of researchers such as Robin Mansell and Stehr (1994) in the 1990s (UNESCO 2005). While Mansell et al. (1998) focused mainly on information and communication technology (ICT) as a driving force of a knowledge society or ‘an information society, the aim of Stehr
was to create social theories based on the notion of knowledge society. This was because theory that focused primarily on the relationships between labour and property (capital) no longer provided the intellectual insight necessary for describing, understanding and explaining modern societies. Stehr does not argue that labour and capital dynamics disappeared. He also points out that previous social structures are not eliminated with this extension or enlargement. However, his assertion is that societal relationships cannot be explained without integrating the primacy of dynamics related to knowledge. In creating his theory of modernization, Stehr suggests that modernization is not as deterministic as Marxism would suggest; rather, ‘modernization essentially involves multiple and necessarily unilinear processes of ‘extension’ and ‘enlargement’ (Stehr 1994, 29–32). The sociological question is, ‘Does the nature of knowledge production change societies, cultures and economics?’ The mere popularity of the term ‘knowledge society’ itself functions as evidence of modern societies understood as knowledge-based societies.

Knowledge and the uses of knowledge are, however, nothing new for mankind that understands itself through languages, which are symbolic systems for cultivating and transferring knowledge. In fact, the capacity to gather, analyse and use knowledge has been a crucial element throughout the history of mankind (McNeill and McNeill 2006). What makes the idea of knowledge society exceptional is the quantity of knowledge (and information) produced daily and the use of ICT in data-intensive processes. It may well be that the modernization processes within the knowledge society are processes of extension rather than social transformation that defines a fundamentally new era of human existence.

In short, as an intellectual device, the knowledge society aims at describing a new situation in which knowledge, information and knowledge production are the defining features of the relationships within and among societies, organisations, industrial production and human lives. Furthermore, the social theory of knowledge society aims at explaining the fundamental role knowledge plays in economics, culture and the politics of modern societies. In addition to being a social theory, the knowledge society is a concept that has been used widely in different domains of societies including economics, politics, popular media and culture – and academic research.

Associated Concepts: Learning Society, Information Society and Knowledge Economy

Alongside ‘knowledge society,’ a number of related concepts reference potential relationships between knowledge and change in society. The most important of these are ‘learning society,’ ‘information society’ and ‘knowledge economy.’ The discussion on learning societies and lifelong education for all coincide with the expansion of the knowledge society (UNESCO 2005). Originally, the concept of learning society referred to a new kind of society in which the old distinctions between formal and nonformal education were no longer valid (Hutchins 1968; Husén 1974). In this new context, lifelong learning becomes indispensable because
there is a need to change workplaces and professions and to update knowledge during one’s career. The crucial new skill in a learning society is the ability to ‘learn how to learn’. Furthermore, learning is no longer the privilege of an elite or one age cohort; rather, these notions cover the entire communities and individual life spans (UNESCO 2005).

The discourse about the information society began in the 1960s. However, according to a number of writers, this concept provides a rather limited and technically oriented description of the challenges in a modern society, because the information society focuses on the ‘production, processing, and transmission of a very large amount of data about all sorts of matters – individual and national, social and commercial, economic and military’ (Schiller 1981, 25; Stehr 1994, 12). The main sociological critique against this economic perspective emphasizes the fact that knowledge always has a social function, which is rooted in the production, distribution and reproduction of knowledge. These issues are political and not technical because the quality of information and knowledge is related to social structures and the use of power in society.

Economic theories emphasizing the importance of knowledge in societies have their own history. According to Peters (2007), the tradition of ‘Knowledge Economy’ began with the work of Hayek (1937) who emphasized the importance of knowledge for economic growth. In his critique against socialism and state planning, he asserted that the best way of organizing modern society was market logic. The central element in his vision of liberal democracy envisioned science and markets as self-organizing systems. The price system communicates information, because “prices can act to co-ordinate the separate actions of different people in the same way as subjective values help the individual to co-ordinate the parts of his plan” (Hayek 1945). According to Peters (2007), the second wave of (what is now known as) neoliberal thinking paid attention to the formalization of economics, developing information theory and the economics of information, whereas “concurrent third waves might include Machlup’s (1962) groundbreaking work on the production and distribution of knowledge in the US economy and Becker’s (1964) human capital theory, although these research traditions proceed from different assumptions and use different methodologies.”

The reason for introducing these schools of thought is drawing attention to the fact that Knowledge Society as a sociological concept and Knowledge Economy as an economical concept often confront each other in the field of higher education policy making. This communication is not, however, based on the rules of academic argumentation, but on the political usefulness of their ideas.

KNOWLEDGE SOCIETY AND HIGHER EDUCATION

The idea of social change based on extension and enlargement is familiar to higher education researchers, too. Martin Trow’s (1974) assumption, according to which the social role of higher education changes with the expansion of student body, has been accepted as an insightful conceptualisation of mass higher education. A similar trend has been noted by Burton Clark (1983), who maintains that the main source of social dynamics in higher education is the expansion of knowledge,
which leads to new research fields, creating a demand for new chairs and professorships to be established for the emerging fields of research and disciplines. It also creates the need to establish new training programmes and new higher education institutions. To put it briefly, the logic of expansion in research-based knowledge, the number of students, staff and higher education institution creates a situation, where this expansion changes the social dynamics of higher education institutions and national systems of higher education. This expansion has taken and is taking place simultaneously with the development of knowledge societies. Stehr’s interpretations indicate that the emergence of the knowledge societies and the expansion of higher education have a causal relationship. This is because knowledge production in and of itself supports growth in industrial production and creates new business activities.

Knowledge as a Private and a Public Good

The debate on private and public goods in higher education is a relevant example of a knowledge society discourse on the public policy intersection of the knowledge society and knowledge economy. Marginson (2006, 50) discusses the nature of knowledge when he criticises the problems of traditional liberal distinctions (see Samuelsson 1954) between the private and the public (goods) in higher education: “For example, language and discourse and knowledge as ‘know-how’, as distinct from knowledge expressed in particular artefacts such as texts, are about as close to natural public goods as we can get. The mathematical theorem retains its value no matter how many people use it. Nor are its benefits confined to individuals for long: knowledge can only ever be a temporary private good”. Marginson’s assertion that questions the ownership of knowledge needs to be taken seriously in global knowledge societies, where intellectual property rights are one of the issues at stake. Furthermore, the commodification of knowledge is crucial not only in research but also in teaching (see Naidoo and Jamieson (2005)).

There are two interrelated issues here. The first concerns the ownership of innovations. In a number of countries, the problem has been addressed through the legislation that regulates the intellectual property rights of academics and universities. The first such act was the 1980 Bayh–Dole Act in the United States, which gave ownership of intellectual property, arising from federally funded research, to universities (Slaughter and Rhoades 2004). The second issue is related to student tuition fees. The question of ‘who benefits’ from higher education is often translated into the question ‘who should pay’ for education. When these questions are combined with budget reductions in higher education, they easily tend to produce debates on the problems of public higher education institutions, as has been the case especially in the Anglo-American cultural sphere (Naidoo and Jamieson 2005). Whether this is a crucial European topic is not perhaps an essential question, but is now becoming problematic in the continental European higher education discourse. An example of this argumentation, fuelled by neo-liberal reasoning, would be the demands for ‘world class universities’ and the increasing use of league tables in national higher education debates (Dill 2006).
The political objective to establish ‘world-class’ universities is a global goal, despite the problems of defining a ‘world class’ university (see Altbach 2007). According to one of the definitions, “world-class should mean an established record and sustainable ability of creating new knowledge and sound evidence of contribution to economic prosperity, enhancement of competitiveness, and an effective role in the empowerment of students and citizens.” (Sadlak and Cai 2007, 21.) From the perspective of European medieval universities, this list of responsibilities looks like an updated version of their principles. It has a strong belief in the education of man, a good belief in the possibility of rational reasoning and a firm belief in the mastery of environment. When saying this I would like to contextualize it historically. Namely, the ‘real innovation’ of world-class university discourse is the introduction of status hierarchies to national systems of higher education. Sadlak and Cai (2007, 20) say, “it needs to be pointed out that a higher education institution aspiring to be a “world-class university” will find this goal expensive. Therefore, it is legitimate to pose the question: how many such elite institutions do a given country or region not only need but can also support (and support only through public funding)?”

The Transformation of Universities and Research: Zeitdiagnose vs. Empirical Analyses

The discourses of knowledge society are supported by two main perspectives concerning the transformation of science and the university (see Tuunainen 2005). The first asserts that a radical metamorphosis is taking place in the relationship between knowledge production and university as an institution. Gibbons et al. (1994), Nowotny et al. (2001) and Etzkowitz et al. (2000) propose that governments have promoted national prosperity by supporting new lucrative technologies together with the universities which become ‘engines’ of their regions. Gibbons et al. (1994) argue that a new form of knowledge production, “mode 2,” is replacing the traditional one, “mode 1”. Mode 1 knowledge has been produced within autonomous disciplinary contexts, governed mainly by academic interests of a specific community, whereas mode 2 knowledge is produced within the context of its application. Mode 2 knowledge is transdisciplinary research, characterized by heterogeneity, and it is more socially accountable and reflexive than mode 1 knowledge. In addition, the proponents of the concept argue that universities are losing the monopoly of knowledge production because knowledge can be acquired in a variety of organizations and institutions.

The other variant of the metamorphosis thesis is the “triple helix” thesis, which states that universities can play a crucial role in innovation in the increasingly knowledge-based societies. Etzkowitz and Leydesdorff (2000) assert that the previously isolated institutional social spheres of university, government and industry have become increasingly intertwined. This has brought academic, economic and wider networks of social actors together in new constellations comprising triple helix knowledge dynamics. Based on systems theory, Etzkowitz et al. (2000) assert that four processes describe the major changes in the production,
exchange and use of knowledge in the triple helix model. These are the internal
transformation in each of the helices (academia, state and industry) followed by the
influence of one institutional sphere on another. The third process is the creation of
a new combination of trilateral linkages, networks, and organizations among the
three helices, while the fourth describes the effect of these inter-institutional
networks both on their originating spheres and society, as a whole.

Mode 2 knowledge production has been perhaps one of the most influential
conceptualisations of the change of higher education in modern societies.
However, the main limitation of this characterization of knowledge production
dynamics involves being “one-eyed and reductionist,” focusing on a “relatively
small – albeit significant and dramatically changing – domain of the diverse
landscape of science in society” (Elzinga 2002). It has also been argued that the
dichotomy between Mode 1 and 2 presents two discrete ideal types that probably
never existed in the real world. In addition, Weingart (1997), Peters (2007) and
Häyrinen-Alestalo (1999), among others, have both pointed out the ideological
connection between this discourse and political neo-liberalism.

The same type of critique has been levelled at the concept of “triple helix of
university–industry–government relations” (Etzkowitz and Leydesdorff 1997). In
this vision the university is a hybrid organization incorporating economic develop-
ments together with scientific research and education. The problem with this
assumption is, however, the leap of abstraction that infers that twenty-first century
universities are ‘entrepreneurial universities,’ and it is an irresistible, unavoidable

While these types of ideas offer a basis for analysis, they are neither social theory,
nor can they be universally established by empirical research. What these various
notions have in common is that they all are attempts to characterize the defining
features of the era we now live in. Noro (2000) characterises this “third type of
sociological theory” as the sociologically driven need to seek answers to existential
questions such as ‘who are we?’ and ‘what is the nature of our epoch?’ According
to Tuunainen, these Zeitdiagnose ‘usually combine familiar materials in a novel
way, are normative in nature and pursue a topical insight.’ They can be used as
conceptual devices and points of departure for policy making (see Tuunainen 2005,
283), as was illustrated by the use of Mode 2 knowledge in South African policy
making context (see Kraak 2000). Owing to the nature of Zeitdiagnose, these
abstractions imply that not only higher education has changed, but society is also
changing.

A second, more moderate view of the changing nature of knowledge production
and universities holds that academic capitalism is challenging the traditional values
found in higher education institutions, where an attempt is underway to substitute
old practices with neoliberal values and management practices. Universities
become a fertile ground for entrepreneurial universities and academics (Slaughter
and Leslie 1997; Slaughter and Rhoades 2004; Marginson and Considine 2000).
According to an empirical study by Marginson and Considine (2000), it is indeed
evident that there is a general pattern of modelling universities along the lines of
enterprises. This new form of ‘enterprise university’ may be described as follows:
“It has a strategically centralised leadership highly responsive to the external
setting, the wide use of corporate and business forms, the ‘emptying out’ of academic governance and the weakening of disciplinary identity” (Marginson 2006). However, Marginson and Considine do not proclaim that mode 2 or triple helix dynamics constitute global trends, because knowledge production plays out differently in distinct types of universities. Older, established universities with strong academic and disciplinary cultures possess more field-specific power (Bourdieu 1988) and are able to resist, even generate change, while other types of higher education institutions are more vulnerable to neoliberal management ideas (Marginson and Considine 2000, in Tuunainen 2004).

On the basis of his empirical findings, Tuunainen (2005, 292) argues that the “commercialization of the academic research through spin-off companies turned out to be in conflict with the other university activities, most apparently, with publicly funded research and university teaching.” Furthermore, it has been noted that universities increasingly emphasize the importance of scientific quality under the pressure of market-orientation and commodification of research outcomes (Alestalo-Häyrinen and Peltola 2006). These findings suggest that there is a “need for seeing scientific work and universities as complex and, occasionally, contradictory entities whose developmental trajectories are shaped by multiple historical, political and cultural characteristics” (Tuunainen 2005, 293).

One of the main aims of theorists, who chronicle the transformation of higher education, is to highlight the changing social role of higher education and how this change is connected to changes in knowledge production in universities. Furthermore, the aim is to argue that empirical analysis of this topic challenges the picture painted by Zeitdiagnose. Situations in universities are complex and conflicted and routinely elude many theoretical abstractions.

THE KNOWLEDGE SOCIETY AS A POLITICAL GOAL

In order to highlight some of the political perspectives and expectations related to the knowledge society discourse, I will pay attention to three political levels: national, regional (EU) and global.

Nation States

At the level of nation states the knowledge society can be seen to have taken on distinct forms. Castells and Himanen (2002) assert the following three alternative routes to the knowledge society: 1) Silicon Valley – a market driven, open society (USA), 2) Singapore – an authoritarian model of the knowledge society and 3) The Finnish model – which describes an open, welfare-state-based knowledge society. This typology highlights the variety of possible ways of defining, approaching and using knowledge society as a political goal. A fruitful suggestion made by Castells and Himanen is their assumption that the social structure of the informational age is based on networks (Castells 1996). According to Castells (1996, 470–471), “networks are open structures, able to expand without limits, integrating new nodes as long as they are able to communicate with the network, namely as long as they
share the same communication codes (for example, values or performance goals). A network-based social system is a highly dynamic, open system, susceptible to innovation without threatening its balance.”

*Networking as the Social Organisation of Knowledge Society*

When applying network analysis to the Finnish model, Castells and Himanen (2002) further develop the argument that a knowledge society is organised in and through networks. They assert that networks illuminate the way power is organised in general in Finland. The nation state plays a significant role through various social actors, which bring researchers and business companies together to focus resources on problems deemed to be of economically strategic importance. These are either development agencies that support cooperation between business and research, or public organisations that promote cooperation between the world of business and academe. Politically significant is the fact that the National Technology Council, chaired by the prime minister, defines national strategies for technology and innovation. It is in this context where the role of higher education policy becomes important. In Finland, universities are seen and defined as part of the national innovation system, which aims at increasing the capacities of Finnish enterprises and the nation state in general with regard to the international market (Miettinen 2002).

*The Regional Dimension: “The Most Competitive and Dynamic Knowledge-based Economy in the World”*

In addition to European nation states, the knowledge society discourse has opened up an imaginary social space in the European Union itself. This argument is emphasized on the European Commission’s knowledge society homepage, which begins with the central objective of the Lisbon strategy: “to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.” This citation, in and of itself, indicates the importance of the topic for the European Union. In order to reach this objective “Europe’s education and training systems need to adapt both to the demands of the knowledge society and to the need for an improved level and quality of employment.” The European Commission is confident of the potential this type of society offers for its citizens. According to the cited webpage, the knowledge society means: “new employment possibilities, more fulfilling jobs, new tools for education and training, easier access to public services, increased inclusion of disadvantaged people or regions.”

These EU web pages indicate both the objectives and the Commission’s definitions and understandings of the knowledge society. European employment strategy is highlighted in these documents, the main emphasis being on how policy on the knowledge-based economy can promote employment in Europe. Quite naturally, education and training are prominent. It is more interesting to note that innovation and research – as topics – are more hidden in the documents.
However, the promotion of knowledge-based economy is a crucial objective in creating the European Research Area (see Key 2005). The fact that Europe produces most research in the world is defined as a problem in this knowledge economy discourse, which assumes that technological progress, innovation and human capital are the sources of economic growth. Research production is defined as a problem, because Europe fails to exploit its scientific base (Key 2005, 13). The report also defines the main building blocks of a ‘knowledge system’ crucial for promoting knowledge economy, noting that “in this system, science, technology/innovation and industry are central, but not sufficient to ensure economic growth, competitiveness and job creation. The education and training system, human resources and the labour market, and the financial system all have a substantial impact on the performance of ‘Science–Technology–Industry’.” The report also emphasizes state intervention because it plays a horizontal role promoting cooperation between crucial institutions. (Key 2005, 20.)

Social Responsibilities of Higher Education in Global Information Societies

The UNESCO World Conference on higher education emphasised the many meanings that relevance of higher education means for the development of global information societies. The impressive list of social responsibilities expected from higher education clearly indicates that world communities have high expectations regarding higher education. It also indicates that the social role of higher education in the global information society is seen crucial for the development of societies. Furthermore, the list of expectations highlights the central roles universities play as producers of knowledge and educated experts in knowledge societies (UNESCO 2005, 97).

HIGHER EDUCATION AND THE NEEDS OF THE KNOWLEDGE SOCIETY

Having described various types of knowledge society discourses and contexts, I change the focus to key topics which highlight society from the perspective of higher education. The key challenges are presented by ICT, knowledge production, training of professionals and development of civic society.

Information and Communication Technology

One of the challenges for the internal development of higher education institutions is created by the implementation of the rapidly changing information technologies. Higher education institutions are not only producing and supporting technological innovations, but are at the same time intensive users and subject to the limitations of ICT. The ICT revolution already has significant impacts on students’ learning processes (e.g., through the availability of virtual learning environments and new sources of information), challenging both students and teachers to reassess their conceptions about learning and instruction (Hasenbegovic et al. 2006). Therefore, the challenges related to the use of ICT are not only technical, but are also related
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to pedagogical thinking and organisational structures (Laurillard 2002). New technologies require new professionals, not only to maintain and upgrade ICT support, but also to work in teaching development units and centres, which address the pedagogical (re)training of professors (Rhoades 1998). ICT is restructuring the institutional fabric of higher education and is influencing the academic work carried out by university teachers, as much as it is changing the nature of support functions accomplished by staff administrative personnel.

Knowledge Production and Innovations

This theme has been approached above from the perspective of knowledge society in the discussion on the changing role of universities in the knowledge production. Looking from the perspective of higher education institutions, we can define two main challenges. The first one is how to mitigate the increasing pervasiveness of academic capitalism and strengthen the traditional tasks of the university. When saying this, I would like to emphasize (following Slaughter and Rhoades 2004; Ylijoki 2003; Marginson 2006) that academic capitalism is not something any person or group ‘does to us’ as much as ‘it’ is something ‘we do to ourselves.’ However, there are significant disciplinary differences in the academic world with regard to their relationship with society (see Becher and Trowler 2001; Slaughter and Rhoades 2004). Higher education institutions should be able to take into account the cultural differences inside academia (see Välimaa and Ylijoki 2008). Secondly, the topic of knowledge production is related to knowledge transfer from higher education to society (which includes, naturally, business enterprises). According to Teichler (2004), the major modes of knowledge transfer include 1) knowledge media (books, films, letters, e-mail messages, etc.), 2) physical mobility of scholars and students, 3) collaborative research and joint teaching/learning project and 4) trans-national education. Metaphorically, the knowledge transfer from universities to society and to knowledge-driven economy resembles more a drizzly rain of ideas than an innovation thunderstorm (see Lester and Sotarauta 2007). It would be quite narrow-minded to understand the knowledge production of universities mainly as innovations. Furthermore, when speaking about innovations, one should also make the distinction between technical innovations and social innovations. Technical innovations refer to different kinds of new ways of improving production or creating new products, whereas social innovations refer to new ways of organizing social behaviour, whether it takes place in the existing organizations or in new emerging social forms. Higher education institutions can have a role in both of these innovation processes through collaborative research and development projects, and through the physical mobility of students from higher education institutions to enterprises and public sector jobs.

Higher Education and Working Life

The notion of the learning society reveals many aspects of the knowledge society. They both emphasize the centrality of knowledge production and lifelong learning
of the labour force. The imperative of this ethos can be summed up by the phrase ‘learning how to learn.’ Furthermore, human capital theory seems to explain much of the empirical data gathered on the European labour market (Machin 2005) because improving the educational level and the qualifications of the labour force has a positive impact on GDP, even though it is difficult to measure the exact impacts of educational investments.

The human capital aspect is also seen essential in the European Union, where knowledge society discourses strongly emphasize employment-related topics and themes. However, in higher education institutions, discourses on the knowledge society challenge universities to develop and to adopt new collaborative teaching practices in the training of professionals. It has been noted that the development of expertise often takes place both in formal training (in higher education institutions) and in workplaces. This cooperation between the world of work and academia challenges higher education institutions to develop both their traditional structures and their pedagogical practices (see Tynjälä, Välimaa and Sarja 2003).

There is extensive literature on the relationship between higher education and work (see Teichler 1998). However, Rhoades and Slaughter (2006, 19–25) have elaborated five assumptions concerning the relationship between higher education and working life that cannot be supported by empirical research. According to them, it is quite problematic to assume that work equals private sector employment because it does not reflect the empirical realities of employment in many parts of the United States and in other countries. It has also been assumed that work equals employment in large companies. Even though this equation maps very nicely onto the pattern of academic capitalism and the new economy, it does not reflect the realities of employment in the private sector in the United States. Thirdly, it is assumed that education for work equals fitting in and assimilating to existing workplaces, even though “working life is changing dramatically, and it is a worthwhile question whether the sole function of higher education is to adapt to those changes.” According to the fourth assumption, preparing for work equals developing new job skills. “Yet, it reflects a particular theoretical perspective about education and employment that has been empirically called into question”. Finally, it is assumed that work equals paid employment, even though this assumption “overlooks the realities of demographic patterns and public policy challenges in most countries” (Rhoades and Slaughter 2006, 24–25).

Higher Education Institutions in Civic Society

What are the main roles of higher education in a civic society? As noted in the Dearing report (1997) and the UNESCO World Conference (UNESCO 2005), many of the social responsibilities of higher education emphasise that the cultivation of civic virtues shapes a democratic and civilized society. In addition, higher education institutions are expected to contribute to the culture and cultural development of societies. This implies that higher education institutions are expected to initiate and maintain a critical discussion within societies.
DISCUSSION: THE CHALLENGES FOR HIGHER EDUCATION IN GLOBALIZED KNOWLEDGE SOCIETIES

The knowledge society discourse is understood differently in various social arenas of societies. In the context of employment and the world of work, it supports the ideas of lifelong learning and the need to update the skills of the labour force in a learning society. For individuals, it focuses on the need to keep up with the continuously expanding ocean of knowledge in information societies. As for higher education institutions, the knowledge society discourse is translated into a need to serve knowledge-driven economy because of the need to be more efficient in innovation production. In higher education policies the trend is to create world-class universities as a response to the challenges posed by globalized knowledge societies.

In all different knowledge society debates, higher education institutions are expected to be more efficient actors in the knowledge-driven economy. This political objective is rooted in the underlying common sense assumption that higher education institutions should produce more information and facts (through research) to promote innovations. However, it may be argued that the real challenge for higher education institutions is not only to produce new facts, but to increase our understanding. One of the challenges universities face in a knowledge society is to develop theoretical thinking which reduces the complexity caused by the exploding flows of information. This is not to say that universities should have nothing to do with the innovation production. The argument is that universities are really useful and active members of knowledge societies, if they develop theoretical understanding on the changing world because there are no other societal institutions which have the luxury of reflecting on the world from nonutilitarian perspectives. In this regard, critical thinking and theorising is the most useful activity in globalized knowledge societies.

Having said that, it should be added that it is more fruitful to understand universities as a part of knowledge systems, rather than as lonely heroes solving the problems of globalized knowledge societies. It is, therefore, crucial to pay attention to the interactions between higher education institutions and the other parts of knowledge systems because higher education institutions are related to their societies and cultures through education, service and research. It should also be remembered that popular Zeitdiagnose are rooted in certain ideological ways of thinking (see Peters 2007). The problem with Zeitdiagnose is not necessarily their normative tone, but the fact that they give all too monolithic and simplistic description of higher education institutions. According to a number of empirical studies and an array of theoretical perspectives, universities are complex organizations because they have many historical layers and many disciplines, all of which have a distinct relationship to the society.

Homo Economicus and the Future of Higher Education

The future challenges for European higher education are greatly influenced by the grand narrative of neoliberal thinking. This narrative is encapsulated in the notion
THE RELEVANCE OF HIGHER EDUCATION TO KNOWLEDGE SOCIETY

of *homo economicus*, which is an ideal type of human behaviour based on universalist assumptions of individuality, rationality and self-interest of human beings (Peters 2007, 167). Therefore, in higher education policy discourses, it is no more fashionable to speak about students or academics. Instead, we are supposed to use a new language in which students are ‘customers’ or ‘clients’ and academics are ‘providers’. This turn is not merely linguistic. It aims to change the way of thinking about higher education by changing the relation between teaching and learning into a contract between the buyer and the seller. The crucial question is how does this way of reasoning change the basic functions of universities?

Let us, then, reflect on how the ideal of *homo economicus* challenges the foundational principles of European universities to see what kind of future perspectives neoliberal reasoning opens for European higher education. The most radical changes are taking place with the first principle, *the belief in the dignity of man*, in other words, the belief in education and the growth of human beings through education. According to this, ideal type ‘customer students’ are not interested in mental growth but getting ‘value for money’. The remaining three founding principles are maybe less radically influenced by *homo economicus* because the rationality of man is not questioned, but it is only seen from an economical perspective. The belief in the man’s mastery of his environment through his intellect is, however, defined differently by *homo economicus* because higher education institutions are expected to be innovative members of societies. Simultaneously, the context of higher education institutions is becoming more fragmented because of the increasing variety of different social expectations. The fourth principle of universities, *questioning and analytical approach*, is not threatened in open societies because *homo economicus* represents itself an academic ideal, which may be challenged by other academic ideals.

What are the consequences of *homo economicus* policies for the relevance of higher education in a knowledge economy? From the perspective of education, the answer seems to be evident. In the global competition for students, the reputation of higher education institutions will be the currency. This easily means the strengthening of status hierarchies between universities because a *homo economicus* student will choose the ‘world class higher education institution’ that gives the best value for money – no matter how impossible it is to define ‘a world-class university’ (Altbach 2007). In the national systems of higher education, this creates pressures to make status hierarchies steeper between higher education institutions in all European national systems of higher education.

As for research, the implications seem to be evident. The trend of decreasing public funding and the increase in externally funded research seem to continue, which makes the competition harder and promotes academic capitalism in higher education institutions. The fact that research funding needs to be earned has made the management of universities “like running a small business” (Henkel 2007, 42). This leaves less time for fundamental research, because of the fact that the borderline between fundamental and applied research is blurring. The challenge for universities lies in how to sustain their integrity in the changing contexts (Henkel 2007). As for the production of innovations, the public support of institutional activities is essential because creative work is always done in the basic units and
commercial activities often conflict with fundamental research (see Tuunainen 2005).

These future scenarios that borrow their social dynamics mainly from the US system of higher education are, however, not the only possible vision for the future. The future of the European higher education is essentially a political question. As the success of the Bologna Process has shown, new change strategies can be developed for the purpose of enhancing European higher education. The combination of political negotiations and pragmatic will to develop European higher education in the format of a process is a remarkable political achievement. Therefore, alternative ways for the future development may be discovered in the traditions of European universities, in which the combination of teaching and research and service to society with collegial responsibilities to academia have been indispensable for the development of the universities as academic and national institutions. Politically, creating the ‘European way’ to meet the future challenges of higher education could be the future goal of the Bologna process.

NOTES

1 This paper is partly based on the article ‘Knowledge Society Discourse and Higher Education’ by Välimaa and Hoffman, in Higher Education (forthcoming).

2 The term universitas was commonly applied to several types of corporate bodies such as craft guilds or municipal councils. When applied to universities, universitas for long referred to the guild of masters or of students or of masters and students combined, not to the university as a complete entity (Cobban 1988).

3 According to Bell (1973, 212), knowledge is “a set of organized statements of facts or ideas, presenting a reasoned judgement or an experimental result, which is transmitted to others through some communication medium in some systematic form”.

4 See Stehr (1994) for a comprehensive discussion on the origins of the concept ‘Knowledge Society’.

5 According to Marginson (1993), human capital theory is based on two hypotheses: “First, education and training increase individual cognitive capacity and therefore augment productivity. Second, increased productivity leads to increased individual earnings, and these increased earnings are a measure of the value of human capital.”

6 TEKES The Finnish Funding Agency for Technology and Innovation (see: http://www.tekes.fi/eng/tekes/)

7 SITRA is the Finnish National Fund for Research and Development under the supervision of the Finnish Parliament (see: http://www.sitra.fi/en/)

8 For more details see: http://ec.europa.eu/employment_social/knowledge_society/index_en.htm).

9 According to UNESCO World Conference the relevance of higher education means: 1) being politically responsive, 2) being responsive to the world of work, 3) being responsive to other levels of the education system, 4) being responsive to culture and cultures, 5) being responsive to all, 6) being responsive everywhere and all the time, 7) being responsive to students and teachers. As a conclusion the declaration says: “In these circumstances, higher education can truly help to underwrite the generalized spread of knowledge within industrialized societies and in developing countries.” (UNESCO 2005, 97)

10 There are no universal criteria for defining a world class university, which makes it rational to assume that good institutional reputation develops historically and is related to the social reproduction of elites of their societies (see Bourdieu 1988).
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