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1ST MEETING OF INTERNATIONAL
ASSOCIATION OF UNIVERSITY GOVERNING BODIES

"SOCIETY MEETS UNIVERSITY"
(GRANADA, 23-24 OCTOBER 2006)

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IV PRICIT 2005-2008
Plan Regional de Ciencia y Tecnología
de la Comunidad de Madrid

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COORDINATORS

Francisca García-Sicilia
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La Suma de Todos

 **Comunidad de Madrid**

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Sistema
madriod

EDITION

Comunidad de Madrid
Consejería de Educación
Dirección General de Universidades e Investigación

GRAPHIC DESIGN

base12 diseño y comunicación, s.l.

PRINTING

Elecé Industria Gráfica, s.l.

LEGAL DEPOSIT N^o

M-????-2007

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Foreword

FRANCISCA GARCÍA-SICILIA
GENERAL SECRETARY IAUGB

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The IAUGB (International Association of University Governing Bodies) is an

international forum of Chairmen of University Governing Bodies from different countries in which the majority of members are external to the university (in Spain *Consejos Sociales*), to discuss issues common to all of them, to share best practices and benchmarks, exchange experiences and establish a collaboration network.

The first meeting of the IAUGB was held in Granada in October 2006 and

participants had an active debate on four subjects proposed by the Steering Committee:

- Policies in Higher Education.
- Financing.
- Governance.
- Knowledge transfer.

In the weeks previous to the meeting, participants sent a number of documents

to be circulated within the group. These papers are also included in the present document. The conclusions drafted by the participants on the four subjects for debate are also included.

After the Granada meeting, an important number of Governing Bodies from

universities from different parts of the world have joined the association or have expressed their interest in joining.

The IAUGB will be holding their next plenary meeting in London in March 2008.

Chapter I

INTERNATIONAL ASSOCIATION OF UNIVERSITY GOVERNING BODIES

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The International Association of University Governing Bodies (IAUGB) has been created in the month of October, in Granada. The creation of its Technical Secretariat has been commissioned to Spain. Some of the most successful universities are part of the IAUGB. The aim of the IAUGB is to provide a space for University Board of Trustees representatives to share experiences, discuss best practices in university government and establish benchmarks, creating a network of international collaboration, and thus contribute to create models of governance that help universities to successfully fulfil their mission of creating knowledge and transferring it to society.

Chapter II

FIRST MEETING OF INTERNATIONAL ASSOCIATION OF UNIVERSITY GOVERNING BODIES

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This first meeting of the IAUGB (International Association of University Governing Bodies) organized by the *Conferencia de Presidentes de Consejos Sociales* of Spanish public universities and the UK CUC (Committee of University Chairmen) has been held in Granada on the 23rd-24th October 2006.

Chapter III

ATTENDEES

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The meeting was attended by the Secretary of the United Kingdom Committee of University Chairmen, Chairs of the Board of Trustees of the Universities of Canberra (Australia), Vienna (Austria), Alberta (Canada) Newcastle (UK), University of Central England, (UK), by members of the Boards of University of Toulouse (France), University of Minho (Portugal) as well as by the Head of the OECD Education Management and Infrastructure Division. Because of different last minute circumstances some participants were unable to attend: President emeritus of AGB (the USA Association of Governing Bodies of Universities and Colleges), Chairs of Universities: Copenhagen (Denmark), Helsinki (Finland) and Lund (Sweden), however their papers (R. T. Ingram from AGB and Allan Larsson Lund University) and ideas, sent in preparation for the meetings, were also discussed in Granada. Spanish participation in the meeting was also very active with the attendance of Presidents of Spanish *Consejos Sociales* from Universities: Almería, Autónoma de Madrid, Cádiz, Cartagena, Complutense, Elche, Granada, Huelva, Navarra, Oviedo, Las Palmas, La Rioja, Salamanca, Valladolid, Vigo and Zaragoza.

In Granada the key-note speeches were delivered by Ingrid Moses (Australia) on “Governance of and in universities – some issues and reflections” and by David Fletcher (UK) on “Recent Developments on Governance”.

The working sessions, with ample participation were chaired by:

- **Session 1**, Richard Yelland (Head of Education, Management & Infrastructure Division OCDE).
- **Session 2**: Julio Revilla (*Presidente Consejo Social* Universidad de Huelva).
- **Session 3**: José Luis López de Silanes (*Presidente Consejo Social* Universidad de La Rioja).
- **Session 4**: Rafael Spottorno (*Vice-Presidente Consejo Social* Universidad Autónoma de Madrid).

Chapter IV

PROGRAM

LOCATION:

UNIVERSIDAD DE GRANADA. RECTORADO. HOSPITAL REAL

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Monday, October 23rd

9:00-9:30 am **Welcome address:** David Aguilar (*Rector* University of Granada, Spain), José María Fluxá (President *Consejo Social* University Autónoma Madrid, Spain), David Fletcher (Secretary of Committee of University Chairmen (CUC), UK) and Jerónimo Páez (President *Consejo Social* University of Granada, Spain).

9:30-10:00 am **Key-note address:** Ingrid Moses (Chancellor University of Canberra, Australia).

Title: Governance of and in universities – Some issues and reflections.

10:00-11:30 am **Work session 1:**

Coordinator: Richard Yelland (Head of Education Division OCDE).

Title: Trends in higher education policy.

12:00-1:30 pm **Work session 2:**

Coordinator: Julio Revilla (President *Consejo Social* University of Huelva).

Title: Capturing non-governmental funding.

15:30-17:00 pm **Work session 3:**

Coordinator: José Luis López de Silanes (President *Consejo Social* University of La Rioja).

Title: Governance.

Tuesday, October 24th:

9:15-9:45 am **Key-note address:** David Fletcher (Secretary Committee of University Chairmen (CUC), UK; and Registrar University of Sheffield).

Title: Recent developments in governance.

9:45-11:15 am **Work session 4:**

Coordinator: Rafael Spottorno (President *Consejo Social* University Autónoma Madrid).

Title: Knowledge transfer.

11:15 am **Address from steering Committee Future**

12:00 pm **Public session: Conclusions**

Chapter V

SUMMARY WORK SESSIONS

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Attendees participated very actively in the working sessions. The final conclusions agreed by attendees and drafted after debate are as follows:

Work session 1: Trends in higher education policy

Higher education has an essential role to play in promoting economic growth and social cohesion. In the knowledge society universities have to be able to fulfil their missions of teaching, research and engagement with society.

The world is changing. Global competition is becoming more fierce, and European populations are aging. The Lisbon strategy and the Bologna process recognise the challenges this poses, and underline the need for adequate funding, good governance and better quality assurance. Innovation systems need to be reinforced, participation in higher education needs to be widened, and its relevance needs to be enhanced.

This means, concretely, that we should not pretend that all universities are the same, or that they are all equal. Each has to choose its own mission, based on its understanding of its regional, national and international context. Institutional diversity is a strength. Competition for excellence in research, in developing a skilled workforce, in contributing to regional development, is a key driver.

Universities need to have the freedom of manoeuvre to act, and the leadership and management capacity to determine, implement and evaluate their strategies. In many European countries this is not the case, and the inability to respond to the demands of society is a grave weakness.

The legislative and social context varies, and must be taken into account, but the need for reform cannot be ignored. Society will benefit if institutions in many European countries, including Spain, had greater influence on the employment conditions of faculty and staff, on the way they raise and use resources. And they should be accountable for this, through effective governance and management.

Work session 2: Capturing non-governmental funding

Research Grants & Contracts. Cost vs. Price

1. Persuade academic staff to understand cost and have realistic pricing for research and teaching activities i.e. enforce a discipline of real costs, not just in the research area. The lack of this discipline may result in teaching subsidizing research.
2. Academics need support for project negotiations. Board needs to make sure the right structure of support is in place.
3. Property rights. Flexibility is needed; a common practice being that when a corporation finances a complete project they keep the intellectual property rights; however percentage of payment of royalties to the university to be discussed.
4. Efforts should be made to have government (EU included) recognize that they do not allow universities to charge the right amount for the research projects they fund.

Spain specific conclusions:

1. Creation of the *Mecenas* figure:
 - a) Regulated.
 - b) Donations, families, lecturers.
 - c) Big corporations.
2. Loans: the UK has a government agency that gives loans to students, and recovers loan (no interest) through progressive taxes on their salaries when the student is working. In Spain there is no tradition of student loans although some support in this area has started recently.
3. Spanish public university is non-profit, its aim is to create knowledge, however fees diminish as well as public funding. Some ideas are:
 - a) Fees: increase fees over CPI during 10 years and penalize fees of students who have to repeat a year.
 - b) Control closely university foundations and grant concession.
 - c) Promote corporation funding and technological/scientific parks.
 - d) Legislation on fiscal benefits to funding from alumni and donations.

Work session 3: Governance

1. Governance Codes and Implementation

Experience in the UK is: a code was drafted and each university decides variations, and explains them, In Australia, there is a minimum requirement framework and universities need to comply.

Codes are important: amongst other reasons because:

- a) They enable the Board to do self-evaluation + Chairmen of the Board evaluation.
- b) Government feels more confident on the self-regulation abilities of the university.

2. Relationship of Governance to Executive Management

- a) The Board needs to decide jointly with the Vice-Chancellor on the strategic plan.
- b) The Board needs to be involved in the early stages of the strategic plan.
- c) The Board needs to develop a relationship with the Vice-Chancellor so as to be co-owner of the strategic plan.
- d) Performance to plan can be followed through the regular reports to management produced by the different departments. It is of course necessary that these reports are sent to the Board regularly.

3. Relationship to academic governing structures

It is important that the Board has a good oversight of the university. To facilitate this, linking is suggested:

- a) With the Vice-Chancellor.
- b) Review reports should come to the Board (external reviews on the progress of departments, in Spain such as those produced by ANECA).
- c) Bring in linking to professional associations (Bologna Quality Assurance).

- d) National students surveys on satisfaction ratings. The surveys vary from country to country: in the UK last year students are surveyed, in other places the student is surveyed once he/she has graduated. The analysis of the results over the years can offer a good overview, and can help to make decisions.
3. Appointment of Vice-Chancellors
- Appointment *versus* Election is compared. Appointment of the Rector by the Board instead of election by the university employees seems more efficient because:
- a) There is a stronger field of candidates (more to choose from).
 - b) Therefore more possibilities of finding leadership skills, very much needed as the V-C job will be to get academics on the strategic plan.
 - c) No owing of favours.
 - d) More possibilities of good agreement of the Vice-Chancellor with the Board.

Work session 4: Knowledge transfer

1. Importance of the regional/local approach when referring to knowledge-transfer. Regional level is more frequent.
 2. Rewards and incentives should be institutional, not individually oriented.
 3. Structures for knowledge transfer and technology transfer are very important and decisively instrumental in promoting both.
 4. Professionalization of those offices is essential for enabling successful industry-academic events, marketing plans, capital risk attraction. To that end public funding should be channelled to universities.
 5. Promote a knowledge transfer mentality approach in academics is important: knowledge transfer should be considered both a source of economic revenue for universities and also expression of their commitment with the welfare of society.
 6. University should make efforts to transfer to students the social values of the proper academic environment (search of truth, tolerance in debate...).
 7. Public funding should be connected to specific results of each university in knowledge transfer activities. Rewards should be linked to those units that best results obtain in knowledge transfer.
 8. Monitoring of spin-offs viability in medium and long term is required, to balance support to patenting and to spinning-off by universities.
 9. Importance of the role played by scientific and technological parks in the transfer of knowledge.
- To enable a better comprehension of the discussion, please find below excerpts from the papers presented at the Granada Meeting. Please let us know if you require the full text of any of them. Please send an e-mail to consejo.social.cee@uam.es.*

Chapter VI

CONCLUSIONS

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Attendees have found useful the meeting *Society Meets University*, it has allowed them to debate common issues having in mind the need to improve the quality of higher education in the increasing international competition, and to propose and prepare other subjects for future debate. In Granada two keynote addresses were delivered by Ingrid Moses on “Governance of and in universities – some issues and reflections” and by David Fletcher on “Recent developments on Governance”.

The next plenary session will be held in London and the following one in Vienna.

Chapter VII

EXCERPTS

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- II. Reasons for present global reaffirmation of University Governing Bodies (25)
Richard T. Ingram, *President Emeritus Association of Governing Bodies of Universities and Colleges, USA*
- III. Governance of and in Universities – Some Issues and Reflections (27)
Ingrid Moses, *Chancellor University of Canberra, Australia*
- IV. Trends in Higher Education Policy (31)
Richard Yelland, *Head of Education Management and Infrastructure Division OCDE*
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- VII. Knowledge Transfer. Issues and Opportunities (38)
Rafael Spottorno, *President Fundación Caja Madrid, Vice-President Consejo Social Universidad Autónoma de Madrid, Spain*
- VIII. Recent Developments in Governance in the UK Higher Education Sector (40)
David E. Fletcher, *Secretary Committee of University Chairmen (CUC), UK*
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- X. Responsibilities of Universities versus Society (46)
José María Fluxá, *President Conferencia de Consejos Sociales de las Universidades Españolas, Spain*
- XI. Collegial Governance at the University of Alberta (48)
Brian Heidecker, *Chair Board of Governors, University of Alberta, Canada*
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Paul Sabapathy, *CBE, Chairman of UCE Birmingham, Reino Unido*

I. Introduction

JOSÉ MARÍA FLUXÁ CEVA

PRESIDENTE CONSEJO SOCIAL UNIVERSIDAD AUTÓNOMA DE MADRID. SPAIN

Governing Boards enable a greater and better participation of the society in the government of the universities. In the Governing Boards of the most successful universities in the world there is a majority of board members external to the university.

Though these Boards have different names according to the country: *Consejos Sociales* in Spain, Board of Governors in the United Kingdom, Board of Trustees in USA, etc., they have very similar missions and responsibilities.

In countries where this model of University Boards is established –incidentally the leading universities in world rankings come from these countries– there is no doubt in recognizing the task these Boards perform representing society in university, and in helping develop appropriate learning, research and dissemination of culture.

U. S. Boards of Trustees, already created an Association of Governing Bodies as far back as the 1920s. The AGB has studied carefully University Board competences, ethics, and the leadership desirable requirements for Board members. In their analysis there are a number of competences of Governing Boards common to most countries, some of them being: approval of annual university budget, mission description and strategic direction, bridging gaps between society and university. There are, however, some competences that are not shared by all University Boards, an important example being the appointment of the chief executive officer (President, Rector, Vice-Chancellor...) and other executive positions. The Boards in the United States, United Kingdom, Holland, Canada and Australia, among many others, do have this competence. In Spain the *Consejos Sociales* lack this faculty. However, the number of Boards with this responsibility is growing. Some of the reasons for this trend being: the independence of the C. E. O. from staff and faculty which enables less endogamic practices, as well as a better possibility of agreement between President and Governing Board.

An historical note: recently, the President Emeritus of the USA Association of Governing Bodies (AGB) highlighted the fact that the first *Consejos Sociales* were created in Spain over eighty centuries ago and that later, its example was followed by the Universities of Bologna, Paris and Geneva.

In October 2006 in Granada, Chairmen of these Boards, as well as representatives of Board Conferences have created the IAUGB (International Association of University Governing Bodies). The Associations Secretariat has been commissioned to Spain. Leading universities in the world have joined the Association.

II. Reasons for Present Global Reaffirmation of University Governing Bodies

RICHARD T. INGRAM

PRESIDENT EMERITUS ASSOCIATION OF GOVERNING BODIES OF UNIVERSITIES
AND COLLEGES. USA

This paper's thesis is that the citizen University Governing Board, consisting predominantly of accomplished non-educator individuals (lay members), is currently being "rediscovered" and reenergized. It is enjoying a renaissance of reaffirmation in country after country, by government after government, even by reluctant university faculties and other academic leaders on nearly every continent.

What supports the proposition in this paper that more governing authority and responsibility are being vested in predominately lay Boards across the globe? What economic, political, and social conditions are contributing to the rebirth of such Boards as important social institutions? Why should we be optimistic about the consequences of this rebirth for the academic enterprises in our respective countries? What might be done to help this trend gain even more momentum in more nations?

Contributing Global Trends and Circumstances

At least five global trends provide momentum for this renaissance. In relative order of their importance they are the following:

1. The inability of State governments to provide sustained levels of financial support. This is a global trend for many reasons, including growing social needs in other sectors of nearly every society. This has led inevitably for universities to become much more entrepreneurial, linked to a far greater extent to other societal institutions including business and industry, and much more dependent on the generosity of private citizens and nongovernmental organizations.
2. The growing awareness that neither government (through Education Ministries) nor university faculties have consistently good records of performance in choosing how to reallocate limited resources. The inevitable consequence is that efforts to make short-term, ceremonial vice-chancellorships and presidencies more consequential with more authority, these leadership positions are being transformed into more managerial leadership positions based on the for-profit corporate model.

3. The growing competitiveness of academic institutions within and among nations for resources, students, top faculty researchers and teachers, academic leaders, and sophisticated executives who can cope with big budgets, sophisticated investment strategy, and complex human resource policies. This trend is exacerbated by the growth of new “private” universities and especially “for profit” academic institutions in many countries. These commercial enterprises now enjoy great popularity among political leaders and citizens who understandably but unfortunately seem to be placing greater emphasis on securing jobs than on traditional academic education.
4. The reality that many universities have become the primary economic engines in their communities and regions. Many institutions are the major employers, providers of contracts for goods and services, and more as they have grown in size. In addition, declines in the manufacturing sector and upheavals in the economies of many local and regional communities have heightened the importance of universities to the economic and social well-being of many communities.
5. The renewed pressures on universities to be more service-oriented, socially responsive, and connected to the needs of their communities. Expectations also are increasing for universities to be much more open to all economic and social classes of society whose members have been largely excluded from admission to universities in the past.

It is arguable that each of the foregoing five points makes a strong case for delegating authority to Governing Bodies whose members can provide the kind of policy leadership, in partnership with an effective chief executive who understands and respects academic culture and who can lead faculty to even higher levels of performance. Governing authorities need to be close to where “the action” is, have the ability to advocate for the university but also to hold it accountable, have the trust and confidence of the tax-paying public (and the government), be able to network on the university’s behalf to secure gifts and grants, and otherwise understand and deal with large budgets and complex personnel policies and practices, hopefully as independent of government bureaucracy as possible.

TABLE 1

Governing Board’s responsibilities (The USA experience)

1. Set the university’s mission and purposes.
2. Appoint the university’s chief executive (President, Vice-Chancellor, Rector).
3. Support the chief executive.
4. Monitor and assess the chief executive’s performance.
5. Assess the Board’s performance (self-regulation).
6. Insist on (and participate in) effective university strategic planning.
7. Review major academic program periodically including institutional performance.
8. Ensure adequate resources.
9. Ensure effective university management (through the chief executive).
10. Preserve university independence.
11. Relate campus to the community and the community to the campus.
12. Serve as a “court of appeal” when necessary (very sparingly and selectively).

III. Governance of and in Universities – Some issues and reflections

INGRID MOSES

CHANCELLOR UNIVERSITY OF CANBERRA. AUSTRALIA

The public universities (in Australia), and all but two are public, are established by an *Act of Parliament*, that is of a State Parliament. Each university act will specify that there will be a Governing Board, called Council or Senate in Australia, and will specify the size and categories of membership. Most State governments still have the prerogative of appointing the lay or external members of Council, representatives of the wider community, the professions and business. Usually these appointments are made on the recommendation of the university, or at least in consultation with the university, and due regard is given to skills and gender. The Council or Senate is accountable to government and each university must submit an annual report to its State Parliament.

This series of reviews and reports culminated in new legislation, passed in December 2003 and subsequently amended. The *National Governance Protocols for Higher Education Providers* were part of this legislation. They consist of eleven protocols which specify role, composition, and specific responsibilities of Governing Bodies of universities and colleges.

The University of Canberra defined the responsibilities of Council in accordance with and extending the *National Governance Protocols* as:

TABLE 2

Responsibilities of the Council (University of Canberra)

- Developing and approving the mission and strategic directions of the university.
- Appointing and supporting the Vice-Chancellor as the Chief Executive Officer of the university, and monitoring his/her performance.
- Ensuring that policies and procedures are established to ensure the probity and integrity of university decision making.
- Ensuring compliance with relevant legislation.
- Delegating management functions as appropriate.
- Reviewing the management of the institutions and the university's performance against strategic and business goals.
- Approving the annual budget and business plan.
- Approving significant commercial activities.

TABLE 2

Responsibilities of the Council (University of Canberra) *(continuación)*

- Approving and monitoring systems of control and accountability, including general overview of the university's controlled entities.
- Overseeing and monitoring the assessment and management of risk across the university, including commercial undertakings.
- Overseeing and monitoring the academic activities of the university.
- Representing and advocating the campus to the community.
- Interpreting the needs of society and the professions to the campus.

Chait *et al.* in their recent book *Governance as Leadership* distill from the literature these five functions of Boards which virtually mirror those of university Councils:

TABLE 3

Functions of Boards (Chait et al.: *Governance as Leadership*)

- Set the organization's mission and overall strategy, and modify both as needed.
- Monitor organizational performance and hold management accountable.
- Select, evaluate, support, and –if necessary– replace the Executive Director or CEO.
- Develop and conserve the organization's resources, both funds and facilities.
- Serve as a bridge and buffer between the organization and its environment; advocate for the organization and build support within the wider community.

The question is how these functions might best be exercised in a university. **The traditional model**, and a collegial model is: Council as forum where representatives of stakeholder groups debate and deliberate: e.g. elected academic and general staff, elected undergraduate and postgraduate students, elected convocation/alumni representatives, appointed community representatives, including from the Indigenous community. **Versus:** Council as a Board of Directors with executive powers or at least a primacy in higher level decision making and ultimate responsibility, a model proposed by inquiries, and most recently by the review of the governance structure of the University of Canberra Council.

Composition of the Board

Composition of the Board, similarly, has been commented on in all reviews. From a private sector perspective elected members from within the organization are unacceptable and not at all usual (the exception being some companies in Germany). But in the traditional model of university governance, the internal members outnumbered the external members.

Over the past decade or so there has been an increased focus on the necessity to have a majority of external/independent/lay members of Council, and indeed, the *National Protocols* stipulate this. This is in the belief that internal members of the university, e.g. staff and students find it difficult to speak/vote in the interests of the university as a whole rather than their constituencies. On the other hand there have been voices saying that independent Directors with no connection to the

industry, in this case the university system, will be dependent on the Vice-Chancellor and will not be able to ask the right question.

Relationship with the Vice-Chancellor – governance versus management

The relationship between the Chancellor and Vice-Chancellor is a crucial one and must be based on mutual trust. In Australia, we have had a number of quite public fallings out and also examples of productive partnerships. The role of the Chancellor is little defined, though increasingly universities are including role descriptions in guidelines, statements or by-laws. In practice the position is becoming more like the Chair of a corporate Board.

In the USA the Association of Governing Boards of Universities and Colleges 2002 sponsored: *The Glion Declaration II: The Governance of Universities and Colleges*, a document developed mainly for research universities and mainly in Europe and the USA, and with their famous advice to Board members: “Noses in, fingers out”.

Nevertheless, seeing that Council sets the strategic directions, but senior management in effect develops the Strategic Plan, we have a challenge: how can Council members be meaningfully involved?

The University of Canberra also specifies the role of the Chancellor. The Chancellor is appointed by the Council as the senior office holder of the University (Table 4).

We see that the Chancellor shares the responsibilities of Council but has additional ones.

Recently I was asked to be on panel at the National Governance Conference and to address the issue of how Chancellors/Councils might/can/should/should not engage in “lobbying” over national (and State) policies on behalf of their universities.

We all expect the Vice-Chancellors as the academic and administrative leaders, the CEOs, to lobby over national and State policies on behalf of their universities.

We all know that the Governing Bodies are meant to govern, not to manage, though the *University of Canberra Act* says, for example, that “the whole of management” is part of Council’s function. But the whole of management has been delegated to the Vice-Chancellor and the Vice-Chancellor is therefore accountable to the Governing Board, in our case the University Council, for efficient and effective management.

TABLE 4

Role of the Chancellor. University of Canberra (Australia)

1. Chairing Council meetings and overseeing the development of agendas.
2. Ensuring that Council members understand their responsibilities and the role and functions of Council.
3. Providing leadership which enables the Council to function as an inquiring and informed body.
4. Taking the lead on Council's behalf in appointing, mentoring, advising and supporting the Vice-Chancellor.
5. Evaluating the Vice-Chancellor's performance annually against the university's strategic objectives and reporting to Council on the outcomes.
6. Conferring the academic awards of the university.
7. Representing the university at meetings, functions and ceremonies nationally and internationally.
8. Representing the university's interests in the political, cultural and business life of the wider community.

Where does lobbying fit in?

I was interested to read the latest report of the US Association of Governing Boards on the State of the Presidency in American Higher Education, *The Leadership Imperative*.

Among its recommendations to Governing Boards is one, "Support the president as an advocate for all of higher education and not just her or her own institution". Contrary to what many Presidents believe, the report notes, "The public is more likely to continue to support higher education if boards encourage chief executives to reinforce the public's awareness of the opportunities Colleges and Universities create for individuals and the contribution these institutions make to the achievement of public purposes". Through words and actions, the President must advocate this point of view. The effectiveness of presidential leadership increases to the degree Board members support and are advocates for this message.

IV. Trends in Higher Education Policy

RICHARD YELLAND

HEAD OF EDUCATION MANAGEMENT AND INFRASTRUCTURE DIVISION OCDE

Around the world higher education is under pressure to change. It is growing fast and its contribution to economic success is seen as vital. Universities and other institutions are expected to create knowledge; to improve equity; and to respond to student needs, and to do so more efficiently. They are increasingly competing for students, research funds and academic staff, both with the private sector and internationally. In this more complex environment direct management by governments is no longer appropriate.

New approaches to governance in OECD countries combine the authority of the State and the power of markets in new ways. Institutions are gaining greater freedom to run their own affairs. Public funds are allocated in "lump-sum" form, and funding from students and business is increasingly encouraged. In exchange for autonomy, governments seek to hold institutions to account, linking funding to performance and publicly assessing quality.

Higher education institutions for their part have to work hard to meet funding and regulatory criteria and at the same time to strengthen their market position. There is an emphasis on institutional strategy, and a shift in power away from individual departments. External members sit on Governing Bodies formerly dominated by academic interests. Senior managers are selected for their leadership skills as well as for their academic prowess. And while all this is happening the internationalization of higher education is accelerating.

Such changes create tensions. Higher education institutions need to develop a creative balance between academic mission and executive capacity; and between financial viability and traditional values. Governments have to balance the encouragement of excellence with the promotion of equity.

The policy context

The average cost of providing higher education is approximately 1% of GDP in OECD countries.

In most countries government funds are the main source of institutional income, and even where they are providing less than half the total they are still the biggest single source.

We live in a time when populations are aging, especially in the OECD countries, and the costs of health care and pensions in particular are rising very fast, squeezing the resources available for

education. Governments are under pressure to reduce the tax burden and other concerns also compete for funding.

The growing importance of higher education has focused attention on its efficiency and its quality: there is a suspicion that academics do not focus adequately on national or global priorities, and are not sufficiently rigorous in evaluating teaching. Calls for public accountability for the use of funds are therefore growing.

Not only is competition for funding stronger, but there are more controls on how the money is spent. Almost without exception, increased autonomy over a wide range of institutional operations has been accompanied by the introduction of a more sophisticated quality assurance system based on the establishment of a national quality agency for higher education. This has shifted responsibility for higher education quality from a mainly internal judgement by institutions themselves to an external process of peer review and judgement by others such as quality assessment agencies, and funding bodies.

The challenges higher education institutions faces can be summarised in many ways, and I call my way the five “Ms”.

1. **Mission:** institutions have multiple missions; undergraduate teaching, postgraduate teaching, research, lifelong learning, “service”; they can teach across a wide or a narrow range of disciplines. But few can be strong in all areas and they have to make choices.
2. **Markets:** providers of any service must understand their markets –higher education institutions have local, regional, national, and international markets to consider– and they must focus on what their customers want. For many older universities the national market is the most familiar and comfortable. For many of the large number of newer (post-1950) institutions there is a specifically regional identity and mission. And for all internationalization is creating a growing global market. This is inflammatory talk for many in the “ivory tower” of academe, but knowing these markets is increasingly important for survival.
3. **Money:** few would object to having this one on the list. As we have seen a diminishing government share of funding implies diversification; block grants imply more sophisticated financial management; and, in a technologically sophisticated and fast-moving world, capital investment –including information systems– is high-risk.
4. **Mergers:** universities have always collaborated, but we are now seeing evidence of strategic alliances of institutions, as well as those imposed by governments. Has a process of rationalization begun, which will lead to a far smaller number of much bigger institutions? If it has, is it something we should worry about?
5. **Management (not managerialism):** this is a major weakness of many of our institutions. They need people who know their markets, have strategic vision, understand costs and cross-subsidisation, can set priorities; and stick with them, and can lead their staff. Strategic management does not mean keeping everyone happy, and not all managers will be equally successful, but that does not mean they should not be helped to do their job.

My remarks have had a global, or at least OECD-wide, perspective but I want to close by looking at the European context.

Despite tradition and history there is a loss of confidence in Europe and this is evident in discussion of the progress towards the Lisbon targets and in other ways. Within the European Union there are 25 different systems. The political structures are weak, certainly as regards education. The quality and financial strength of European higher education is seen as weak by comparison with the United States. There is a challenge from China and India on the horizon.

On the other hand, there are optimistic signs. The Bologna process is a bold attempt to harmonise, improve and make more user-friendly European higher education. There is broad agreement on some key principles of quality and institutional autonomy. Genuine reform is taking place in some countries, not least here in Spain.

Here are a few tips for institutions that want to succeed.

TABLE 5

Tips for success

1. **Business strategy** – don't be frightened to have one, but make sure it is owned and accepted by everyone. Developing a strategic plan which then gathers dust in the planning department's office is a waste of time and money.
2. **Focus** – unless you are exceptional you will have difficulty being good at everything. Develop a good reputation in a few areas and there will be spill-over benefits for other programmes.
3. **Niche marketing** – don't chase the same business as everyone else. Study the market.
4. **Image** – pay careful attention to your image, especially abroad. How others see you is more important for your success than how you see yourselves.
5. **Quality control** – if all goes well you will be known by the quality and reputation of what you produce.
6. **Be demand oriented rather** than supply oriented.

V. Capturing Non-governmental Funding

JULIO REVILLA

PRESIDENT CONSEJO SOCIAL UNIVERSITY OF HUELVA. SPAIN

University is financed through government as well as private funds. In Spain, and in Europe in general, there is no tradition of using private funding. However in the Bologna declaration on higher education institutions one of the goals suggested is their financial autonomy.

1. **Fees.** In general, Governing Bodies will support increases in fees to match market prices, and there are a number of ideas to reach this end, for example the increase of fees for failed students in second or third same course registrations; an increase in the offer with special courses and training at market prices; training non-conventional students (professionals, second degrees) and other measures such as directing public financing to families so that students can make a better choice, or agreeing with government a diversity of ways for fees increases.
2. **Provision of Services to Society.** Another possibility of private financing is collaboration of the university with companies. The Governing Bodies can and must help in these activities, encouraging the enterprising spirit of the university and rewarding faculty developing this activity.
3. **Donation and Sponsorship.** Donations and sponsorship should be promoted in those occasions when personal or legal organizations are prepared to finance university needs. Susceptible to collaborate with this type of financing are institutions such as banks, savings banks' social department and undoubtedly companies, amongst which corporative social responsibility is promoted more and more frequently.
4. **University Foundations**
5. **Merchandising**
6. **Public-Private Companies (Vigo+Barcelona)**
7. **Alumni associations**

In Spain, in some debates with Governing Bodies, companies have expressed clearly the need of transparency and accountability so that donors have confidence on why aid is requested and how funds are used.

VI. How Universities are being governed?

JOSÉ LUIS LÓPEZ DE SILANES

PRESIDENT CONSEJO SOCIAL UNIVERSITY OF LA RIOJA. SPAIN

It is not a coincidence that the presence of the best researchers, professors and students are at the best universities. It is the product of an appropriate legal framework and a continued effort to attract them and retain them, and this responds to a clearly defined strategic plan that is continued over time in order to achieve it.

One of the reasons for the absence of Spanish universities, and those in other European Union countries, from the ranking of the best universities in the world is probably the result of the tendency to uniformity and the excessive regulation that have traditionally governed European university systems.

Despite the fact that these systems guarantee a good average quality, this tendency to uniformity is not compatible with the rapid transformation that the university panorama is undergoing and which requires a greater capacity for differentiation in order to meet new demands, globalization challenges, competition and the demand for excellence.

In this regard, the report entitled *Mobilizing the intellectual capital of Europe*, which was drawn up by the European Commission in April 2005, proposed increasing the degree of diversity of the system and to concentrate financing in networks and centres that possess a suitable level of excellence.

This demand to reach a level of excellence is even greater in the case of Spain, taking into consideration the rapid transformation that the university environment has experienced over recent years in relation to the availability of university places. An illustration of this is that in 1986 there were 34 universities, 30 of which were public and 4 private, while today there are now 73, 50 of which are public and 23 private.

We all know that this increase in the number of universities has not gone hand in hand with a parallel growth in the number of students; in fact the opposite is true. For demographic evolution reasons, the pace of growth in the number of students started to drop in the mid-90's, but it began declining in absolute numbers from the year 2000, and so right now, the number of university places available is almost 20% higher than the number of students that are enrolled. On the other hand the knowledge society in which we live clearly shows the need to reinforce the third mission of the university, which is none other than that of the contribution the university makes to the economic and social development of its sphere of influence. However, the transfer figures of Spanish

universities have come to a standstill and a comparison with Anglo-Saxon universities shows us that there is still a long way to go in the various fields of valued research.

This should, of course, lead to a greater management effort on the part of the Spanish universities, in order to be capable of adapting their offer to this new situation with objectives of excellence in research and teaching, and the commitment of the university to its environment.

It is quite possible –and this has already been proposed by different forums– that one of the crucial transformations that would have to be made in order to achieve these objectives is a change in the model of government and accountability, along the line that has already begun with the creation of the Universities' Social Boards.

One of the criticisms most often aimed at the present model of university government is that it has generated a complex mechanism of representation –professors, students, and administrative and services personnel– and an extremely complex collegiate decision making system, that carries with it decision making through consensus, which restricts its flexibility and capacity for innovation, and where the demands of society have little representation.

Another frequently expressed criticism of this model is that it forces a situation where the Governing Bodies are sometimes made up of people with a low level of leadership training, and that greater specialization and professionalization would logically be needed in their management.

In this respect, and when university autonomy has been achieved, another step forward should be taken so that universities can equip themselves with a more suitable system of government, professional management and mechanisms for accountability that are more in harmony with social demands.

The creation of Social Boards has meant a step forward in this sense. However, the design of the mechanisms that control the way Boards operate is still insufficient in university government, as some of us have been able to verify.

This is why, and in order for the university to become the heritage of society as a whole, social presence must be reinforced and the bodies and functions of government of the university system must be strengthened.

Following along the same lines, in this area, one of the transformations being suggested from different areas, and which I, personally, endorse, is the possibility of separating the responsibilities of governing and academic responsibilities.

This model, which is already in place in the best word re-known universities, would allow the person responsible for academic matters, under the Governing Body of the university, to be able to focus their attention on all the functions that are related to the management of academic matters (often called Academic Senate).

The university would, at the same time, have a Governing Body with a limited number of members with the ability to designate the person who would be responsible for management of the university, in accordance with the guidelines laid down by that Governing Body.

In order to do this, the current legislative framework would have to be modified so that each university could, in agreement with the corresponding autonomous community, establish the



characteristics of its Governing Bodies, without the need to submit to general guidelines such as those defined at the present time.

Besides separating academic responsibilities from university management, there would have to be a generalization and consolidation of the carrying out of strategic plans and programme contracts that link university financing with the fulfilment of clear targets that are in harmony with the needs of its environment.

VII. Knowledge Transfer. Problems and opportunities

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UNIVERSITY AUTÓNOMA MADRID. SPAIN

Let me outline some of the main issues which I consider relevant to our topic and to our exchange of views. A catalogue of relevant issues on knowledge transfer should include the following table 6.

TABLE 6

Relevant issues on Knowledge Transfer

- The nature of, and the obstacles to, a fruitful relationship between universities and business.
- The main forms of collaboration between business and universities.
- The question of funding.
- The key issue of intellectual property and its protection through patents.
- Commercialisation: licensing and spin-offs.
- Business liaison offices and technology transfer offices.

A few comments on the first issue, **the relationship between university and business**. It is certainly a difficult one because they have not developed a cooperation culture, although they have indeed to be seen as potential partners, and because the academic community and the business community are different in aims, management and incentive systems.

This relationship, though, is of strategic importance because, as I have pointed out at the beginning, knowledge is quickly replacing physical resources as the main driver of economic growth, at the same pace as society is becoming increasingly knowledge-based.

There is a broad range of ways to foster a more solid relationship and an easier mutual understanding between the two actors. Among them: internships in companies by students and researchers; forums, conferences and encounters bringing business people and academics together; the presence of academics in company Boards and the possibility of business executives lecturing in universities; or the progressive integration of business challenges in the mentality of universities, which should translate into entrepreneurial, management and innovation skills becoming an integral part of graduate education and research training.

A second question is **the forms that collaboration between business and universities takes**. Different barriers often hinder or complicate the implementation of these forms of collaboration:

time limits set to academics to spend on consultancy; prices universities charge business in their research contracts; or the difficulty to agree terms and conditions of ownership and exploitation of intellectual property in collaborative research agreements.

A third topic is **the question of funding to support knowledge transfer**. Higher education has traditionally been funded for teaching and research. There was not third stream funding for knowledge transfer until recently and it should be welcome and encouraged because practice proves that it has been effective in promoting greater knowledge transfer through its support to a broad range of activities from training of professionals to setting up of business liaison offices and technology transfer offices, creation of spin-offs, licensing, collaboration with small and medium enterprises, etc.

A key issue is the one related to **intellectual property and its protection**. Universities transfer their knowledge to business in the form of intellectual property that they seek to protect through patents to ensure the continuation of their future research, while business claim ownership of intellectual property to protect the investment required to develop the research product into a commercial product. Negotiations over patents and intellectual property ownership are often long, difficult and expensive, ideal circumstances to deter business, especially small and medium enterprises, from entering into research collaboration agreements with universities.

The protection of intellectual property is a key element to determine the quality and quantity of business-university collaboration. Disagreement over its ownership is an important obstacle to knowledge and technology transfer. Contract rules or an appropriate legal framework are indeed very convenient to improve the management of this sensitive issue. In this respect, it is relevant to point out that the criteria set out in the 1980 *Bayh-Dole Act* in the USA enabling research institutions, including universities, to retain title to inventions made under federally-funded research programs, have been significantly instrumental in encouraging universities to participate in technology transfer activities.

Commercialisation of knowledge is the process of getting ideas with a commercial application out of the research laboratories and into the marketplace. University spin-offs and licensing compete as vehicles to this purpose. Licensing to industry is probably the quickest and most successful way of transferring intellectual property, which is why it has won until recently most technology transfer, but in the last decades the creation of spin-offs has significantly grown despite the challenge they face in attracting venture capital. Spinning off new companies needs seed financing for early stage investments and licensing to industries is very much dependent on proof of concept funding to clear the uncertainties about the commercial viability of a new invention. In both cases it is difficult to attract private investment and universities cannot generally meet those needs, especially proof of concept funding, with their own resources. Thus, public funding is in this respect particularly valuable for expediting licensing by universities and the creation of viable university spin-offs.

Business liaison offices and technology transfer offices in universities offer the necessary structure to manage relations with industry and to deal with commercialisation activities. Their size and nature differ, but they are all the more effective and useful when they are professionally run by specialists able to embrace the wide range of knowledge required by the task these offices are entrusted to perform: industry experience, licence negotiation expertise, entrepreneurial skills, market research, legal knowledge to properly manage intellectual property, etc.

Appropriate training for people involved in the crucial activity of commercialisation is an important component of a solid, sufficiently staffed and professionally qualified university office as a valuable tool to encourage and promote knowledge and technology transfer.

VIII. Recent Developments in Governance in the UK Higher Education Sector

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SECRETARY COMMITTEE OF UNIVERSITY CHAIRMEN (CUC). UK

TABLE 7
Fundamental Principles of Governance

- Diversity of sector.
- Fitness for purpose.
- Responsibilities of the Governing Body.
- Boundary between governance and executive management.
- Importance of academic governance and its relationship to the Governing Body.

Governance Code of Practice

Why is a code needed? What are the benefits?

TABLE 8
Governance code of practice

- Lighter regulatory framework.
- Voluntary, not prescriptive.
- Responsible self-regulation.
- Recognises diversity.
- Is based on current good practice.
- Expectation that institutions will comply or explain where their practices vary.

Better Governance = More Trust = Less Regulation

Follow up in UK

- *CUC Guide* widely distributed.
- Material relating to CHEMS study posted on CUC and Leadership Foundation websites.
- Regional dissemination seminars in 2005 in conjunction with the Leadership Foundation permitted further discussion of the key issues.
- Continuing engagement with governments, Funding Councils, Higher Education Regulation Review Group and others on lighter touch regulation.
- Provision of further guidance notes on a range of topics.
- Follow-up survey on governance.
- Key Performance Indicators project.

Governance Survey (January 2006)

- Response from 93 HEIs/79% response.
- 67% of HEIs have adopted the *Governance Code of Practice* and a further 17% have done so with amendments.
- 61% have reviewed their legal instruments of governance since October 2003.
- 81% have or would be seeking to make changes.
- All pre-92 HEIs have or will soon have reduced their Governing Body membership.
- Average membership of pre-92 HEIs will be 27.8.
- Lay Governors are getting older, especially in pre-92 sector – 52% (39% in 2003) are over 60 and only 15% are under 50 (21% in 2003).
- 26% of HEIs have a Governing Body which is at least 80% male.
- Ethnic minority lay membership is slowly increasing – 27% of HEIs have at least 10% (21% in 2003).
- 21% of HEIs reported difficulty in recruiting and/or retaining lay members.
- Only 1 HEI remunerates its Chair.
- 91% of Governing Bodies have carried out an effectiveness review since October 2003.
- 73% of HEIs have adopted a *Statement of Primary Responsibilities* and a further 18% have one in preparation.

Key Performance Indicators Report. Project 2006

The *CUC Report* with presentation date November 2006 introduces a framework for monitoring of institutional performance built around the concept of key performance indicators (KPI). The term KPI is used in the sense of high level or strategic indicator of an aspect of institutional performance which is of importance to Governors.

No part of this monitoring framework is intended to be prescriptive or mandatory for institutions. It does represent an example of good practice.

The design of the guide has been influenced by the following considerations:

- Governors cannot and should not monitor large volumes of operational information. They need a small number of high-level KPIs which are most critical factors for the institution.

- The KPIs which are most important and relevant for Governors will differ between institutions and between types of institutions.
- The guidance is indicative rather than prescriptive, and it is “layered” so that at a high level it provides a set of simple indicators which can be shown on one page, but there is a scope to expand on these (or to drill down) as is most relevant for each institution.

The core question addressed by the guide is “what do governors need to monitor in respect of institutional performance”?

To answer this question, the guide defines KPIs at three levels and provides other material to help institutions to construct and use these KPIs. This creates a monitoring framework, i.e. a flexible structure which combines the high-level presentation of essential performance review information on one page for Governors, with the layered back-up material which underpins this.

At the highest level the guide defines two highly-aggregated performance indicators covering institutional sustainability and academic profile. These could be considered the two most fundamental issues that concern Governors, as any significant weakness or concern in either of these areas could threaten the future of the institution in its current configuration. Between them, these two indicators potentially cover much of the activity of the institution.

These two “super KPIs” are supported by eight other high-level KPIs covering all the strategic aspects of institutional health. These are more focused (i.e. they each cover a narrower area) than the two super KPIs, but they are nevertheless still high-level or aggregated indicators which will each be made up from consideration of a number of factors.

TABLE 9

The Top-Ten High-Level KPIs

Top level summary indicators (super KPIs):

1. Institutional sustainability.
2. Academic profile and market position.

Top-level indicators of institutional health

3. The student experience and teaching and learning.
4. Research.
5. Knowledge transfer and relationships.
6. Financial Health.
7. Estates and infrastructure.
8. Staff and human resource development.
9. Governance, leadership and management.
10. Institutional projects.

The top-ten have been chosen because they form a coherent set of KPIs which meet the criteria of being:

- a) Critical to the success of the institution.
- b) Strategic - i.e. high level and of interest to Governors.
- c) Relevant to all types of institution.
- d) Able to cover all the main areas of strategic and risk which Governors need to monitor on a continuing basis.

IX. Governance in the University of Toulouse Le Mirail

PERLA COHEN

UNIVERSITY OF TOULOUSE LE MIRAIL. FRANCE

Governing Board: Administration Council: elected for five years

- Chaired by the President (VP).
- Power of deliberation and decision (budget, strategic lines of the contract...).
- Composition:
 - 26 teachers – researchers of whom:
 - 13 professors and assimilated.
 - 13 other teachers and assimilated.
 - 13 students.
 - 9 administrative members.
 - 12 external members representative of civil society.

Governing Board - 12 External Members

- 3 representative of local territorial collectivities (Region, Department, City).
 - 6 representative of economic activities.
 - 2 personalities from cultural and scientific associations.
 - 1 designated at a personnel level.
- Proposed by the President and elected by the Administration Council.

The University in a new environment

Deep changes have occurred: How is the university governance changing to face them? Tools and means for adaptation (Data Bases...).

- More responsibility and professionalism on management: coupling objectives, resources and results.
- A university vision to develop adhesion, a new culture.
- Changing rules for reallocation of resources: priorities consulting and negotiating inside and outside.

- Change the rules of the game? How? Incremental shift?
- Openness: to what extent?

Changes: what for? How? With whom?

- Rules are changing (Law, contract and Statutes).
- University at the centre of knowledge production, knowledge at the centre of economic growth.
- A new role for the university as an important regional economic, social actor and as developer of new wealth.
- Need for accountability, adaptability and employability.
- Need for new funding.
- Adaptation to multi-level relations inside and outside: university/centres, Europe/State and Region...
- Internal actors and pressure groups; external actors (politic, economic, cultural and social actors).

Changes: What for? How? Who has the initiative?

- Changes in the relation government university.
- Changes in the internal forms of government: building up the university (centre/departments).
- Building up consensus.
- Building on staff capabilities.
- Building of university specificity and coherence.
- Environmental fit: facing mass teaching and R Quality.
- Strategic financial funding and new management in times of shortage.
- Building up data bases and tools.

Challenges: To Change in a Period of Deep Changes

- Looking for alternatives and new rules of governance inside and outside.
- Toward “societal demands” and new management for universities? Clear objectives, measurable results, diversified funding...
- Necessity of new multi-level contract:
 - Within the university.
 - University with the outside world:
 - State: strategic and coordination.
 - Region: collectivities and other universities.
 - Society: needs and demands.



About External Members: Role and Expectations: an Example

Policy of the Scientific Council: associate external members to the life of instances:

- As a positive interface in the Bureau.
- As a door from and a window to the outside:
 - To bring a knowing look.
 - Support a prospective work and valorisation.
 - Bring their knowledge on global environment.
 - Identify emerging fields, needs and new profile.

Related Issues

- Interaction within autonomy: what role for external members of the Councils?
- A more open game? More transparency?
- A push to more accountability and responsibility?
- An influence on contents and diplomas?
- A diversification of funding?
- A widening of the small turning circles for decision making?

Conclusive words

- Need for change, end of autarchy: obvious.
- Pressure for change: different sources and levels: ways of change are specific.
- Autonomy/Heterogeneousness.
- *A New Deal* for universities: change is necessary, not every change is positive.
- Not to give up our academic values and roots for stability: manage our changes.

X. Responsibilities of Universities versus Society

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PRESIDENT CONFERENCIA DE CONSEJOS SOCIALES DE LAS UNIVERSIDADES
ESPAÑOLAS. SPAIN

In the most accepted paradigm of higher education missions, we could highlight:

1. To prepare students for future work.
2. To develop students knowledge and abilities.
3. To strengthen knowledge in society, often nowadays called the knowledge society.
4. To extend culture and social values.

In an individual learning does not end with his/her initial education. The true learning society must help its citizens to continue their learning throughout their lives, on their way to continuing education. But, how does one achieve this goal of extending cultural and social values?

These values are necessary to achieve a democratic and advanced society. In Spain, and in the whole world in general, there is a big concern to decide which are the social values in society. I believe these values to be those that constitute the substance of an ordered academic life, which would mean that these society values are the values natural to university:

1. Freedom of thought.
2. Search of the truth.
3. Freedom of speech.
4. Logic to extract conclusions.
5. Tolerance in discussions.
6. Sharing knowledge.
7. Ethical engagements concerning new developments.

Society is in need of this kind of democratic individuals having these cultural values, aligned with his/her acts. That is the main reason why it is desirable that the cultural extension that higher education provides should reach as many citizens as possible, taking as far as possible the premise of equal opportunities. There are, however, certain social groups whose access to higher education is very limited. It is convenient to make an additional effort in this line, to assure the development of a sustainable, democratic society; and to make it last in the future.

I believe a *Consejo Social* can efficiently help the university, due to its ability to make society participate in the worries and actions of the university in the described challenges, especially in the analysis of social demand.

Once described the necessary training for the preparation of a cultivated individual, the basic resource that universities possess is knowledge. This fundamental resource must be managed as a necessary resource is usually managed in a business or enterprise. The same should happen in universities.

Being knowledge the basic resource that universities possess it must be managed as any necessary resource in a business or enterprise is. Importance must be given to have in place strategies for knowledge management which gives way to an education plan. The existence of these kind of strategies is what decides the quality of a university. And it is quality itself, the decisive value in the competition between universities.

XI. Collegial Governance at the University of Alberta

BRIAN HEIDECKER

CHAIR BOARD OF GOVERNORS, UNIVERSITY OF ALBERTA. CANADA

TABLE 10

The Legislative Branch at the University of Alberta

ORGAN	FUNCTIONS
<i>Board of Governors</i> (21 members)	Senior oversight of a post-secondary institution in accordance with its mandate, including long-range planning, budget and finance, tuition fees, collective agreements, buildings and property.
<i>General Faculties Council</i> (154 members)	Academic and student affairs, including academic policy and programs, curriculum, calendar, student awards and appeals and the granting of degrees.

General Faculties Council (GFC) and Board of Governors (BG) Interaction

Share 8 members in common:

1. President.
2. Students' Union President.
3. Graduate Students' Association President.
4. Undergraduate Students' Association President.
5. Undergraduate student nominee.
6. Nominee of the Non-Academic Staff Association.
7. Nominee of the Academic Staff Association.
8. Nominee of the General Faculties Council.

Each GFC agenda report from the Board and each Board agenda report from GFC.

Flow of Business from GFC to BG

A number of GFC business items go on to the Board. Board items concerning proposals to "reduce, delete or transfer a program of study" must be submitted to the Minister of Advanced Education for approval.

TABLE 11

Board of Governors Composition at University of Alberta (Canada)

- Chair (public appointment).
- 9 public members.
- Chancellor.
- President.
- 2 alumni nominees.
- 1 Senate nominee.
- 1 nominee of the Academic Staff Association.
- 1 nominee of the General Faculties Council.
- 1 nominee of the Non-Academic Staff Association.
- 3 students: President of the Students' Union, undergraduate student nominee, and President of the Graduate Students' Association.

Sources of Authority for President and Vice-Presidents

Post-Secondary Learning Act (in Alberta).

- Board of Governors appoints Presidents and Vice-Presidents.
- President has overall supervision of the university.
- Vice-Presidents have powers and duties assigned by the Board of Governors on recommendation of the President.

Job Descriptions approved by the Board of Governors:

- President is the Chief Executive Officer.
- Provost and Vice-President (Academic) has a dual role as Chief Operating Officer and Chief Academic Officer.

Delegations of authority from the Board of Governors and GFC.

Relationship among Board of Governors, President and Vice-Presidents

President and Vice-Presidents are interviewed by a representative Committee and:

- President is hired by and accountable to the Board of Governors.
- Vice-Presidents are appointed by the Board of Governors on the recommendation of the President, and they report to the President.
- But Vice-Presidents have "dotted line report" to the Provost.
- President and Provost collaborate to ensure alignment of all Vice-Presidential portfolios.
- Role of Executive Planning Committee (EPC) and President's Executive Committee (PEC).

Role of the Provost

- Some American universities describe this position as “Executive Vice-President”.
- Assumes significant responsibility for the internal management of the institution.
- Collaborates with the President in making policy regarding administrative and academic matters that affect the university as a whole.
- Leads the team of Vice-Presidents to ensure that portfolios and goals are aligned toward achievement of the university’s vision.
- Provides academic leadership and oversees overall institutional planning.
- Acting President in the absence of the President.



XII. European Policy and Governance. Short notes for discussion

MAX KOTHBAUER

CHAIR UNIVERSITÄT WIEN. AUSTRIA

European Policy

Issues in the creation of the European Higher Education Area:

- Bachelor programs in a dilemma: how to combine research-based education with a heightened degree of employability (research driven elements vs. market driven elements).

Possible Case: modular curriculum structures, combinability of modules, and the increased focus on generic competencies as outlined in the *University of Vienna Strategic Development Plan*.

- Institutional cooperation: legal frameworks and cost of joint degree programs (implementation, additional administrative cost, incentives for staff and students).

Possible Case: the development of the *European Master in Cognitive Science* by the University of Vienna – Zagreb – Bratislava – Budapest.

- Personnel development: how to make researchers, teachers, and administrators fit for European cooperation.

Possible Case: the focus on strategic personnel development in the *University of Vienna Strategic Development Plan* (in collaboration with the employees' representatives).

Governance

1. Governing through "performance agreements": the Universitätsgesetz 2002 model ("cascading power and money"): performance agreements (Federal Ministry ó University) è Target agreements (Rectorate ó Organisational Units); output, not input oriented (global budget).
2. Overcoming internal fragmentation: Strategic Plan (Entwicklungsplan) of the university (comprising strategies for all faculties and research centres), investment plan, university as one financial entity, university as the sole employer Central Governing Bodies of the university may change the organisational structure.

3. Governance triangle:

- a) University Council: approval of strategic plan, organisational plan, key investment plan, appointment of Rector and Vice-Rectors.
- b) Senate: in charge of academic affairs (curricula, shortlist for the hiring of full professors, habilitation,...).
- c) Rectorate: executive body proposing the strategic plan, organisational plan, representing the university as employer, deciding on budgetary issues, representing the university to third parties.

4. Idea of "double" legitimization:

- a) Rector appointed by the University Council out of a shortlist (3 names) of the Senate.
- b) Heads (Deans) of organisational units (faculties) appointed by the Rectorate out of a shortlist (3 names) of the full professors of a unit.

XIII. Governing Bodies of Higher Education Institutions - Roles and Responsibilities

ALAN LARSSON

CHAIRMAN LUND UNIVERSITY. SWEDEN

In Europe, the EU Commission, has noted in a recent Communication that there are 4,000 institutions for research and higher education in Europe, most of them in need of reform. "Member States value their universities highly and many have tried to "preserve" them, controlling them, micromanaging them and, in the end, imposing an undesirable degree of uniformity on them" [COM (2006): *Delivering on the modernisation agenda for universities: Education, Research and Innovation*, 208 final].

I hope you will excuse me for being Eurocentric, when I take the EU Commission *Modernisation Agenda for Universities* as a starting point for our deliberations. As regards governance the Commission gives the following four recommendations:

1. Member States should guide the university sector as a whole through a framework of general rules, policy objectives, funding mechanisms and incentives for education, research and innovation activities.
2. In return for being freed from overregulation and micro-management, universities should accept full institutional accountability to society at large for their results. This requires new internal governance systems based on strategic priorities and on professional management of human resources, investment and administrative procedures.
3. It also requires universities to overcome their fragmentation into faculties, departments, laboratories and administrative units and to target their efforts collectively on institutional priorities for research, teaching and services.
4. Member States should build up and reward management and leadership capacity within universities. This could be done by setting up national bodies dedicated to university management and leadership training, which could learn from those already existing.

In all these four areas of reform, there are important choices to be made, choices that will form an agenda inside the broader agenda. Let me identify some of these choices of particular importance for Governing Bodies.

What is the role of the Governing Body in a University striving for excellence?

I think we all are in agreement that a university is a unique organisation. It is unique in its mandate, its funding and its organisation. There is no business like university business.

However, the overall trend in university governance seems to be a move towards smaller Governing Bodies with, as a rule, a majority of external representatives, more or less the way Governing Bodies are set up in businesses or public administration.

In my view, these developments will benefit the universities. The work of the Governing Body has to be based on the understanding among all members that “there are no advocates for any one group. Decisions are ultimately made in the best overall interest of the University”, as stated in the web site of the University of British Columbia in Vancouver [University of British Columbia (March 2006): *Role of the Board*].

However, we, as members of Governing Bodies, have to be careful in stretching the parallels with business too far. We have to identify the unique role of a University Governing Body.

Let me describe how I thought when I became Chairman of Lund University. The core activities of the university are education and research. We expect teachers and scientists to strive for excellence. They develop new research ideas, they apply for funding and they carry out their research projects and they will be judged on professional ground by other scientists in peer review processes. The Board is not expected to interfere in these activities. Unlike a Board of an enterprise or a Board of a public administration, a University Board is not expected to make decisions to steer core activities.

So, what is left for the Board to do more than to listen to reports from the Vice-Chancellor and the Registrar on progress in education and in research?

My conclusion is that there is a third field of activities, for which the Board is responsible, where it has to act and should have its own strategy for excellence. That field includes the overall organisation of the university, the distribution and use of financial resources and the management of the university, i.e. all the systems and structures surrounding research and teaching. This is a field, where external members, experienced in decision making and without vested internal interests, can bring strength to the management of our universities. This is a field, which is not covered by the traditional system for peer review. It is a field, which requires different tools and policies. My view is that we, as a Board, should strive for excellence in these management systems to build confidence for our demand for excellence of researchers and teachers.

What is the mission of the Governing Body: managing an institution or managing change?

That leads to my second question: what is the mission of the Governing Body: is it to manage an institution or to manage change? Let me explain what I mean with these two concepts.

In the past, in a more stable environment, the model of governing universities was collegial and consultative in nature [OECD (2003): *Changing Patterns of Governance in Higher education*]. A

University Board had a conservative role, serving as a break on change, a stabiliser, a guarantee against radical changes. The Board in itself was composed to make the process of decision making slow and complicated. Still many professors are fond of such governance. Why change this good old tradition, which has worked for such a long time and so successfully?

The answer is that there is no stable environment anymore. Today, universities are surrounded by change, by competition when recruiting students and scientists, by competition on funding. Today, “expectations of higher education have changed beyond recognition”, as the OECD has expressed it [OECD (2003): *Changing Patterns of Governance in Higher Education*]. To be successful in this new world, universities have to seize opportunities, adjust and adapt, reform and develop. Boards have to make a deliberate choice, whether to manage an institution in the traditional way or to be a driving force for the management of change. By identifying its role as an agent of change the Board will set the scene for initiatives in many different levels inside the university.

How can we create systems for resource reallocation to get rid of external micromanagement?

One of the changes that we all, I guess, are in favour of, is a reduction of over-regulation and micro-management by governments. We would welcome a more distinct role for the Governing Bodies of the universities, or to use the words in the EU *Communication on Universities* “a framework of general rules, policy objectives, funding mechanisms and incentives for education, research and innovation activities”.

However, we have to admit that there is a trade-off in such a change. Let me try to describe this trade-off in the following way. In a traditional system university Boards seem to focus their attention on a fight for additional resources for education and research, rather than on a better use of existing resources. This has led in some countries to complex national evaluation processes as a basis for resource allocation. In other countries it has led to systems where scientists have to compete for small and short term funding from different national funds. Thus, mechanisms for reallocation of resources have been established outside the universities.

In a new system of management by objectives the Boards will have to focus on a better use of existing resources. That means to reallocate resources from existing projects to new, more promising projects with higher quality and more relevance, from one faculty to another, not by selecting projects, but by creating mechanisms for a continuous internal re-examination and reallocation of resources based on peer review and quality assessment.

This is a much more difficult and challenging role for a Board than the traditional one of *demandeur* for more government funding. It is probably the only way to convince public policy makers to give more authority over resources to the Governing Bodies. “The granting of greater independence will require boards to be more vigilant about monitoring and ensuring institutional accountability”, to quote the US AGB report about new relations between States and universities. The question to be discussed is whether our Governing Bodies are prepared and equipped for such a role.

How to strike a productive balance between the Board and the Vice Chancellor?

This discussion on the role of Governing Bodies boils down to a final question: how do we strike a productive balance between the Board –recognising its role for excellence, prepared to manage change, willing to run a system for dynamic reallocation of resources– and the Vice-Chancellor, as eager as the Board to achieve all these good things?

When I read Henrik Toft Jensens warning for an academic Bermuda Triangle where “nobody knows where the initiative comes from” and “nobody knows where and how everything disappears” I felt that this is a reminder to us as members and Chairpersons of University Boards. There is an obvious risk that a proactive Chairperson and a proactive Board can limit the scope of activity for a Vice-Chancellor and thereby weakening her or him internally.

I have the privilege of having a dynamic and proactive Vice-Chancellor and I am myself used to take initiatives. How do we build a team of two such executive persons? First, I think that it is important to remember what a limited power a Chair has been given. A Chair cannot make decisions without a formal proposal from the Vice-Chancellor and even with such a proposal the Chair has to get consent from the Board or at least a majority of the Board. The only formal power a Chair can exercise is to make decisions on the content and the structure of the agenda of the next meeting of the Board. A limited power, still an interesting one.

Second, it is necessary to recognize that the Vice-Chancellor has two roles, one as a manager, the other as a scientist. He or she is a member of the Board and a driving force in decision making in the areas where the Board has a responsibility, i.e. the systems and structures that surrounds research and education. The Vice-Chancellor is at the same time the final decision maker on research and education, in areas where the Board is not expected to interfere. He or she is the Supreme Scientist and maintains in this respect the traditional role of a Vice-Chancellor.

Third, and even more fundamental, it is in the best interest of the Board to have a strong Vice-Chancellor, who feels that he or she can take initiative and that he or she has the support of the Board as a manager of change. I would like to quote Michael Shattock who says that “management makes a difference and represents a major component of University success” [Shattock, Michael (2007): *Managing Successful Universities*].

I agree. In my view, a Board and a Chairman of a Board should steer away from the Bermuda triangle by giving support to the Vice-Chancellor, by working with him and through him.

That was about the relations between the Board and the Vice-Chancellor. Now, how do we cope with the risk expressed by Henrik Toft Jensen that the government tries to govern behind the back of the Vice-Chancellor?

Here I have too little insights in the different national traditions and systems to make any general comment. I have to confine myself to my own experience, both as a former Minister and as a present Chairman of a university. In our tradition, there is only one way for a government to give directive to a public agency and that is through a formal decision by the government, in full transparency. If a Minister –or a civil servant– takes personal initiatives, behind the scene, to influence the strategy or the policy of a university, such initiatives can and should be rejected. An initiative, wherever it

comes from, has to be duly prepared by all relevant Ministries and formally agreed by Ministers in the government.

In other countries systems are different; Ministers may have a more independent status, and more room for regulation and micromanagement. My impression is that the situation in this respect is rather different in Southern Europe, Central and Eastern Europe, for instance.

XIV. Governance. Short Notes for Discussion

INGRID MOSES

CHANCELLOR UNIVERSITY OF CANBERRA. AUSTRALIA

At the end of 2003 the *Australian Higher Education Act* was amended to include *National Governance Protocols*. Compliance with these and some other legislation relating to Workplace Relations Requirements was a condition for additional funding of universities. The following requirements were to be met with the type of evidence listed as well.

TABLE 12

National Governance Protocols (Australia)

NGP NO. ¹	ASSESSMENT ITEM	EVIDENCE REQUIRED BY DEST
1	The Provider has specified its objectives and/or functions in the enabling legislation.	A reference or extract from the legislation.
2	The Governing Body has adopted a statement of its primary responsibilities (including the 8 listed responsibilities).	Minutes/resolution (or extract) of Governing Body showing that it has adopted a statement of responsibilities with required items listed. Where the primary responsibilities are listed in the enabling legislation, then a reference to or extract of the relevant sections.
	The higher education provider's Governing Body, while retaining its ultimate governance responsibilities, may have an appropriate system of delegations to ensure the effective discharge of these responsibilities.	A reference to or extract from the relevant legislation, policy or procedure for delegations.
3	The enabling legislation specifies the <u>duties</u> of the members and <u>sanctions</u> for the breach of these duties (5 duties, as listed).	A reference to or extract from the legislation.
	Except for the Chancellor, Vice-Chancellor and Presiding Member of Academic Board(s) the members are appointed/elected <i>ad personam</i> .	A reference to or extract from the enabling legislation and/or a statement specifying the composition of the Governing Body and the mode of election and/or appointment.

¹ Numbers refer to Protocols 1 through 11, not to numbered sections in the Commonwealth Grant Scheme Guidelines.

TABLE 12

National Governance Protocols (Australia) *(continuación)*

NGP NO. ¹	ASSESSMENT ITEM	EVIDENCE REQUIRED BY DEST
	Governing body to adopt appropriate conflict of interest procedures similar to those of a public company.	Reference to or extract from the legislation or other appropriate document.
	Protections from liability.	Appropriate extract from or reference to the legislation and/or other relevant documentation.
	Governing body (except where a Provider is covered by <i>Corporations Act</i>) to have the power (in enabling legislation) to remove, by at least a 2/3 majority, a member who has breached his/her duties.	A reference to or extract from legislation.
	Member to automatically vacate office if he or she becomes disqualified from acting as a Director of a company or managing corporations under Part 2D.6 of the <i>Corporations Act</i> .	A reference to or extract from legislation or other appropriate documentation.
4	<i>All Providers, whether or not assessed as compliant in relation to Protocol 4 in 2004, must provide evidence in 2005.</i>	
	The Governing Body makes available a programme of induction and professional development.	Appropriate documentary evidence such as professional development strategy; induction programme; members' guide etc.
	The professional development programme ensures that all members are aware of the nature of their duties and responsibilities.	Proforma of members' appointment letters and/or other documentary evidence to show that the members have understood and accepted their roles and responsibilities.
	The Governing Body regularly assesses its performance and conformance to the Protocols and identifies needed skills and expertise.	Documentary evidence of requirements (e.g. by-laws, rules, guidelines) for Governing Body to assess its performance, conformance with the Protocols and skill needs; and evidence (e.g. minutes) indicating that this is a regular and not a once-off process.
5	<i>All Providers, whether or not assessed as compliant in relation to Protocol 5 in 2004, must provide updated documentation in 2005.</i>	
	The size of the Governing Body must not exceed 22 members.	A reference to or extract from the relevant legislation.
	<ul style="list-style-type: none"> At least 2 members have financial expertise (as defined in Protocols). Or if Governing Body has less than 10 members, at least 1 member with financial expertise. At least 1 member has commercial expertise (as defined in Protocols). There is a majority of external members (as defined in Protocols). There are no current members of State or Commonwealth parliament or legislative assembly other than where specifically selected by the Governing Body itself. 	<p>A reference to or extract from relevant legislation and/or other document relating to the constitution of the Governing Body.</p> <p>AND</p> <p>The membership register (as per the proforma table supplied by DEST) to verify compliance.</p>
6	The Provider has adopted systematic nomination procedures for those categories of prospective members that are not elected.	Documentary evidence and/or related web address detailing the nomination and appointment processes.

TABLE 12

National Governance Protocols (Australia) *(continuación)*

NGP NO. ¹	ASSESSMENT ITEM	EVIDENCE REQUIRED BY DEST
	Members so appointed are selected on the basis of contributing to the effective working of the Governing Body. Members' terms overlap and Governing Bodies have established the maximum period to be served (not normally more than 12 years).	Documentary evidence and/or related web address detailing the nomination and appointment processes. Section 11 (6). Documentary evidence and/or related web address specifying maximum term for members. State any specific extensions of term granted to individual members beyond the 12 year maximum. Documentary evidence that there is overlap of members' terms. This information can be included in the membership register if the Provider meets the requirements under Protocol 5.
7	The Provider publishes its grievance procedures with information about submitting complaints to the ombudsman or equivalent.	Extracts from publicly available documents (e.g. annual report, student handbook, staff induction material) and, if available, a web address with details on student and staff grievance procedures. Mechanisms for external appeals must be shown. The intention of the Protocol is that information on grievance procedures should be easily accessible to students and staff.
8	The Annual Report reports on high level outcomes.	For the 2005 assessment, a copy of the 2004 Annual Report should be provided. If the publication of the report is delayed beyond the deadline a draft of the appropriate section (s) should be provided as part of the Statement of Compliance with an indication of date of publication.
9	The Annual Report includes a report on risk management within the organisation.	As per the requirements for Protocol 8. For the 2005 assessment, a copy of the 2004 Annual Report should be provided. If the publication of the report is delayed beyond the deadline a draft of the appropriate section(s) should be provided as part of the Statement of Certification with an indication of date of publication.
10	The Governing Body oversees controlled entities by taking reasonable steps to: <ul style="list-style-type: none"> • Ensure that the entity's Board possesses necessary skills etc. • Appoint some Directors to the Board who are not members of the Governing Body or officers or students of the university, where possible. • Ensure that the Board regularly adopts and evaluates a written statement of its own governance principles. • Ensure that the Board documents a corporate and business strategy, including a business plan. • Establish and document clear reporting expectations. 	Documentary evidence of compliance (Council resolutions, policies, extracts of minutes indicating receipt of reports from controlled entities etc). All of the listed requirements must be covered.

TABLE 12

National Governance Protocols (Australia) *(continuación)*

NGP NO. ¹	ASSESSMENT ITEM	EVIDENCE REQUIRED BY DEST
11	A higher education provider must assess the risk arising from its part ownership of any entity (including an associated company as defined in the Accounting Standards issued by the Australian Accounting Standards Board), partnership and joint venture. The Governing Body of the provider must, where appropriate in light of the risk assessment, use its best endeavours to obtain an auditor's report (including audit certification and management letter) of the entity by a State, Territory or Commonwealth Auditor-General or by an external auditor.	Documentary evidence of compliance (Council resolutions, policies, risk assessment and management documents etc). <i>(Note: Providers must have carried out, at the very least, broad level risk assessments on all associated entities by the 30 September deadline).</i>

XV. Construction of a Region of Knowledge

MANUEL MOTA

UNIVERSITY OF MINHO, BRAGA. PORTUGAL

The zone of influence of University of Minho encompasses a population of about 1 million inhabitants. This is one of the regions with the youngest population in Europe. Facts and numbers of Minho's University are:

- 11,500 undergraduate and 4,000 post-graduate students.
- 11 Schools covering all fields of knowledge from Law to Medicine.
- 920 teaching staff of which 750 with PhD.
- 600 administrative staff.
- 2 *campi* (Cities of Braga and Guimarães, 20 km. apart).

TABLE 13

Knowledge Transfer. Compared numbers. (U. Minho)

	POPULATION (MILLIONS)	PUBLICS (PER MILLION OF INHABITANTS AND YEAR)	PHD (PER 1,000 ACTIVE WORKERS)	PATENTS (PER MILLION OF INHABITANTS AND YEAR)
Irlanda	4	580	5.1	70
España	50	579	4.6	21
UE	470	803	5.6	139
National average (cordis/UE)	10	289	3.3	4
UMinho	0.9	637	4.5	16

Proportion of Graduate Students in UMinho in 2006:

- 25% graduate students.
- 2% foreign graduate students.
- 100 PhD theses/year.
- 400 MSc theses/year.

Measures to Attract Foreign Researchers

- European Centre for Researchers Mobility.
- Regional Fulbright Centre of Mobility (Facilitates US mobility).
- Office for Research Support.
- Open access policy and *Repositorium*.

Joint International Initiatives

- Computer Graphics Centre (Fraunhofer / ZGDV / TUDarmstadt partnership) (2001).
- Confucius Institute (2005).
- European Lab of Excellence on Tissue Engineering and Regenerative Medicine (2006).
- INL – Iberian Nanotechnology Laboratory (2006).

Other R & D Structures (Involving the participation of over 120 companies)

- PIEP (Innovation Pole for Polymer Engineering).
- CVR (Centre for Waste Valorisation).
- CEITRA (Centre for Innovation in Transportation and Pavements).

Territorial Infrastructures

- Incubator at the town of Vila Verde (10 km. north of Braga) (Ready 2008).
- AVEPARK (90 ha. Scienc & Technology Park, Mid-way Braga-Guimarães) (Ready in 2007).
- CENTI, in the City of Famalicao (Nonotechnology Assay Facility for Textile and Shoe Industry) (2008).

Future Actions 2007/08

- Set up of 5 Houses of Knowledge.
- Internal Platforms:
 - Nanotechnologies Platform.
 - Biotechnologies Platform.
 - Renewable Energies Platform.
 - Multimedia Platform.
- European Platforms:
 - Construction Technology.
 - Textile Technology.
 - ARTEMIS (Information Society).
 - ERA-Net Industrial Biotechnology.
 - Manufacture.
 - ETP Platform on Nanomedicine.
 - EUKN – European Urban Knowledge Network.

XVI. Governing Bodies of Higher Education Institutions. Different Models - Same Problems

PAUL SABAPATHY, CBE
CHAIRMAN OF UCE BIRMINGHAM. UK

CUC Code – Role of Governing Body

Every HEI shall be headed by an effective Governing Body, which is unambiguously and collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners is maximised.

The Governing Body shall ensure compliance with the statutes, ordinances and provisions regulating the institution and its framework of governance and subject to these shall take all final decisions on matters of fundamental concern to the institution.

English Governance Model

Main features: Three main models of governance structure based on one Governing Body:

- Ancients. Oxford and Cambridge founded over 500 years ago. Vice-Chancellor is head of Governing Body. Power with the colleges. Attempting to restructure.
- Pre 1992: Founded in 19th century, generally incorporated by *Royal Charter* giving degree-awarding powers. Some by *Act of Parliament*.
- Post 1992: Set up by *Act of Parliament* gave power to Privy Council acting on behalf of the monarch to grant title of university to polytechnics and colleges that met the criteria. Act specified governance structure.

Post 1992 Model of Governance

Formal Responsibilities under *Education Reform Act 1988*. The articles require the university to have a Board of Governors and a Senate, each with clearly defined functions and responsibilities, to oversee and manage its activities.

TABLE 14

Responsibilities of the Board of Governors

- The determination of the educational character and mission of the university and for oversight of its activities.
- The effective and efficient use of resources, the solvency of the university and the corporation and for safeguarding their assets.
- Approving annual estimates of income and expenditure.
- The appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of the Principal, the Clerk and the holders of such other senior posts as the Board of Governors may determine.
- Setting a framework for the pay and conditions of all other staff.

Responsibilities of Senate

Subject to the overall responsibility of the Board of Governors, the Senate oversees academic affairs and draws its membership entirely from the staff and the students of the university. It is particularly concerned with general issues relating to the teaching and research work of the university.

Uce background

- History:
 - Origins: 1843 Polytechnic Institute and Birmingham Government School of Design.
 - Birmingham Polytechnic 1971.
 - UCE Birmingham 1992.
- Mission:
 - Providing a high quality Teaching and Learning Experience to our diverse range of students:
 - Encouraging and rewarding excellence in teaching.
 - Investing in new technologies that enhance learning.
 - Running flexible programmes that seek to maximise progression and retention.
 - Developing support for students that matches their values, experiences, expectations and specific learning needs.
 - Embedding employers' needs in our programmes ensuring the continuing quality of our programmes.
 - Offering opportunities for lifelong learning to all our students.
 - Actively engaging and working with our local communities and partners to improve the social, cultural and economic well being:
 - By encouraging participation in HE by the broadest social group.
 - By working with local organisations to improve services.
 - By implementing special initiatives to help the disadvantaged.

- By assisting with economic development of the region by providing a skilled workforce and undertaking economic development initiatives, e.g. running two industry clusters for Advantage West Midlands (AWM), the Regional Development Agency, the first for High Added Value Products and the second for New Media Industries.
- By engaging in cultural outreach which not only includes providing 300 concerts annually at UCE Birmingham Conservatoire, but also mounting the New Generation Arts Festival, Fashion and Jewellery shows.
- Actively engaging in consultancy and research to benefit a number of groups:
 - Our students, kept informed of the latest developments in their subjects.
 - Local and national businesses and their consumers, whose products and daily lives are changed by knowledge and technology exchange.
 - Practitioners and clients in a range of key professions, whose practices and procedures are improved by critical training and reflection.
 - Teachers, students and professionals worldwide who access publications by UCE staff.

Organisational structure

Seven faculties located on eight sites.

Student numbers

Numbers gone up since 1992 by 39% to 23,756 in 2004/5.

Financial position

Income: Gone up by 158% since 1992 to current forecast of £144m.

Board membership

16 Members, 11 independent including Chairman and Deputy Chairman, Vice-Chancellor, 1 Senate member, 1 elected Academic member, 1 elected Non Academic member, and the President of Students Union.

TABLE 15

Governance Challenges Facing HEIs: UCE approach

1. Tension between increasing student numbers and maintaining quality.
2. Academic freedom *versus* corporatism.
3. Increased competition for students.
4. Internationalization of Higher Education.
5. External regulation.
6. Research specialization.
7. Need for Committed and skilled independent Governors who can support and challenge HEI management.
8. Competing demands and paucity of resources.

Conclusion

Although we have different governance structures all HEI'S face similar challenges. Governance approaches taken will vary according to:

- Institutional mission and values.
- Institutional history and culture.
- Government policy.
- Other stakeholder needs.

Good governance does not guarantee success. "The real challenge for directors isn't regulatory compliance, its high performance. To achieve it, they need to systematically examine their purpose, tasks, talents, information, and agenda". [David A Nadler (2004): "Building Better Boards", *Harvard Business Review* May 2004].

XVII. Notes for the Work Session

PAUL SABAPATHY, CBE

CHAIRMAN OF UCE BIRMINGHAM. UK

Quality UCE Birmingham: www.uce.ac.uk

Annual student survey for past 14 years by course. Report and actions considered by Senate come to Board. This is conducted by the university department specialising in quality. Centre for Research into Quality www.uce.ac.uk/crq/.

Board get copies of Academic Audit Reports including faculty responses.

Board gets minutes of all Senate meetings. Chairman gets copies of all Senate papers.

External Quality Assurance (QAA - Quality Assurance Agency) / (NHS - National Health Service) / (TTA - Teacher Training Agency) / Professional Bodies e.g. Royal Institute of British Architects,... All Reports presented to the Board.

All degrees awarded have external examiners. All teaching staff have to pass teaching qualifications. All franchised UK and Overseas courses quality controlled by UCE staff and inspected by QAA inspectors.

Internally funded Teaching Fellows encouraged both and externally funded.

UCE hosts a Centre for Teaching Excellence funded by HEFCE (Higher Education Funding Council).

Professorships extended to academics who can demonstrate excellence in one or more areas of research, academic leadership, or high professional standing.

Capturing non-governmental Funding

Successfully diversifying income streams and reducing dependence on HEFCE funding. Strong financial record through strong leadership and management. Enables the university to invest in diversification. Increased student contribution to costs. English policy of charging up to £3,000 fees from 2006.

Extremely entrepreneurial: TIC (technology innovation centre - previous Faculty of Engineering) (www.tic.ac.uk/) occupies 40% of the £114 million *Millennium Project* in Birmingham.

One of two universities in the UK, not part of the national wage negotiation. Enables greater staff flexibility to meet outside customer needs. Single status employer. Not affected by recent industrial dispute.

Tic's Microsoft Academy providing advanced courses.

Tic's Cisco Networking Academics programme provides online tuition for academic training all around Europe, the Middle East and Africa.

Recently a significant collaboration agreement has been signed by tic and China's Chongqing University (CQU) in areas such as noise and vibration and engine emission technologies, in which tic and CQU have particular knowledge and skills.

Tic runs a 2+2 programme with Nanjing University of Science and Technology. Students spend 2 years in China taught in English and 2 years in Birmingham.

The UCE Business School (www.tbs.uce.ac.uk/) has partnerships in Shanghai, Macau and Hong Kong that enable Chinese students to study at UCE Birmingham.

Sixty students graduated last year from BIAD's (Birmingham Institute of Art and Design) joint courses with Lasalle College of the Arts in Singapore.

Home Inspectors Courses developed for the selling and buying of homes (www.lhds.uce.ac.uk/pages/home_inspectors).

Working in partnership with tic the ABDN (Accelerate Business Development Network) is a network of manufacturing businesses that deliver total innovative purchasing and engineering solutions at prices and quality levels demanded by the current global marketplace.

The Enterprise Fellowship Scheme supports entrepreneurship and intellectual property development to enhance UCE Birmingham's research, teaching and learning. Fellows develop their business start-up or product development ideas with the help of the Scheme, and other business incubation support mechanisms that UCE Birmingham can provide.

The Medici Programme, a partnership of 15 Midlands universities, is part of UCE Birmingham's strategic drive to support technology transfer.

Chapter VIII

PAPERS

iaugb



1ST MEETING OF INTERNATIONAL
ASSOCIATION OF UNIVERSITY GOVERNING BODIES

“SOCIETY MEETS UNIVERSITY”
(GRANADA, 23-24 OCTOBER 2006)

**Summary of the Papers Presented at the 1st. Meeting of the Iaughb
(International Association of University Governing Bodies):
“Society Meets University” (Granada, 23-24 October 2006)**

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I. Introduction

JOSÉ MARÍA FLUXÁ CEVA

PRESIDENT CONFERENCIA DE CONSEJOS SOCIALES DE LAS UNIVERSIDADES
ESPAÑOLAS. SPAIN

Governing Boards enable a greater and better participation of the society in the government of the universities. In the Governing Boards of the most successful universities in the world there is a majority of board members external to the university.

Though these Boards have different names according to the country: *Consejos Sociales* in Spain, Board of Governors in the United Kingdom, Board of Trustees in USA, etc., they have very similar missions and responsibilities.

In countries where this model of University Boards is established –incidentally the leading universities in world rankings come from these countries– there is no doubt in recognizing the task these Boards perform representing society in university, and in helping develop appropriate learning, research and dissemination of culture.

U. S. Boards of Trustees, already created an Association of Governing Bodies as far back as the 1920s. The AGB has studied carefully University Board competences, ethics, and the leadership desirable requirements for Board members. In their analysis there are a number of competences of Governing Boards common to most countries, some of them being: approval of annual university budget, mission description and strategic direction, bridging gaps between society and university. There are, however, some competences that are not shared by all University Boards, an important example being the appointment of the chief executive officer (President, Rector, Vice-Chancellor...) and other executive positions. The Boards in the United States, United Kingdom, Holland, Canada and Australia, among many others, do have this competence. In Spain the *Consejos Sociales* lack this faculty. However, the number of Boards with this responsibility is growing. Some of the reasons for this trend being: the independence of the CEO (President, Rector, Vice-Chancellor, etc.) from staff and faculty which helps decrease endogamic practices, as well as enables a better possibility of agreement between President and Governing Board.

An historical note: recently, the President Emeritus of the USA Association of Governing Bodies (AGB) highlighted the fact that the first *Consejos Sociales* were created in Spain over eighty centuries ago and that later, its example was followed by the Universities of Bologna, Paris and Geneva.



II. The Worldwide Renaissance of Citizen Boards and Councils in University Governance

RICHARD T. (TOM) INGRAM

PRESIDENT EMERITUS ASSOCIATION OF GOVERNING BODIES OF UNIVERSITIES AND COLLEGES. USA

It is appropriate that Spain is hosting a conference for the leaders of Governing Bodies to discuss how citizen volunteers in various countries participate in the governance of their universities. It was the *Consejos Sociales*, the University Councils of 12th Century Spain, that were the precursors to the engagement of prominent citizens in the governance of the University of Bologna, Geneva University, and the University of Paris –the major universities– that subsequently advanced the idea of citizen engagement with the missions and purposes of universities.

The *Consejos Sociales* preceded even the concept of the “autonomous corporation” given to the world as a gift by Roman Law, and later nourished and refined by English Law that survives in various forms in most of the industrialized nations and democracies of the world today. These citizen Social Councils were first attached to all Spanish universities some 800 years ago as part of a system of checks and balances to help ensure that the student guilds and the professoriate acted responsibly, that the public purse was used appropriately, and that the universities served social needs and were accountable to the public that supported them financially.

Although our colleagues in Spain are the best to judge, of course, it is likely that the *Consejos Sociales* have experienced many of the same tensions within the universities and with their State governments that have marked the evolution of Citizen Boards elsewhere in the world, including certainly the United States and the United Kingdom. They probably have waxed and waned in their functions, authority, effectiveness, and in how they have been perceived by the professoriate, politicians, Ministries of Education, business leaders, and the general citizenry over the centuries and certainly in recent years.

But the fact that they still exist and persistently reassess their responsibilities and effectiveness signal the importance of both their invention as preferable even if imperfect alternatives to direct governmental control, and the appropriateness of the Grenada conference for Board Chair leaders. This is a great time to reflect on how the “external” University Board is evolving in various countries and to compare and contrast their responsibilities and relationships with their many “constituencies”, including with their Vice-Chancellors, Rectors, and Presidents.

This paper’s thesis is that the Citizen University Governing Board, consisting predominantly of accomplished non-educator individuals (lay members), is currently being “rediscovered” and reenergized. It is enjoying a renaissance of reaffirmation in country after country, by government after government, even by reluctant university faculties and other academic leaders on nearly every continent.

Although this trend continues to be uneven and far from universal, I believe this trend is encouraging for the long-term development of universities, for more diverse sources of financial support beyond governmental subsidy, and for greater protection from inappropriate government intrusion and the vicissitudes of popular fads and political ideology from the political extremes both to the “right” and the “left”.

What supports the proposition in this paper that more governing authority and responsibility are being vested in predominately lay Boards across the globe? What economic, political, and social conditions are contributing to the rebirth of such Boards as important social institutions? Why should we be optimistic about the consequences of this rebirth for the academic enterprises in our respective countries? What might be done to help this trend gain even more momentum in more nations?

Contributing Global Trends and Circumstances

At least five global trends provide momentum for this renaissance. In relative order of their importance they are the following:

- *The inability of State governments to provide sustained levels of financial support.* This is a global trend for many reasons, including growing social needs in other sectors of nearly every society. This has led inevitably for universities to become much more entrepreneurial, linked to a far greater extent to other societal institutions including business and industry, and much more dependent on the generosity of private citizens and nongovernmental organizations.
- *The growing awareness that neither government (through Education Ministries) nor university faculties have consistently good records of performance in choosing how to reallocate limited resources.* The inevitable consequence is that efforts to make short-term, ceremonial vice-chancellorships and presidencies more consequential with more authority, these leadership positions are being transformed into more managerial leadership positions based on the for-profit corporate model.
- *The growing competitiveness of academic institutions within and among nations for resources, students, top faculty researchers and teachers, academic leaders, and sophisticated executives who can cope with big budgets, sophisticated investment strategy, and complex human resource policies.* This trend is exacerbated by the growth of new “private” universities and especially “for profit” academic institutions in many countries. These commercial enterprises now enjoy great popularity among political leaders and citizens who understandably but unfortunately seem to be placing greater emphasis on securing jobs than on traditional academic education.
- *The reality that many universities have become the primary economic engines in their communities and regions.* Many institutions are the major employers, providers of contracts for goods and services, and more as they have grown in size. In addition, declines in the manufacturing sector and upheavals in the economies of many local and regional communities have heightened the importance of universities to the economic and social well-being of many communities.
- *The renewed pressures on universities to be more service-oriented, socially responsive, and connected to the needs of their communities.* Expectations also are increasing for universities to be much more open to all economic and social classes of society whose members have been largely excluded from admission to universities in the past.

These and other changing circumstances and conditions have highlighted the virtues of entrusting top-level institutional decision making to lay Governing Bodies empowered to set, in consultation with others certainly, the university's strategic direction and priorities, annual and multiyear budgets, and allocation of limited resources. Most important, such Governing Bodies increasingly are

being given the ultimate voice in selecting the chief executive and setting his or her terms of employment. (Appendix A provides a list of traditional Governing Board responsibilities found in the United States and other countries as a reference for comparison with the reader's experience and traditions in his or her country).

It is arguable that each of the foregoing five points makes a strong case for delegating authority to Governing Bodies whose members can provide the kind of policy leadership, in partnership with an effective chief executive who understands and respects academic culture and who can lead faculty to even higher levels of performance. Governing authorities need to be close to where "the action" is, have the ability to advocate for the university but also to hold it accountable, have the trust and confidence of the tax-paying public (and the government), be able to network on the university's behalf to secure gifts and grants, and otherwise understand and deal with large budgets and complex personnel policies and practices, hopefully as independent of government bureaucracy as possible.

Experience has shown that university governance from top to bottom, no matter what its structure and culture, invariably is an untidy process. Members of Governing Bodies need to have a high tolerance for ambiguity –and a good sense of humor–. The gap between the theory of how Boards should work as policymaking bodies and the practice of their doing so can be wide. But that is a topic for another paper.

We are now witnessing in many countries a significant devolution of authority from State government to Citizen Governing Boards, from university faculty and executive leaders to predominantly lay Governing Boards, and from funding Councils to Governing Bodies, hopefully with a commensurate "lighter touch" of government regulation in return for evidence of responsible stewardship. We are witnessing the conversion of ceremonial advisory Boards and Councils of lay citizens to true Governing Boards and Councils. (Note: A true Governing Board as distinct from an advisory or ceremonial Board minimally has ultimate legal authority to (1) hire and fire, publicly support, and assess the performance the chief executive, and (2) set the university's annual budget and have significant discretionary authority over it with university management).

Oxford University as Metaphor?

Arguably one of the world's great bastions of faculty and staff dominance in university governance continues to be the University of Oxford. But even Oxford apparently is undergoing a reassessment of its governing structure (who gets to decide what). It is in the process of embracing the substantial engagement of prominent citizens in helping to set its strategic policies and direction and address its resource needs. There has been much in the news in the summer of 2006 about the provocative ideas of its relatively new Vice-Chancellor, John Hood, including, for example, changes in how students are selected for admission. One recent headline read "Oxford colleges are to lose the right they have enjoyed for 800 years to admit the students they want to teach". Moving to a "more centralized system" at the university apparently is a response in part to government pressure to ensure the admission of more students from State schools and poorer backgrounds.

This great university, like all British universities, is concerned about its long-term financial condition. "The Congregation", Oxford's 3,500 member university "Parliament" of faculty members, researchers, librarians and other staff, rarely convenes. Two other internal bodies provide university wide policymaking the much smaller "Council" and the "Conference of Colleges", which represents

the common interests of the university's 39 colleges and 7 other academic unites. But what is fascinating is the proposal in a recent *White Paper on University Governance* that calls for a Governing Council whose members will be reduced from 26 to 15 members, 8 of whom including its Chair shall be from outside the university.

Similarly, there are increasing calls for reform at Cambridge: "The Dons Run Cambridge, But Should They?" asked the headline of one article. A second article: "Professors say their wielding the ultimate authority has made the University great; reformers charge that the system blocks needed changes". Interesting theatre indeed!

Devolution of Authority and Responsibility in Japanese Universities

On the other side of the globe we witness the government of Japan coping with its own realities about how much money can continue to be appropriated to the national and other universities. One consequence is the realization that diversifying revenue sources, especially in the face of a significant decline in population growth, requires less governmental and more university responsibility for diversifying and controlling revenues, including granting of new freedom to invest available capital in common stocks and other higher risk alternatives to maximize income. The implications for changing governance structures are profound in Japan. It is likely that prominent and successful citizens, including many the corporate and business sector, will be asked to help govern the country's universities in the near future.

Trustee Education and Development in the UK and Australia

Various studies of university governance in the United Kingdom and Australia in recent years have called attention to the need to strengthen the effectiveness of Citizen Governing Councils. In the UK we are witnessing the regular convening of the Council of University Chairs (the CUC) as a voluntary, NGO dedicated to helping those who serve as volunteers on University Governing Bodies to understand their responsibilities and the functions of their Boards as a much preferred alternative to direct governmental control. Further, government has provided significant start-up funding to a new third-party Leadership Foundation (whose Board of Directors include members of University Governing Councils) dedicated to providing programs and research to strengthen university management and governance. One of its current projects in cooperation with the CUC is to provide guidelines (university specific benchmarks or Key Performance Indicators) to help Governing Councils assess their institutions' performance.

In Australia, the leadership of a former university Vice-Chancellor who is now a university Chancellor has resulted in periodic national programs of Board member education and development, in cooperation with the national organization of Vice-Chancellors. It remains to be seen if this effort will be sustainable –ideally without government financial support– but it is a commendable example for other nations and supports this paper's proposition that greater attention is being focused on why and how Citizen Boards should be advanced as the ultimate governing authority of universities in a form that "fits" their nations' distinctive cultures, traditions, and histories.

The Rediscovery of Citizen Governing Boards in Eastern and Central Europe

Moscow University has experimented with the engagement of many prominent citizens in its governance for decades, and many other universities in Russia and the former nations of the Soviet Union also are doing so. Advisory Boards and Councils are emerging as academic leaders discover the fact that the participation of prominent and committed highly educated and successful citizens can be enormously helpful with institutional decision making and institutional advancement as well in providing a “buffer” and “bridge” with government and other important sectors of their societies (industry, agriculture, the arts, scientific societies, and the like). Whether they will evolve into Governing Boards on a widespread basis remains to be seen, of course, but there are some promising trends in this direction.

These trends are being supported directly and indirectly by a few American and European-based foundations. Although their motivations vary, the connection between the freedom of universities and the growth of democratic institutions has not gone unnoticed.

The Miracle of South Africa’s Transformation

The aftermath of apartheid as it has affected university governance is interesting. One of the immediate goals of the Republic of South Africa’s democratic government was to “democratize” the university by ensuring that all university constituencies have seats on the Governing Body. Although it is arguable that composing a Governing Board or Council of individuals who believe they have a duty to “represent” their particular special interest first and foremost may not be a good idea in the longer term, it also is understandable why the government went so far in this direction. The result has been problematic to good governance and management, but the greater good also has been served: the faculty and staff understand that decision making is not their exclusive domain and that Governing Bodies serve as a vital part of a healthy system of checks and balances within the university.

In time, it is likely that the idea of “representation” in forming Board memberships to create, in effect, small “Parliaments” does not necessarily lead to good academic governance and management. Governing Bodies should not be created as political bodies where special interests compete with one another. And yet the principle of nongovernmental decision making within the university is firmly entrenched in South Africa and that bodes well for the continued evolution of Citizen Governing Boards elsewhere in Africa.

The Growth of Private Universities in Central and South America

Non-government-sponsored and controlled universities have become a global phenomenon, but nations in Central and South America have been especially influenced by the example of the private, non-profit sector of higher education in the United States in this regard. Many countries in the Southern Hemisphere have fostered the creation of such institutions with the advantage of providing alternatives to government-sponsored and supported universities. That is, competition between the

public and private sectors is arguably healthy for both. The governing structures of these private, non-profit universities closely resemble those in the United States and other nations with their dependence on non-educators in their memberships and sense of responsibility in serving the public good (not as agents of government nor in pursuit of private profit). Moreover, two important parallel and interconnected social institutions are potentially embraced and advanced over time in nations that witnessing the growth of privately sponsored universities: citizen volunteerism and private philanthropy.

The “spin off” benefits of these two important features of academic trusteeship to the larger society, volunteerism and philanthropy, benefits that are so obvious to the growth and health of non-governmental agencies in the United States and in other nations, will contribute enormously to the well-being of citizens who are at the margins of success and achievement in their market economies. Further, the apolitical, independent, and non-ideological natures of these Governing Bodies so prominent in Central and South America provide an alternative governance model that even the government-sponsored universities may one day see as being worthy of consideration in their own governing structures.

The Future of the Citizen Governing Board in the Academy

The fact that the *Consejos Sociales* of Spain’s universities apparently are experiencing a kind of rebirth, a renaissance of their own, is heartening. A full restoration of their functions, coupled with the “lighter touch” of government in university affairs, may be some years away, but for symbolic and other reasons we hope to witness a successful conclusion of current trends in Spain. Meanwhile, the participants of the Grenada conference salute the members of these “Social Counsels” for their continuing efforts to exercise their responsibilities in a way that will strengthen their acceptance with the Spanish public and government.

In the end, how universities are funded will affect the ultimate outcome of this worldwide phenomenon. And with the easy access to information and ideas following the Grenada conference, I’m betting that the citizen Governing Board will prevail.

Let us start by sharing ideas and information. The lay members of Governing Bodies can educate themselves and be helped to do so through organizations such as the Association of Governing Boards of Universities and Colleges (AGB), established in 1921 as a non-governmental membership association. AGB has many publications and resources to share. For more information see its Web site, www.agb.org. Trustee education and Board development programs also are underway in the United Kingdom, Australia, South Africa, and elsewhere.

There is much we can learn from one another to help keep the renaissance alive, but such efforts start and end in our own nation and in our own boardrooms by hard work and conscientious commitment to our responsibilities. In fact, our first duty is to understand what our responsibilities are and what they are not. Those of us who have the special privilege (not the “right”) of serving on a University Governing Body always must remember that our overarching individual and collective responsibility is to advance the particular university entrusted to us for the benefit of current and future generations. It is far better that intelligent and caring citizens do this with academic leaders than for government to do so.

The author's e-mail address is tomi@agb.org. He welcomes reader's critiques of this paper's propositions as well as copies of literature on the subject of citizen trustees and University Governing Bodies from other countries. His address is 12017 Gegerscroft Road; Potomac, Maryland 20854; USA.

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Appendix

An illustrative list of Governing Board responsibilities typically accepted as their "job description" in American colleges is attached.

1. Set the university's mission and purposes.
2. Appoint the university's chief executive (President, Vice-Chancellor, Rector).
3. Support the chief executive.
4. Monitor and assess the chief executive's performance.
5. Assess the Board's performance (self-regulation).
6. Insist on (and participate in) effective university strategic planning.
7. Review major academic program periodically including institutional performance.
8. Ensure adequate resources.
9. Ensure effective university management (through the chief executive).
10. Preserve university independence.
11. Relate campus to the community and the community to the campus.
12. Serve as a "court of appeal" when necessary (very sparingly and selectively).

Note: This is an excerpt from Richard T. Ingram's *Effective Trusteeship: A Guide for Board Members of Public Colleges and Universities* published by the Association of Governing Boards of Universities and Colleges (Washington, D. C., 2004).

III. Governance of and in Universities. Some Issues and Reflections

INGRID MOSES

CHANCELLOR UNIVERSITY OF CANBERRA. AUSTRALIA

It is a great honour to have been asked to step in for Tom Ingram who is not able to be here. He, of course, is President Emeritus of the Association of Governing Boards of Universities and Colleges in the US and has written on governance.

I come from a different perspective, a practitioner's, having been Chancellor of the University of Canberra, i.e. Chair of its Governing Board, only since January and before Vice-Chancellor and President of the University of New England in Armidale, Australia.

And as I am a late fill-in, I will not be addressing the overall topic of this meeting, *Society Meets University* though it is implicit in many of the issues I will be raising.

I will be using the terms Vice-Chancellor and Chancellor throughout. A Vice-Chancellor has a similar role to a university President or Rector; he or she tends to be a senior academic and is appointed by the Council of the university following an open search process through advertisements and/or executive search firms. The term of office is generally five years renewable. Chancellors are the Chairs of the Governing Board and are appointed for a term by the Governing Board.

While I am at present, I think, the only Chancellor in Australia who has been a Deputy Vice-Chancellor (Vice-President) in the same institution and a Vice-Chancellor elsewhere, in Australia we have a long tradition of appointing prominent faculty/former Vice-Chancellors to the Chancellorship.

Not every Chancellor then is a business man or from the judiciary, a former politician, senior bureaucrat or Governor or other high profile person whose connections and expertise are meant to benefit the university, often also materially and/or politically.

Governance has been a hot topic for a decade and more in Australia, the UK, USA and Europe. Having participated in governance from within the university body as an elected member, later ex-officio member of the Academic Board, universities' highest internal academic body, on Council as Vice-Chancellor of the University of New England and now as Chancellor of the University of Canberra, I want to raise some general issues tempered by personal experiences and reflections and I look forward to debate and comments.

We are all familiar with the collapses of big enterprises in the private sector and the role the Boards of Directors did or did not play.

And those of us from Australia, the UK and the USA are all familiar with the reviews of university governance which have taken place over the past two decades, partly prompted by the corporate collapses. I am aware that there has been much debate in European countries, but I have not read any reports.

As I will be talking from an Australian perspective, I need to provide some context. Australia is a federation of States and territories, not dissimilar to Germany or Canada. Education is a State matter, but the Australian government took over funding for higher education in the mid '70s, and therefore was able to set the conditions for funding and agendas for reform. And successive Education Ministers have taken it upon themselves to leave their mark on the higher education sector.

The public universities, and all but two are public, are established by an act of Parliament, that is of a State Parliament. Each university act will specify that there will be a Governing Board, called Council or Senate in Australia, and will specify the size and categories of membership. Most State governments still have the prerogative of appointing the lay or external members of Council, representatives of the wider community, the professions and business. Usually these appointments are made on the recommendation of the university, or at least in consultation with the university, and due regard is given to skills and gender. The Council or Senate is accountable to government and each university must submit an annual report to its State Parliament.

Within an international context, Australian universities have considerable autonomy. They can normally "invest, divest and borrow in respect of property and commercial ventures as their governing bodies see fit". The assets normally belong to them, and they can operate commercial enterprises to support university goals.

Universities have autonomy with regard to staff, students and programs. They employ their own staff and negotiate the conditions of employment within the national industrial framework. They decide on admission criteria for students, although the number of students in particular fields of studies is negotiated with the government for funding purposes. Universities also have autonomy with regard to their academic programs: they are self-accrediting institutions, and the State does not control or examine the curriculum: content, teaching methods or assessment.

Universities themselves, through a system of peer review, monitor quality and standards. There is an *Australian Qualifications Framework* which sets broad guidelines for various awards, and since 2000 universities are audited every five years by the Australian Universities Quality Agency (AUQA). Professional associations, too, regularly review and accredit degree programs mainly leading to professional degrees, e.g. engineering, architecture, medicine, nursing, teaching etc.

Ultimately, it is the Governing Body which is responsible for quality and standards of the courses.

In 2002 the then federal Minister for Education, Science and Training, Dr. Nelson, initiated a series of discussion papers on all aspects of higher education: financing, teaching and learning, research, and governance and management.

There was concern about State regulations which inhibited universities from being more commercial and entrepreneurial; there was concern about the role and functioning of Governing Bodies, about management and industrial issues, in particular lack of flexibility in an environment where unions were strong.

This series of reviews and reports culminated in new legislation, passed in December 2003 and subsequently amended. The *National Governance Protocols for Higher Education Providers* were part of this legislation. They consist of eleven protocols which specify role, composition, and specific responsibilities of Governing Bodies of universities and colleges.

Compliance with the *National Protocols* is one of the preconditions for additional much needed funding to universities. All universities, and that also means all States and Territories of Australia, have complied in having university acts amended and changing their own guidelines for governance.

The *National Protocols* are in no way, I believe, objectionable as they, on the whole, only make more explicit and detailed the role and responsibilities of Council. While they prescribe the maximum size of Council and restrictions on appointments, universities still have the option to have a number of staff and students as well as alumni elected to Council, and Councils can select Council appointments, depending on the changes universities themselves asked their State government to make to their Act.

The University of Canberra defined the responsibilities of Council in accordance with and extending the *National Governance Protocols* as:

Developing and approving the mission and strategic directions of the university.

- Appointing and supporting the Vice-Chancellor as the Chief Executive Officer of the university, and monitoring his/her performance.
- Ensuring that policies and procedures are established to ensure the probity and integrity of university decision making.
- Ensuring compliance with relevant legislation.
- Delegating management functions as appropriate.
- Reviewing the management of the institution and the university's performance against strategic and business goals.
- Approving the annual budget and business plan.
- Approving significant commercial activities.
- Approving and monitoring systems of control and accountability, including general overview of the university's controlled entities.
- Overseeing and monitoring the assessment and management of risk across the university, including commercial undertakings.
- Overseeing and monitoring the academic activities of the university.
- Representing and advocating the campus to the community.
- Interpreting the needs of society and the professions to the campus.

Chait *et al.* in their recent book *Governance as Leadership* distill from the literature these five functions of Boards which virtually mirror those of University Councils [Chait, R.P. *et al.* (2005): 14]:

1. Set the organization's mission and overall strategy, and modify both as needed.
2. Monitor organizational performance and hold management accountable.
3. Select, evaluate, support, and –if necessary– replace the executive Director or CEO.
4. Develop and conserve the organization's resources, both funds and facilities.
5. Serve as a bridge and buffer between the organization and its environment; advocate for the organization and build support within the wider community.

The question is how these functions might best be exercised in a university. The traditional model of university governance, and a collegial model is: Council as forum where representatives of stakeholder groups debate and deliberate –e.g. elected academic and general staff, elected undergraduate and postgraduate students, elected convocation/alumni representatives, appointed community representatives, including from the Indigenous community–. The other model is: Council as a Board of Directors with executive powers or at least a primacy in higher level decision making and ultimate responsibility, a model proposed by inquiries, and most recently by the review of the Governance Structure of the University of Canberra Council. We might rephrase this as Parliament vs Cabinet. If Parliamentarians do not like decisions they go public. Cabinet demands Cabinet solidarity.

Most of the reviews and reports of university governance have focused on role and structures, in a belief that explicit roles and certain structures would increase the performance of the Councils/Senates and enable them to meet the demands of the vastly changed and ever changing higher education environment.

While university governance differs from country to country and indeed within countries, there are some common issues in the UK, New Zealand, the USA and Australia, and our European colleagues watch closely as many of the European countries are establishing Boards. Some practical issues:

1. Size of the Board

The size of the Board has been a pre-occupation of most reviews of university governance. There is by no means a consensus. In Australia, Minister Dawkins in his Higher Education: A Policy Statement of 1988 and the *Hoare Review* of 1995 thought 10 to 14/15 members would be okay. The CUC (UK Committee of University Chairmen) allowed more. For company Boards the trend is to Boards of less than 10 people, maximum of 6-8. Yet, as Coaldrake *et al* point out for the US system, “Private not-for-profit governing bodies are typically much larger than public university boards”. [Coaldrake, P. *et al.* (2003)]. There has been very little research done on whether the size of the Board actually determines the quality of decision-making or the Board’s performance.

The recent review of the University of Canberra governance structure recommended a Council of 10, even though the review panel thought 8 would have been better. No evidence could be cited by the *Review Panel* that 10 is a better number than 12 or 14, though the *Panel’s* preference had been, as I said, for even smaller.

Leblanc and Gillies in their recent book *Inside the Boardroom* mention that most of the nearly 200 Directors they interviewed thought that the most effective size for a Board was from ten to fifteen. They quote one of the Directors: “with a smaller group of twelve to thirteen to fourteen the dynamics are easier. You have a real interchange of ideas and it is not a show” [Leblanc, R. and Gillies, J. (2005): 119]. This is question then of group dynamics which I will address briefly later.

2. Composition of the Board

The composition of the Board, or Board membership, similarly, has been commented on in all reviews. From a private sector perspective elected members from within the organization are

unacceptable and not at all usual. But in the traditional model of university governance, the internal members outnumbered the external members.

Over the past decade or so there has been an increased focus on the necessity to have a majority of external/independent/lay members of Council, and indeed, the *National Protocols* stipulate this. This is in the belief that internal members of the university, e.g. staff and students find it difficult to speak/vote in the interests of the university as a whole rather than their constituencies. On the other hand there have been voices saying that independent Directors with no connection to the industry, in this case the university system, will be dependent on the Vice-Chancellor and will not be able to ask the right question.

3. Relationship with the Vice-Chancellor. Governance vs management

The relationship between the Chancellor and Vice-Chancellor is a crucial one and must be based on mutual trust. In Australia, we have had a number of quite public fallings out and also examples of productive partnerships. The role of the Chancellor is little defined, though increasingly universities are including role descriptions in guidelines, statements or by-laws. In practice the position is becoming more like the Chair of a corporate Board.

In the USA the Association of Governing Boards of Universities and Colleges 2002 sponsored: *The Glion Declaration II: The Governance of Universities and Colleges*, a document developed mainly for research universities and mainly in Europe and the USA, and with their famous advice to Board members: "Noses in, fingers out".

4. Engagement and involvement of Council members

Even though Boards now do spell out roles and responsibilities, as do all universities, Chait *et al.* contend that there is a more fundamental problem of purpose. And, from own experience, we hear Council members saying, Why am I here? What difference can I make?

Chait *et al.* say, and I can but agree, –if we look at the functions as specified, then much of the work is episodic– how often does a Council select or evaluate a Vice-Chancellor? How often is the university's mission or overall strategy developed or modified?

But Boards/Councils meet regularly. So we get routine reports. Meeting becomes synonymous with governing. Monitoring, of course, is not episodic. It is important but it is not motivating; it is often technical. Chait *et al.* say, "And while people might agree to join in order to affiliate with a mission, they are more apt to participate when they can see the results of their work and the opportunity to have influence" [Chait, R.P. *et al.* (2005):19].

While regular Board meetings might not be stimulating for Board members, they do require management to prepare and provide data and reports for the Board/Council and so serve a very useful monitoring function.



The competencies which Council members have, are usually competencies which could be used inside the institution, not only on Council. But this would be regarded as “micromanagement” or “meddling” and is generally discouraged by the Vice-Chancellor (including myself when I was Vice-Chancellor).

Seeing that appointed Council members are appointed for specific expertise, but cannot be involved in internal University Committees (e.g. marketing), how can they best bring to effect their expertise? Is questioning and reacting to management reports enough? How can the time unpaid Council members spend on Council business be made more meaningful to them? In our attempts to distinguish between governance and management, and by barring Council members from inside the university, are we impoverishing the governance and underutilizing Council members?

In talking to Council members at the University of New England and at the University of Canberra I was struck how many wanted to play a more meaningful part, although those who were corporate Directors elsewhere were more often weary of straying from the governance role.

The UK's Committee of University Chairmen published a *Guide for Members of Higher Education Governing Boards* in the UK in November 2004 and included *Case Studies of Current Governance Practice*, drawn from a report *Good Practice in Six Areas of the Governance of Higher Education Institutions in the UK* and compiled in 2004 by CHEMS. It contains interesting examples of UK universities involving their Council members within the university. I am not aware of such hand-one involvement of Council members in Australia.

Chait *et al.* believe that in order to be “creative, involved in partnership with the organization in defining problems, creating a future and meaning”, trustees need to find shared meaning by shared experience, and this can be developed through “working at the internal boundary” and “working at the external boundary”. Working at the internal boundary would mean talking to staff and students, participating in university events, getting a feel for the university so that one sees it as a specific individual institution not a generic type. Working on the external boundaries might involve talking to other Boards. For roles 4 and 5 as per Chait *et al.* Board/Council members may be involved in community events, in fundraising, in advocacy. All of these are external to the institution.

Recently I was asked to be on panel at the National Governance Conference and to address the issue of how Chancellors/Councils might/can/should/should not engage in “lobbying” over national (and State) policies on behalf of their universities. We all expect the Vice-Chancellors as the academic and administrative leaders, the CEOs, to lobby over national and State policies on behalf of their universities.

I was interested to read the latest report of the US Association of Governing Boards on the State of the Presidency in American Higher Education, *The Leadership Imperative* which in its recommendations to Governing Boards only asks that the Board support the President in his/her public role. And no word about Councils or Chairs of Council [AGB (2006): 32]. The *Guide for Members of Higher Education Governing Bodies* in the UK by the Committee of University Chairmen, 2004, does not list advocacy or lobbying in its lists of functions or activities, and its “Model Statement of Primary Responsibilities” for Councils is virtually all internally focused [CUC (2004): 117-8].

At the University of Canberra, members of our Governing Board, the Chancellor and the Vice-Chancellor have internal and external roles and responsibilities, as noted before:

- Representing and advocating the campus to the community.
- Interpreting the needs of society and the professions to the campus.

And the Chancellor's role statement adds:

- Representing the university at meetings, functions and ceremonies nationally and internationally.
- Representing the university's interests in the political, cultural and business life of the wider community.

To me this means, that Council and the Chair of Council have an external role and they might/can, indeed should "lobby". The University Councils with their more diverse membership than, for example, the Australian Vice-Chancellors Committee are seen to be more representative of the community, more impartial, more credible than the Vice-Chancellors as a group. At critical times of reforms and changes I would therefore say that Council members and Chancellors must lobby. This is the external side of Council members' engagement, it is engagement with the society on behalf of the university or higher education in general.

5. Board effectiveness

Leblanc and Gillies note three determinants for effective Board, i.e. Boards that make decisions which add value to the company/organization, and they claim that structure and form of Boards of Directors do not seem to relate to corporate performance, whereas the way decisions are made, does/may. What really matters for Board effectiveness are, they say: "the competencies and behaviours of the directors sitting at the table, how these collective skills play out in real time, how the strategy of the company is shaped as a result, and how the directors with necessary competencies and behaviours are recruited on and off the board" [Leblanc, R. and Gillies, J. (2005): 235].

The competency of Directors

For universities, we can take the competency of Directors for granted, at least of the appointed ones who have been selected for particular expertise and experiences, partly prescribed in the *National Protocols*, partly by universities themselves.

The behavioural characteristics of Directors

Here we are looking at three dimensions:

1. The degree of a Director's persuasiveness, the most important factor in determining influencing on a decision in the boardroom.
2. The degree to which a Director is known by Co-Directors to dissent or agree about issues.

3. The degree to which a Director appears to act alone, without much discussion with other Board member, in arriving at the position regarding an issue [Leblanc, R. and Gillies, J. (2005): 163].

The “functional” Director behaviour types are: Conducting Chair, Change Agent, Challenger, Consensus Builder, Counsellor. All functional Directors rank high on the “persuasiveness scale”. Dysfunctional Director behaviour types are: Caretaker-Chair, Controller, Critic, Conformist, Cheerleader. All dysfunctional Directors rank low on the “persuasiveness scale” [Leblanc, R. and Gillies, J. (2005): 167].

There are dilemmas in universities with their mix of elected and appointed members, and it goes beyond group dynamics. A significant number of Councillors are elected; the appointed ones are appointed by the State government and the opportunity for change only arises every few years.

The strategy the corporation is following

Leblanc and Gillies note, “Well-governed and well-managed organizations should have directors who are capable of recognizing and helping management to develop strategies for dealing with change” [Leblanc, R. and Gillies, J. (2005): 224]. And the question arises: How can Board/Council agendas be structured so that such Council members can work with management on developing strategies for change, instead of being presented with one plan? Importantly, they note as “conditions and strategies change, the board members have the obligation of finding and recruiting directors whose competencies and behaviours can assist the board in dealing with new situations”.

Some of the questions echo my own experience. Satisfactory answers to all of them ultimately will determine how well the Governing Board can fulfill its functions. And it fulfilling them well they will ensure that *Society Meets University*.

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IV. Trends in Higher Education Policy. Some Evidences from the OECD

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Trends in higher education are the result of a number of driving forces which interact. There is, on one hand, the demand side, what students, employers, governments, want and expect of the system; and there is the supply side, what the institutions and the people who work in them and lead them want. And both the demand and the supply are themselves influenced by broader trends in society and technology, in which higher education is itself an actor. Higher education both shapes, and is shaped by, the world.

Although all of the trends that I will mention apply to some countries, very few of them can be observed in all. The order in which they are presented is –I hope– a logical one, but it is certainly not in order of importance. The fact is that they are all inter-related. The relative importance of the different factors in different circumstances depends on history, culture and politics.

Thirdly, even this broad panorama is selective, and in making my selection of topics I hope I have chosen those which are most relevant to the situation here in Spain.

The essence of the story is this. Around the world higher education is under pressure to change. It is growing fast and its contribution to economic success is seen as vital. Universities and other institutions are expected to create knowledge; to improve equity; and to respond to student needs, and to do so more efficiently. They are increasingly competing for students, research funds and academic staff, both with the private sector and internationally. In this more complex environment direct management by governments is no longer appropriate.

New approaches to governance in OECD countries combine the authority of the State and the power of markets in new ways. Institutions are gaining greater freedom to run their own affairs. Public funds are allocated in “lump-sum” form, and funding from students and business is increasingly encouraged. In exchange for autonomy, governments seek to hold institutions to account, linking funding to performance and publicly assessing quality.

Higher education institutions for their part have to work hard to meet funding and regulatory criteria and at the same time to strengthen their market position. There is an emphasis on institutional strategy, and a shift in power away from individual departments. External members sit on Governing Bodies formerly dominated by academic interests. Senior managers are selected for their leadership skills as well as for their academic prowess. And while all this is happening the internationalisation of higher education is accelerating.

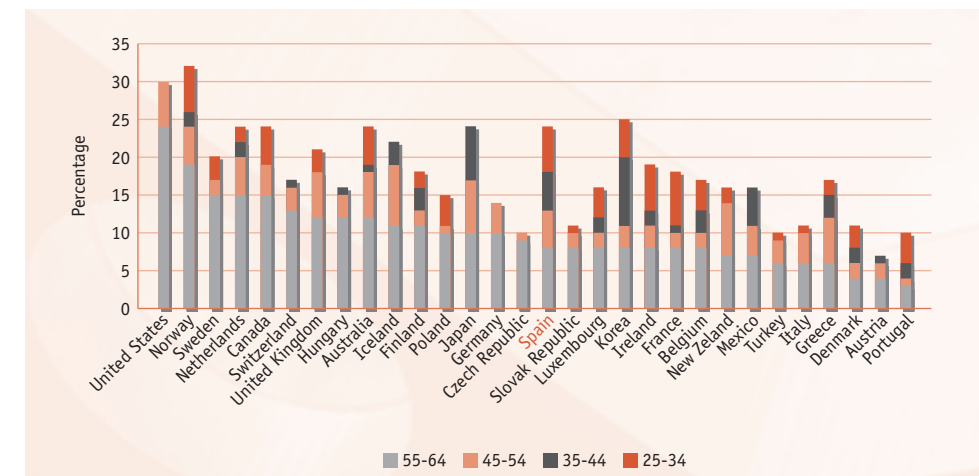
Such changes create tensions. Higher education institutions need to develop a creative balance between academic mission and executive capacity; and between financial viability and traditional values. Governments have to balance the encouragement of excellence with the promotion of equity.

1. Trends

Figures

FIGURE 1

Completion of tertiary-type A education in 2002



Source: OECD (2002) Education at a Glance: OECD Indicators 2002, Table A2.3, p.48

FIGURE 2

Growth in the number of higher education institutions in ODCE (1955-2004) (IES)

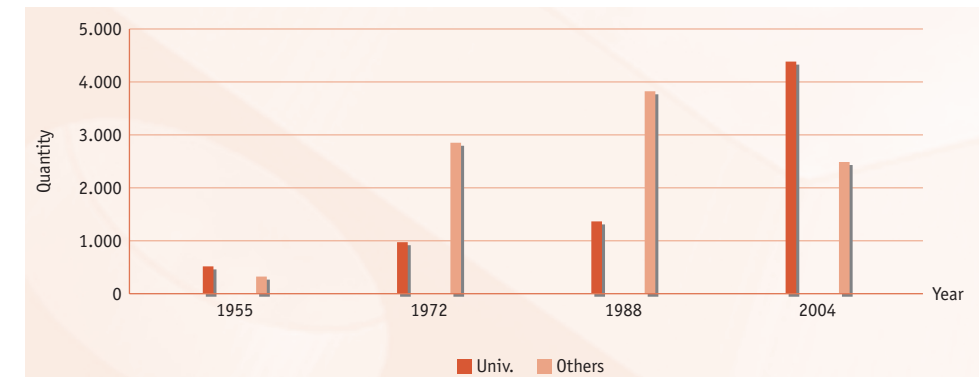


FIGURE 3

Expenditure on tertiary education institutions in 2002



Source: OECD (2002) Education at a Glance: OECD Indicators 2002, Table B2.1b, p.171

Let's look first at growth. Higher education was for long the preserve of a select few, people who were studying to take up positions in the Church, or the civil service, or for the sake of scholarship. In many societies it was restricted to men. Things began to change in the nineteenth century, and the period since 1945 has seen a massive and continuing expansion in student numbers.

Globally, it has been estimated that student numbers rose from about 12 million in 1950 to around 150 million now. While the absolute numbers are striking what is more relevant for policy purposes is the change in the proportion of the age-group which achieves a tertiary qualification. Here are some figures which illustrate growth in the OECD countries, in both absolute and relative terms, in the past 40 years.

There are no internationally comparable data on trends in tertiary education but a picture for past decades can be obtained, using as a proxy the percentages of the population in different age brackets who have completed different levels. The figure shows the data for completion rates in what we call tertiary education Type A (level 5A in the International Standard Classification of Education – ISCED) courses which are largely theory-based and are designed to provide sufficient qualifications to enable access to advanced research programmes and professions with high skill requirements. They require a minimum of three years.

The percentage of 55-64 year-olds who have completed this level of education provides an indication of completion rates 37-46 years ago. The picture is only approximate, of course, because some will study as adults, long after having left initial education, and because some of the population will not have survived to this age. Successively younger groups can provide similar pictures of completion rates in more recent decades. They are typically higher. They are shown as the increment that they add to the completion rate for the people 10 years older.

This process was described by Martin Trow, the celebrated commentator on higher education from UCLA, as a transition from elite to mass to effectively universal higher education, where all those who wish to benefit from higher education are able to do so².

However, it is not a uniform picture. Completion rates have changed quite differently across countries. South Korea rose from equal 16th to equal 3rd, the UK declined marginally from equal 7th to equal 9th while Germany declined from 14th to 23rd. Rates in Spain too have risen dramatically.

The number of higher education institutions –universities and others– has also grown. By 1955, there were about 500 universities and 250 other higher education institutions. By 1972 those numbers had grown to 1,000 and 2,800 respectively, giving 3,800 institutions in total. By 2004 the total number of higher education institutions was about 6,800. The increase in the number of institutions is not linear, and it is notable that the growth –particularly since the late '80s – has been in universities, while the number of non-university institutions is dropping³.

More students means that new institutions are created, but it also means that existing ones get bigger. To take just one very apposite example, the University of Sheffield in England had around 750 students between 1920 and 1940. Its student population is now about 23,000⁴.

And institutions can merge, either through their own choice, or as a result of pressure from government.

Diversity

One important point which has to be made at this time is that there is much greater diversity, first, amongst students, of motivation, age, and social background. There is no such thing as a typical student. And there is similarly diversity amongst the institutions –campus-based or distance teaching, large and small, multi-discipline or specialist, public and private– and the programmes they offer. The higher education market has become much more complex, which means that devising and implementing reform is a much more difficult exercise than it used to be. Institutions, students and researchers respond to the different incentives that are offered –either implicitly or explicitly– in different ways.

Relations between governments, institutions and the market

Another way to put this is to say that higher education policy is about the relations between governments, the academic world and the market. It was Burton Clark, another celebrated scholar of higher education from UCLA, who drew an image of higher education institutions operating in a triangle of these three influences.

² He was speaking at a conference on “Future structures of post-secondary education” held at the OECD in Paris in 1973.

³ Chart compiled by Natalia Routkevitch using the International Association of Universities database.

⁴ <http://www.shef.ac.uk/about/history.html>.

Personally I find this analysis very helpful, and what the experience of the past twenty-five years has shown is a gradual move towards the market apex of the triangle. Institutions are subject to less direct control, and have greater autonomy in the use of resources; but they get more steering against broad public policy objectives, and this is supported by more accountability and evaluation. This gives rise to the development of a variety of tools and mechanisms to manage the system. It also means that the strategic management and leadership of the institutions becomes more challenging.

Reforms in how institutions are funded

One way to compare national expenditures on tertiary education is to express expenditure on institutions as a percentage of GDP. This has the advantage of taking national wealth into consideration. Expenditure on tertiary education institutions ranges from 2.6% of GDP in Canada to 0.8% in Italy. In Spain it is above the OECD average if you take private contributions into account.

The mix of public and private contributions to this expenditure also varies markedly across countries. The private share ranges from 1.9% of GDP in Korea, 1.2% in the US and 1.0% in Canada to 0.1% in the Czech Republic, France, Germany, Italy, Norway, Portugal and the Slovak Republic.

2. The policy context

The average cost of providing higher education is approximately 1% of GDP in OECD countries. In most countries government funds are the main source of institutional income, and even where they are providing less than half the total they are still the biggest single source.

We live in a time when populations are aging, especially in the OECD countries, and the costs of health care and pensions in particular are rising very fast, squeezing the resources available for education. Governments are under pressure to reduce the tax burden and other concerns also compete for funding.

The growing importance of higher education has focussed attention on its efficiency and its quality: there is a suspicion that academics do not focus adequately on national or global priorities, and are not sufficiently rigorous in evaluating teaching. Calls for public accountability for the use of funds are therefore growing.

The unit cost of higher education in the United Kingdom –that is the cost of educating one student– declined in real terms by more than 40 percent between 1975 and 2000. This was partly due to the economies of scale as the system expanded, but it was also partly due to a deliberate policy to achieve “efficiency gains”.

Some countries have introduced competitive and/or performance-based funding. For example, the Finnish government has a three-year contract with each university that covers objectives, programmes and funding. The contract provides for a government grant in the form of a lump sum to implement the contract, including the goals for masters and doctoral degrees. The budgeting system



has been developed to support management-by-results so that the university's goals and appropriations are inter-linked⁵.

Not only is competition for funding stronger, but there are more controls on how the money is spent. Almost without exception, increased autonomy over a wide range of institutional operations has been accompanied by the introduction of a more sophisticated quality assurance system based on the establishment of a national quality agency for higher education. This has shifted responsibility for higher education quality from a mainly internal judgement by institutions themselves to an external process of peer review and judgement by others such as quality assessment agencies, and funding bodies.

Data about tertiary attainment tell us nothing about the content or the quality of the programmes. In many countries students are more likely now than they once were to give feedback on their courses, and/or on their teachers, but the most striking development in recent years has been the development of assessments of quality made by actors from outside the higher education system, usually the serious media. These are often presented as rankings of the best universities and it is necessary to look closely into their methodologies to see what exactly they are measuring.

National policies are thus being tested in several directions and there is a simultaneous global dimension to consider too. My colleagues who analyse the global market for highly-skilled manpower see a number of developments⁶.

The market for the highly-skilled has transformed from one where demand originated largely from a single source, the US, in the 1990s to one where demand is now more differentiated across countries, including the EU, Japan, Canada, Australia as well as the large countries which supply engineers, researchers and others, especially China and India. This shift is just beginning, and will probably move in fits and starts, but several indicators suggest that it will continue and strengthen, leading to the formation of a truly global market for the highly-skilled⁷.

A key factor in attracting the highly-skilled from abroad is world-class universities. This necessitates a change in attitude for many countries that tend to view their universities as being a purely national resource and not part of an increasingly competitive, international sector⁸.

Some countries have already seized on these opportunities. As the number of first-time foreign students drops in the USA, the United Kingdom and Australia have reported significant rises in international student enrolment in higher education between 2001-02 and 2002-03⁹.

⁵ Holttä, S. and Rekila, E. "Ministerial steering and institutional responses: recent developments for the Finnish higher education system", paper presented to the 16th OECD/IMHE General Conference, September 2002, Paris.

⁶ These paragraphs are drawn from a conference paper by Andrew Wyckoff and Martin Schaaper presented at the National Academy of Science, Washington, D.C. in January 2005.

⁷ Harris, Richard G. "Labour Mobility and the Global Competition for Skills: Dilemmas and Options", prepared for February 2004 Roundtable on International Labour Mobility, Industry Canada, Ottawa.

⁸ *Internationalisation and Trade in Higher Education*, OECD, Paris 2004.

⁹ *OECD Science, Technology and Industry Outlook*, 2004 and *Overseas Student Statistics*, 2003, available at www.aei.dest.gov.au.

You will have seen that my emphasis has moved from describing trends and policy responses, to outlining the challenges higher education systems face.

3. Conclusions

Let me try to sum up what I see as the implications of these changes, in the form of the challenges that remain for governments and for institutions. In an increasingly complex and inter-related policy environment, the challenges for governments are:

1. Ensuring fairness and equity in the system, so that all who can benefit from higher education are able to do so.
2. Managing diversity without reinforcing hierarchy: that is, encouraging different types of institutions to flourish and to do so without creating barriers of superiority of one type over another.
3. Ensuring quality without over-regulation: making sure that public money is effectively used without creating intrusive bureaucracies.
4. Improving the transmission of information between the labour market, individuals and the institutions: if a market is to work well it is important that people in the market-place have good and reliable information.
5. Supporting innovation and research: providing adequate funds to these strategic areas in the face of competition from other sectors.
6. Determining the balance of public and private sector involvement: for some countries this may mean increasing the role of the private sector, for others it will mean increasing the contribution of the public sector.
7. Providing a regulatory and funding environment which encourages institutions to meet policy objectives while leaving them free to determine their own strategies for doing so.

The last point has a question mark after it. I am not convinced that many countries would see supporting higher education as an export industry as a priority, although the number is growing.

All the things that I have described are making life more complicated for higher education institutions. The challenges for them can be summarised in many ways, and I call my way the five “Ms”.

1. **Mission:** institutions have multiple missions; undergraduate teaching, postgraduate teaching, research, lifelong learning, “service”; they can teach across a wide or a narrow range of disciplines. But few can be strong in all areas and they have to make choices.
2. **Markets:** providers of any service must understand their markets –higher education institutions have local, regional, national, and international markets to consider– and they must focus on what their customers want. For many older universities the national market is the most familiar and comfortable. For many of the large number of newer (post-1950) institutions there is a specifically regional identity and mission. And for all internationalisation is creating a growing global market. This is inflammatory talk for many in the “ivory tower” of academe, but knowing these markets is increasingly important for survival.
3. **Money:** few would object to having this one on the list. As we have seen a diminishing government share of funding implies diversification; block grants imply more sophisticated financial management; and, in a technologically sophisticated and fast-moving world, capital investment –including information systems– is high-risk.



4. **Mergers:** universities have always collaborated, but we are now seeing evidence of strategic alliances of institutions, as well as those imposed by governments. Has a process of rationalisation begun, which will lead to a far smaller number of much bigger institutions? If it has, is it something we should worry about?
5. **Management** (not managerialism): this is a major weakness of many of our institutions. They need people who know their markets, have strategic vision, understand costs and cross-subsidisation, can set priorities –and stick with them, and can lead their staff. Strategic management does not mean keeping everyone happy, and not all managers will be equally successful– but that does not mean they should not be helped to do their job.

My remarks have had a global, or at least OECD-wide, perspective but I want to close by looking at the European context. Despite tradition and history there is a loss of confidence in Europe and this is evident in discussion of the progress towards the Lisbon targets and in other ways. Within the European Union there are 25 different systems. The political structures are weak, certainly as regards education. The quality and financial strength of European higher education is seen as weak by comparison with the United States. There is a challenge from China and India on the horizon.

On the other hand, there are optimistic signs. The Bologna process is a bold attempt to harmonise, improve and make more user-friendly European higher education. There is broad agreement on some key principles of quality and institutional autonomy. Genuine reform is taking place in some countries, not least here in Spain.

I would argue that one weakness of the past has been an inability, or an unwillingness, to see things from the students' point of view. I would commend to you a recent report by the Academic Co-operation Association on perceptions of European higher education in third countries. They point out that in the major growth markets knowledge of Europe as a brand is limited, Germany, England and France are well-known; other countries far less so. Information on European higher education is hard to access. The biggest problem for Asian students, who are by far the largest potential group, is that English is not the common language. This is not something that can easily be dealt with of course. But there is clear potential for growth, especially in masters courses. Here are a few tips for institutions that want to succeed.

Business strategy: don't be frightened to have one, but make sure it is owned and accepted by everyone. Developing a strategic plan which then gathers dust in the planning department's office is a waste of time and money.

Focus: unless you are exceptional you will have difficulty being good at everything. Develop a good reputation in a few areas and there will be spill-over benefits for other programmes.

Niche marketing: don't chase the same business as everyone else. Study the market.

Image: pay careful attention to your image, especially abroad. How others see you is more important for your success than how you see yourselves.

Quality control: if all goes well you will be known by the quality and reputation of what you produce.

Finally, look at what the market wants. It may be uncomfortable to regard students as customers, but it will be essential if you are to succeed in the market. Here are some suggestions for further reading.

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<http://www.shef.ac.uk/about/history.html>

V. Capturing Non-governmental funding

JULIO REVILLA

PRESIDENT CONSEJO SOCIAL UNIVERSITY OF HUELVA. SPAIN

University is financed through government as well as private funds. In Spain, and in Europe in general, there is no tradition of using private funding. However in the Bologna declaration on higher education institutions one of the goals suggested is their financial autonomy. Private funds are those coming from student fees, collaboration with the business sector, sponsors and donations.

1. Fees

In Europe often student fees cover a small part of the cost of higher education. In Spain student fees cover a 16% approximately of the cost. Student fees are usually set by public administration, as it is a public price.

In general, Governing Bodies will support increases in fees to match market prices, and there are a number of ideas to reach this end, for example the increase of fees for failed students in second or third same course registrations; an increase in the offer with special courses and training at market prices; training non-conventional students (professionals, second degrees) and other measures such as directing public financing to families so that students can make a better choice, or agreeing with government a diversity of ways for fees increases: for example increasing financing in an amount similar to the fee increase, so that these amount can be used as scholarships for students, and the privately funded increase can be used to improve the quality of university services : laboratories, libraries, for example.

In other generally Non-European countries, students pay fees more in line with the real cost of higher education. In some countries, soft loans are provided to students for university fees and living costs.

2. Provision of Services to Society

Another possibility of private financing is collaboration of the university with the business and services sectors. Governing Bodies can and should help in these activities, encouraging the enterprising spirit of the university and rewarding faculty developing this activity.

Procedures exist, and experiences could be shared to promote collaborations with entities to enable universities to obtain income. As a rule, this form of private financing is linked to knowledge transfer from university to society.

Some of these activities important as a service to society are: consulting activities; training for specific areas in business; equipment leasing (such as the Agencia de Acreditación de I+D+I (AIDIT) at the Universidad Politécnica in Madrid and Cataluña.

A new strategy in this area is the collaboration with scientific and technological parks.

3. Donation and Sponsorship

Donations and sponsorship should be promoted in those occasions when personal or legal organizations are prepared to finance university needs. Susceptible to collaborate with this type of financing are institutions such as banks, savings banks' Social Department and undoubtedly companies, amongst which corporate social responsibility is promoted more and more frequently.

International relevant institutions working on attracting funds to their associated universities, such as the Council for Support and Advancement of Education.

4. University Foundations

To promote continued training and relations with businesses.

5. Merchandising

Licensing university brands and symbols to businesses in sports, decoration and others.

6. Public-Private Companies

University and corporations (Vigo+Barcelona).

7. Alumni associations

Coordinate with these associations to promote the use of university resources, of staff, researchers, events. It could be useful to study the effect of certain legislations to encourage altruism in potential donors. A very common experience is the need of a specific professional organization in the institution to attract donations.

In Spain, in some debates with Governing Bodies, companies have expressed clearly the need of transparency and accountability so that donors have confidence on why funding is requested and how funds are used.

In the present amendment to the university legislation, the *Consejos Sociales* are asked to produce an annual program of relation activities of the university with society. This program should, among other activities, to look at the way to approach private financing.



VI. How Universities are Being Governed

JOSÉ LUIS LÓPEZ DE SILANES

PRESIDENT CONSEJO SOCIAL UNIVERSITY OF LA RIOJA. SPAIN

Ladies and gentlemen, good morning to you all.

As Chairman of the Social Board of the University of La Rioja, it is a great honour for me to participate in this working group which, as you all know, is here today to analyse the situation regarding the way in which the universities are governed and, I venture to add, to propose some lines along which some improvements might be made.

It is obvious that if, in a meeting such as this one called *Society Meets University*, we propose analysing the situation in which university government finds itself today, it is because the current model is not entirely satisfactory to everyone, or at least it seems to us that it could be improved.

I would just like to mention a few thoughts regarding “Governing the Universities”, by opening a debate that will enable us, among ourselves, to raise some fresh points of view on the subject.

First of all I should like to draw your attention to the fact that among the 20 best universities in the world, there are no Spanish universities or *indeed* any from the rest of the European Union, with the exception of two British universities. Generally speaking, and as we all know, the classifications of the best universities in the world are headed by American and British universities. At the risk of stating the obvious, what characterizes the best universities such as Princeton, Berkeley, Stanford, Harvard, Oxford or Cambridge, to name just a few, is the fact that their research levels are excellent and they are also able to attract the best professors and the best students. It is not a coincidence that the presence of the best researchers, professors and students are at the best universities. It is the product of an appropriate legal framework and a continued effort to attract them and retain them, and this responds to a clearly defined strategic plan that is continued over time in order to achieve it.

One of the reasons for the absence of Spanish universities, and those in other European Union countries, from the ranking of the best universities in the world is probably the result of the tendency to uniformity and the excessive regulation that have traditionally governed European university systems¹⁰. Despite the fact that these systems guarantee a good average quality, this

¹⁰ In April 2005, the European Commission published a communiqué entitled *Mobilizing the intellectual capital of Europe. Creating conditions for universities to be able to*

tendency to uniformity is not compatible with the rapid transformation that the university panorama is undergoing and which requires a greater capacity for differentiation in order to meet new demands, globalization challenges, competition and the demand for excellence.

In this regard, the report entitled *Mobilizing the intellectual capital of Europe*, which was drawn up by the European Commission in April 2005, proposed increasing the degree of diversity in the system and to concentrate financing in networks and centres that possess a suitable level of excellence.

This demand to reach a level of excellence is even greater in the case of Spain, taking into consideration the rapid transformation that the university environment has experienced over recent years in relation to the availability of university places. An illustration of this is that in 1986 there were 34 universities, 30 of which were public and 4 private, while today there are now 73, 50 of which are public and 23 private.

We all know that this increase in the number of universities has not gone hand in hand with a parallel growth in the number of students; in fact the opposite is true. For demographic evolution reasons, the pace of growth in the number of students started to drop in the mid-90's, but it began declining in absolute numbers from the year 2000, and so right now, the number of university places available is almost 20% higher than the number of students that are enrolled. On the other hand the "knowledge society" in which we live clearly shows the need to reinforce the third mission of the university, which is none other than that of the contribution the university makes to the economic

contribute fully to the Lisbon strategy. In this communiqué, the Commission makes clear the facts that synthesize the dimension of the challenge being faced by academia in Europe and the resulting need for change.

- Only two European universities are among the best 20 in the world.
- National European systems guarantee a comparatively good average quality in their research centres but centres providing excellence are scarce.
- The ratio of researchers for every 1,000 employees in Europe is much lower than in the United States and Japan.
- Both in terms of R+D and in higher education costs in relation to the GDP, the percentages of the EU are clearly below those of the USA, Canada and Japan.
- The percentage of the population that has completed higher education in Europe in comparison with the United States, Canada and Japan is clearly lower despite the effort made by the various European Union countries.
- In Europe, higher education is considered a "public asset", but on the other hand enrolment grows more quickly in Canada and the United States.

The European Commission communiqué concludes that we have to look for the reasons for the weakness of the results of the work done by European universities in the tendency to uniformity that governs national university systems and in the excessive regulation of academic life. **Uniformity and excessive regulation are then, according to the Commission's report, the two barriers that finally prove to be the obstacles in the way of modernizing European universities.**

and social development in its sphere of influence. However, the transfer figures of Spanish universities have come to a standstill, and in comparison to Anglo-Saxon universities, it shows us that there is still a long way to go in the various fields of valued research¹¹.

This should, of course, lead to a greater management effort on the part of the Spanish universities, in order to be capable of adapting their offer to this new situation with objectives of excellence in research and teaching, and the commitment of the university to its environment. It is quite possible –and this has already been proposed by different forums– that one of the crucial transformations that would have to be made in order to achieve these objectives is a change in the model of government and accountability, along the lines that has already begun with the creation of the Universities' Social Boards.

One of the criticisms most often aimed at the present model of university government is that it has generated a complex mechanism of representation –professors, students, and administrative and services personnel– and an extremely complex collegiate decision making system, that carries with it decision making through consensus, which restricts its flexibility and capacity for innovation, and where the demands of society have little representation.

Another frequently expressed criticism of this model is that it forces a situation where the Governing Bodies are sometimes made up of people with a low level of leadership training, and that greater specialization and professionalization would logically be needed in their management.

In this respect, and when university autonomy has been achieved, another step forward should be taken so that universities can equip themselves with a more suitable system of government, professional management and mechanisms for accountability that are more in harmony with social demands.

The creation of Social Boards has meant a step forward in this sense. However, the design mechanisms that control the way Boards operate, is still insufficient in university government, as some of us have been able to verify. This is why, and in order for the university to become the heritage of society as a whole, social presence must be reinforced and the bodies and functions of government of the university system must be strengthened.

Following along the same lines, in this area, one of the transformations being suggested from different areas, and which I, personally, endorse, is the possibility of separating the responsibilities of governing the university and academic responsibilities. This model, which is already in place in the best word re-known universities, would allow the person responsible for academic matters, under the Governing Body of the university, to be able to focus their attention on all the functions that are related to the management of academic matters¹². The university would, at the same time, have a Governing Body with a limited number of members with the ability to designate the person who would be responsible for management of the university, in accordance with the guidelines laid down by that Governing Body.

In order to do this, the current legislative framework would have to be modified so that each university could, in agreement with the corresponding autonomous community, establish the

¹¹ Technological transfers, patents and spin-offs.

¹² This is often called the Academic Senate.

characteristics of its Governing Bodies, without the need to submit to general guidelines such as those defined at the present time.

Besides separating academic responsibilities from university management, there would have to be a generalization and consolidation of the carrying out of strategic plans and programme contracts that link university financing with the fulfilment of clear targets that are in harmony with the needs of its environment.

I hope you find these thoughts useful for opening an enriching debate on this topic of university government which I am sure concerns us all.

Thank you.

References

European Commission (2005): *Mobilizing the intellectual capital of Europe. Creating conditions for universities to be able to contribute fully to the Lisbon strategy.*



VII. Recent Developments in Governance in the UK Higher Education Sector

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Considering the important diversity existing in Great Britain's higher education there are two documents key to recent developments in governance: the *Lambert Review* and the *Committee of University Chairmen (CUC) Governance Project*.

According to this review, British Universities operate correctly within the present science and technology standards, and are in a good position to capitalize on the two main trends in higher education and research: the globalization of R&D related business and the fact that research should be increasingly more open and cooperative. Besides, there is clear evidence that the quality of British research has improved in the past years and universities have more involvement and activity with their immediate regional communities.

The *Lambert Report* underlines also the importance of reviewing good practices in these institutions. It recommends the creation of Codes of good practices to prevent and solve eventual conflicts of interest. These codes should be revised once every two or three years, and the results of these revisions should be published to provide better accountability to the system. It recommends for the CUC, in consultation with Government and the higher education sector, to draft a concise code of governance, which every university may freely adopt.

The *CUC Governance Project* is a reference document in the UK. It is a compilation of good practices that are already in use in some institutions and that are recommended to be adopted by others. The Code of Governance is voluntary, and Universities choose freely its adoption.

The fundamental principles of governance in which the Code is based are:

1. Recognition and respect to diversity.
2. Search of fitness for proposed objectives.
3. Definition of responsibility of the governing body.
4. Establishment and respect to the boundaries between governance and executive management.
5. Recognition of the importance of academic governance and its relationship to the governing body.

To the questions why is a Governance Code of Practice needed? and what are the benefits of implementing it? The answer is

Better governance= More trust= Less regulation.

Institutions are expected to comply or explain where their practices vary.

The follow-up on the adoption of the Code is done through surveys. The CUC has recently finalized a project on Key Performance Indicators and published other instructive documents related to university governance.

The Code has been broadly published and may be found along with other publications on this subject in the CUC and Leadership Foundations websites. The regional awareness conferences held through 2005 along with the Leadership Foundation enabled open debates of the main issues. Since its publication a compromise exists between Governments, Economic Councils and the Review Group of Higher Education Regulation for a lighter regulating touch in the sector.

The results of the first survey on governance published in January 2006 highlight:

1. 93 Higher Education Institutions responded to the survey, a 79% response.
2. A 67% of the Institutions have adopted the Governance Code of Practice as presented and a further 17% have done so with amendments.
3. A 61% of the Institutions have reviewed their legal instruments of governance since October 2003.
4. 81% of the Institutions have made or would be seeking to make changes.
5. All pre-92 Institutions have or will soon have reduced their governing body membership.
6. Following these reductions the average governing body membership of pre-92 Institutions will be 27.8.
7. Lay governors are getting older, especially in pre-92 sector: a 52% (39% in 2003) are over 60 and only 15% are under 50 (21% in 2003).
8. 26% of Higher Education Institutions have a governing body which is at least 80% male.
9. Ethnic minority lay membership is slowly increasing: 27% of HEIs have at least 10% (21% in 2003).
10. 21% of HEIs reported difficulty in recruiting and/or retaining lay members.
11. Only 1 HEI remunerates its chair.
12. A 91% of Governing Bodies have carried out an effectiveness review since October 2003.
13. A 73% of HEIs have adopted a Statement of Primary Responsibilities and a further 18% have one in preparation.
14. A 56% of Governing Bodies explicitly use Key Performance Indicators (KPIs).

Key Performance Indicators Report. Project 2006

The *CUC Report* with presentation date November 2006 introduces a framework for monitoring of institutional performance built around the concept of key performance indicators (KPI). The term KPI is used in the sense of high level or strategic indicator of an aspect of institutional performance which is of importance to Governors. No part of this monitoring framework is intended to be prescriptive or mandatory for institutions. It does represent an example of good practice. The design of the *Guide* has been influenced by the following considerations:

- Governors cannot and should not monitor large volumes of operational information. They need a small number of high-level KPIs which are most critical factors for the institution.
- The KPIs which are most important and relevant for Governors will differ between institutions and between types of institutions.

- The guidance is indicative rather than prescriptive, and it is “layered” so that at a high level it provides a set of simple indicators which can be shown on one page, but there is a scope to expand on these (or to drill down) as is most relevant for each institution.

The core question addressed by the *Guide* is “what do governors need to monitor in respect of institutional performance”? To answer this question, the *Guide* defines KPIs at three levels and provides other material to help institutions to construct and use these KPIs. This creates a monitoring framework, i.e. a flexible structure which combines the high-level presentation of essential performance review information on one page for Governors, with the layered back-up material which underpins this.

At the highest level the *Guide* defines two highly-aggregated performance indicators covering institutional sustainability and academic profile. These could be considered the two most fundamental issues that concern Governors, as any significant weakness or concern in either of these areas could threaten the future of the institution in its current configuration. Between them, these two indicators potentially cover much of the activity of the institution. These two “super KPIs” are supported by eight other high-level KPIs covering all the strategic aspects of institutional health. These are more focused (i.e. they each cover a narrower area) than the two super KPIs, but they are nevertheless still high-level or aggregated indicators which will each be made up from consideration of a number of factors.

The Top-Ten High-Level KPIs are: A) Top level summary indicators (super KPIs): 1) Institutional sustainability, and 2) Academic profile and market position; and B) Top-level indicators of institutional health: 1) The student experience and teaching and learning, 2) Research, 3) Knowledge transfer and relationships, 4) Financial Health, 5) Estates and infrastructure, 6) Staff and human resource development, 7) Governance, leadership and management, and 8) Institutional projects.

The top-ten have been chosen because they form a coherent set of KPIs which meet the criteria of being:

- a) Critical to the success of the institution.
- b) Strategic - i.e. high level and of interest to Governors.
- c) Relevant to all types of institution.
- d) Able to cover all the main areas of strategic and risk which Governors need to monitor on a continuing basis.

VIII. Knowledge Transfer. Problems and Opportunities

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Welcome to this working group on knowledge transfer, probably one of the most representative examples of how university and society should meet for their mutual benefit.

The two traditional main missions of higher education are to teach students and to create new knowledge through research. However, if both learning and knowledge are to be useful, they have to reach the marketplace and to be applied to the areas of life where they can make a difference. That is what knowledge transfer is about, a real third mission of universities in today's globalised world, where advanced, technology-based, high-wage economies have moved away from traditional manufacturing towards innovation-intensive products and high value services. We live in a knowledge economy where research bases, such as universities, and business companies have a decisive role to play, through their interaction and collaboration, to bring in a competitive knowledge society.

Knowledge transfer presupposes, obviously, knowledge production, which is in its turn a product of research. A decisive indicator of the capacity of a country to successfully compete in the global knowledge economy is the intensity of the effort it deploys, both in quality and in quantity, to put research among the top list of its concerns and priorities since innovation, the capacity to produce new knowledge, is a vital asset for economic success, social welfare and cultural vitality.

When we talk of knowledge transfer, we talk about a two-way process, one that involves exchanging ideas, experiences and research results between universities and business, and also government and the public sector, to enable new innovative products, services and processes to be developed for the general benefit of citizens and society at large. It is essentially a dialogue between researchers and research users, certainly of a complex nature, which takes on a number of mechanisms and raises a number of questions and problems.

Let me outline some of the main issues which I consider relevant to our topic and to our exchange of views. A catalogue of relevant issues should include the following:

1. The nature of, and the obstacles to, a fruitful relationship between universities and business.
2. The main forms of collaboration between business and universities.
3. The question of funding.
4. The key issue of intellectual property and its protection through patents.
5. Commercialisation: licensing and spin-offs.
6. Business liaison offices and technology transfer offices.



A few comments on the first issue, the relationship between university and business. It is certainly a difficult one because they have not developed a cooperation culture, although they have indeed to be seen as potential partners, and because the academic community and the business community are different in aims, management and incentive systems. This relationship, though, is of strategic importance because, as I have pointed out at the beginning, knowledge is quickly replacing physical resources as the main driver of economic growth, at the same pace as society is becoming increasingly knowledge-based.

There is a broad range of ways to foster a more solid relationship and an easier mutual understanding between the two actors. Among them: internships in companies by students and researchers; forums, conferences and encounters bringing business people and academics together; the presence of academics in company Boards and the possibility of business executives lecturing in universities; or the progressive integration of business challenges in the mentality of universities, which should translate into entrepreneurial, management and innovation skills becoming an integral part of graduate education and research training.

A second question is the forms that collaboration between business and universities takes. They range from the rather loose relationship set up through consultancy, to the more complex, longer term partnership represented by collaborative research, developed as a strategic option by universities and business, often with financial participation of the public sector, to work together on shared problems. In between, there is the rather flexible and cost-effective mechanism of research contracts that companies negotiate with universities to entrust them to undertake a specific piece of research on their behalf.

Different barriers often hinder or complicate the implementation of these forms of collaboration: time limits set to academics to spend on consultancy; prices universities charge business in their research contracts; or the difficulty to agree terms and conditions of ownership and exploitation of intellectual property in collaborative research agreements.

A third topic is the question of funding to support knowledge transfer. Higher education has traditionally been funded for teaching and research. There was not third stream funding for knowledge transfer until recently and it should be welcome and encouraged because practice proves that it has been effective in promoting greater knowledge transfer through its support to a broad range of activities from training of professionals to setting up of business liaison offices and technology transfer offices, creation of spin-offs, licensing, collaboration with small and medium enterprises, etc.

A key issue is the one related to intellectual property and its protection. Universities transfer their knowledge to business in the form of intellectual property that they seek to protect through patents to ensure the continuation of their future research, while business claim ownership of intellectual property to protect the investment required to develop the research product into a commercial product. Negotiations over patents and intellectual property ownership are often long, difficult and expensive, ideal circumstances to deter business, especially small and medium enterprises, from entering into research collaboration agreements with universities.

The protection of intellectual property is a key element to determine the quality and quantity of business-university collaboration. Disagreement over its ownership is an important obstacle to knowledge and technology transfer. Contract rules or an appropriate legal framework are indeed very convenient to improve the management of this sensitive issue. In this respect, it is relevant to

point out that the criteria set out in the 1980 *Bayh-Dole Act* in the USA enabling research institutions, including universities, to retain title to inventions made under federally-funded research programs, have been significantly instrumental in encouraging universities to participate in technology transfer activities.

Commercialisation of knowledge is the process of getting ideas with a commercial application out of the research laboratories and into the marketplace. University spin-offs and licensing compete as vehicles to this purpose. Licensing to industry is probably the quickest and most successful way of transferring intellectual property, which is why it has won until recently most technology transfer, but in the last decades the creation of spin-offs has significantly grown despite the challenge they face in attracting venture capital. Spinning off new companies needs seed financing for early stage investments and licensing to industries is very much dependent on proof of concept funding to clear the uncertainties about the commercial viability of a new invention. In both cases it is difficult to attract private investment and universities cannot generally meet those needs, especially proof of concept funding, with their own resources. Thus, public funding is in this respect particularly valuable for expediting licensing by universities and the creation of viable university spin-offs.

Business liaison offices and technology transfer offices in universities offer the necessary structure to manage relations with industry and to deal with commercialisation activities. Their size and nature differ, but they are all the more effective and useful when they are professionally run by specialists able to embrace the wide range of knowledge required by the task these offices are entrusted to perform: industry experience, licence negotiation expertise, entrepreneurial skills, market research, legal knowledge to properly manage intellectual property, etc.

Appropriate training for people involved in the crucial activity of commercialisation is an important component of a solid, sufficiently staffed and professionally qualified university office as a valuable tool to encourage and promote knowledge and technology transfer.

After this quick review of some of the most relevant issues involved in knowledge transfer, the floor is open for remarks and discussion.



IX. Governance in the University of Toulouse Le Mirail

Legal framework - Organisation and practice. Issues and challenges. What's on the way?

PERLA COHEN

UNIVERSITY OF TOULOUSE LE MIRAIL. FRANCE

Legal framework

Toulouse Le Mirail University's legal governance framework is determined by the *January 26th 1984 Act* and the *July 17th 1984 Decree* that regulates Higher Education in France. According to this law, universities priority mission have three main trends: scientific, cultural and professional. To meet these missions, French Universities have been asked to provide an initial, general, pre-professional and LLL training, both by presence and distance training, as well as research and research training.

Universities in France are autonomous to a certain extent: their functions are defined by law and through contracts, the diplomas are mainly national and their workers mainly permanent civil servants. They are in charge of awarding national diplomas or official degrees and their own degrees.

The figures describing Toulouse Le Mirail University are: 25,230 Graduate Students, 4,773 Masters Degree Students, 934 Doctorate Students; 881 Professors (along with hundreds of occasional collaborations); 565 members of permanent administrative staff (engineers and technical civil servants) and 110 temporary staff; Its total budget is 47 million euros, and its research budget is 5 million euros (1.5 million in contracts).

Organisation and Levels of Governance

Toulouse Le Mirail University has five training and research units (UFR), with some associated departments and research teams, these structures are similar to those known in Spain as *Facultades*. According to article 32 of the *January 26th, 1984 Act*, each unit has its own governance bodies that have some external members.

The University counts with, besides its other main structures already defined three Institutes –The Technological University Institute, the Multidisciplinary Institute for Latin American Studies, and the Regional Labour Institute– and a School: the School of Audiovisual Studies. Moreover, the University is organized around twelve central services, eight general services and four specific services.

The University has three central Governing Bodies, the Governing Board (CA) is the decision one, the Scientific Board (CS) and the University life and student Board (CEVU) have a consulting status with specific decision powers to the scientific Council. The CA defines its own functions and statutes and has the power of decisions on all matters concerning the University.

Research

There are presently 37 research teams in Toulouse Le Mirail University. Their across the board mission is determined by the Scientific Board and managed by a Vice-President who is elected every four years. Research main features are:

- They have their own buildings and laboratories, direction and mixed University/CNRS support units (human and financial). The total research budget for each resource unit is consolidated within that specific unit.
- Each team director is responsible for the assigned budget and for their research lines.
- Each of the Three doctoral schools, each one is headed by a director, proposed by the composing laboratories directors and nominated by the President of the University.

Governing Bodies

1. Overlapping circles: the UFR

The UFR have the across the board of is a coordinating structure for the pedagogic and directive policies and of it has the capacity for assuring the multi-disciplinarity aspects in curricula. They UFRU U are managed by a committee, which is elected every four years. Each UFR director is a professor/researcher, he is elected for a five year term, and is assisted by a board composed by the directors of the departments involved. The Managing Committee is composed by the Bureau management members and by the board of the across mission managers. The UFR statutes are validated by the Central Governing Board. The UFR are second in the budget levels.

2. Departments

The departments of the University Toulouse Le Mirail are structured according to the main scientific disciplines. They are responsible for: general and professional tuition, for the preparation, endorsement and execution of their assigned budget and for the definition of their staff policy. They are managed by a board elected every four years, a director and a Managing Committee. Their budgets must be submitted to the relevant UFR Board that has to approve its suitability according to the previous Central Governing Board budget decisions.

3. Central governance: the Governing Board

According to Article 26 of the *January 26th 1984 Act*, the University is managed by: the President's decisions, the deliberations produced in its Governing Board and the recommendations of its two Advisory Boards: the Scientific Council and the Student and University life. The Governing Board (CA) is the University's decision body, it defines policies, determines strategies and approves the annual budget. The Board is chaired by the President and has a membership of sixty people, each member is elected on trade-unions lists representing the main working professional categories.

The president is supported by a Support Bureau of 14 members, holders of specific positions in the University's organization chart; internal cohesion is very important to this Bureau. Its mission is to compile, initiate, inform and prepare the decisions and their adoption by the Governing Board (CA). In its composition, besides the President, the following members are included: the four Vice-Presidents elected in the University (three that direct the Governing, Scientific and Student Boards and the Vice-President of university properties, by the Presidents of the six existent Commissions (Finance, Tuition, University Life, International Relations, Innovation and Prospective, and 2010 University); by an assigned director of the URF (in rotating terms), and with a advisory status, by the secretary general and the certified public accountant.

The Management Board of the CA is composed by 47 internal elected members: 26 must be teachers or researchers (13 professors or assimilated and 13 other teachers or assimilated), 13 students, 9 administrative staff, and 12 external members representing civil society. The CA is elected every five years.

There are six Commissions within the Governing Board: Budget, Tuition, Student and University Life, International Relations, Innovation and Prospective and University 2010. These Commissions program the plenary sessions by filtering, pre-selecting, discussing and preparing issues to enable decision making. These six Commissions have 12 to 16 members, chosen among those that belong to the three Boards governing the university; in these Commissions there are no external members.

In their composition, an internal maximum consensus is sought for, and as a result a majority of professors are elected with a certain trade union representation balance.

The system for electing external representatives for the Management Board of the University Governing Board is ruled by *Decree 85/28 of January 7th 1985*, amended in August 1988 by *Decree 88/882*. The elections are proposed by the president and confirmed by the CA. There are two external member categories established by the law, A and B, each of them subdivided in 1 and 2, as follows:

- Category A1: members of Boards of associations in the neighbouring communities. In the University of Toulouse Le Mirail there are 3 members in this category.
- Category A2: representatives of business activities (professionals, sectors of social economy, worker or employer trade-unions and other). In the University of Toulouse Le Mirail there are 6 members in this category.

The sum of sub-categories A1 and A2 have to be the 50-80% of external elected members. In their election parity between employers and Trade-Unions representatives must be respected.

- Category B1: representatives of scientific and cultural associations. In Toulouse Le Mirail there are 2 members in this category.
- Category B2: designated persons. In Toulouse Le Mirail there is only one members in this category.

Secondary schools teachers can be admitted in this category, but not university professors.

Article 27 of the *26/1/1984 Act* refers to the President's election and responsibilities. This article determines the President as the maximum representative of the University and is the university's highest executive. He/She is elected from the University Academic Body (Professors), for a five years term, with no immediate re-election option.

4. Scientific Board

The Scientific Board of the University of Toulouse Le Mirail, one of their three Governing Bodies, has in fact more than an advisory status. Its responsibilities, determined by Law are: the proposal of the research policies for the institution and the distribution of the research credits obtained. It also advises on the tuition programs and on the research contracts proposed by the campus researchers. The CS has 40 members of whom: 28 representing the different categories of professors and researchers, 4 representing students and 8 are external members (2 designated by associations, 4 from economic sectors and 2 designated for their personal prestige).

5. The Students and University Life Board (CEVU)

The CEVU is an advisory Governing Body whose responsibility is to provide information to the CA on how to direct initial and continuous tuition programs, on the qualification requirements, and on the measures to be taken to encourage student labour insertion and to favour their cultural, sport, and social activities. Besides, the CEVU evaluates the university services performance, such as libraries, medical services, documentation centres, etc., and ensures the students freedom in political and trade-union issues.

The CEVU has 40 members: 16 professors and other categories of teachers or researchers, 16 students, 4 administrative staff, and 4 external members (ANPE, INSEE, other universities in Toulouse).

6. External participation in the three main Boards

The total numbers of members in the three boards is 140: 60 CA, 40 CS and 40 CEVU. 24 of them are external members (17%) representing civil society from local communities from the trade unions, business, scientific and cultural sectors (12 CA, 8 CS and 4 CEVU). Most of them are elected, and a minority is designated. They have no specific role or tasks defined, except their participation in the President and Vice-Presidents elections. The 12 external members of the CA participate in deliberations and voting of the Board, for example in the budget approval. The other 12 external members of the CS and CEVU boards participate in their Boards advisory activities.

The University in a new environment

We are in a process of a lot of important changes are happening in the higher education environment: legal, contractual, statutory and other. A strong consciousness of the necessity to adapt to the new world is now general. In this new environment, the questions and debates are around main lines: How university governance must change to meet these new challenges? Which rules of the game are changing? How? To what extent? What are the main proposals and what tools can be put in place to adapt to changes? How to change without opening a huge social opposition?

Proposals come from different sectors, including the representatives of Universities. One of them seems to be common to all. It is related to the question of management which should be more professional approach and need an increased accountability, alignment of goals, more resources and results. The second proposal, in a very different direction, underlines the need of developing a new vision for the

institution, a new culture to promote a closer engagement of Society and University. The third and last proposal refers to the need for new resources to complement the traditional public funding with funding from others sources; this activity requires new negotiations both inside and outside the institution.

Changes: what for? How? Who has the initiative?

The university is at the centre of knowledge production and its diffusion, knowledge is at the heart of economic growth. Society then demands a new role for the university, it must become an important regional economic driver, a social and development driver, creating wealth and development. The system needs to provide students with more adaptability to job availability and creation of new jobs. To meet these new roles in moments of funding restrictions, universities need new resources, modern financial strategies, adequate accounting and control systems and new management and information systems.

The institution is required to adapt to its environment at different levels, as changes affect both internal and external relations: university/other schools; Europe/state/regions, internal actors/external actors (politicians, businessmen...), and others.

Governing Bodies also have to adapt and change their internal structures seeking support by building up on consensus, on staff capabilities and specificities.

In any case, universities need to improve resource management and to find new funding sources, so as to enable them meeting their new mission requirements: offering both mass teaching and quality research and tuition, prepare their students for a fast changing world of work, develop their capacities to adapt to new situations, in a word give them tools to go on learning and changing to adapt.

Challenges: to change in a period of deep changes - Toward a new management for universities?

To change in a time of change the university must:

- Discover new alternatives and new internal and external governance rules.
- Define clear goals, measure results, and diversify funding.
- Establish new multilateral contracts, within and without the university: state (strategic and coordination), region (communities and other higher education institutions), and other social agents.

External Members: Roles and Expectations: an Example

The policy of the Scientific Board has been so far to include in its members external to coming out of the university community so that they may and give them the possibility to act as an interface between the university and society, opening for the Board doors and windows to the outside world, and so that they can contribute with intelligent and well informed input, give support to the necessary prospective and evaluation studies, that they contribute with their global environment knowledge to help identify emergent scientific fields and new needs and opportunities.

Summing Up

After analyzing recent trends as far as governance university is concerned and studying the case of the University of Toulouse Le Mirail, some questions are still unanswered: in the interaction between autonomy and control what role do external representatives do really play as members of university Boards (Governing Bodies)? In the present environment, is the university system a more open “game” than it used to be? Is it more accountable one? Has it really benefited from the presence of external representatives? Moreover does it need more control of its responsibilities and resource management? Must it seek to diversify its sources of funding? Who must influence the content of the academic degrees? Is it necessary to make changes in management? Which ones? Would it be necessary to widen or to strengthen or to reduce the decision making circles? In each case, what real competences and roles should be given to these representatives of the social and economic world members of university Governing Bodies?

Whatever the answer to these questions, the present trends are clear: the need for change is obvious, the end of university autarchy is here. Although the pressures are diverse and come from different levels, the changes needed are driven by clear specific necessities, but still some fear that autonomy leads to diversity and heterogeneity, not to remind that some consider that not all changes are necessarily positive. The universities face the challenge to lead that change suitably, to sign new agreements that will enable the smooth development of its educational and research work. The university management should lead the changes preserving core academic values and their roots, with a wise balance between changes and stability.

At the time we review this presentation, we need to add the following information in order to put it up to date. Some of the questions raised in this presentation have already found a solution. The reform of the university has been adopted in July, it gives more autonomy to the Universities and consolidates its capacity of managing its human and financial resources. This law brings major changes to the governance rules by drastically reducing the size of the governing body (20 to 30 max instead of the actual 60), changing the ratios of representation of its different categories, giving more weight to external representatives. It gives much more power to the President who can be re elected once (2x5), by a tidy group of persons, allowing him to hire academic and administrative workers.

Two points of the law as they were first presented could not be adopted due to a strong reaction from representatives of syndicates of both students and professors, they are linked to selection of students at the masters level and rise of tuition fees. One must say that as far as selection for masters is concerned, it is indeed already a reality, quite all the masters, being research or professional, do select their students. As to tuition fees, one can guess easily that given the new power of the President, he will have the capacity under certain conditions to manage this point case by case.

In any case, six months after the adoption of the law, quite all the universities in France will have to proceed to new elections in order to elect their new Governing Bodies and put in practice the new rules. One point is already clear, the President of the university disposes more than ever of a huge power, each university will adapt to the law and this adaptation will have much to do with the specific culture of the university and the new balance between the traditional circles of influence, being that of trade unions, disciplines or other. In that perspective, the way external personalities will be selected and the role which will be theirs, their real participation to the affairs will to our mind help create a new culture and consolidate forces for change.



X. Responsibilities of Universities versus Society

JOSÉ MARÍA FLUXÁ

PRESIDENT CONFERENCIA DE CONSEJOS SOCIALES DE LAS UNIVERSIDADES
ESPAÑOLAS. SPAIN

The goal of university or higher education is to form educated citizens. Students do not suddenly become educated; they need to mature throughout their education process. In the most accepted paradigm of the higher education missions we could highlight the following:

1. To prepare students for future work.
2. To develop the knowledge and abilities.
3. To strengthen knowledge in society, often nowadays called the knowledge society.
4. To extend culture and social values.

In an individual learning does not end with his/her initial education. The true learning society must help its citizens to continue their learning throughout their lives, on their way, with continuing education. But, how does one achieve this last point: extend culture and social values?

These values are necessary to achieve a democratic and advanced society. In Spain, and in the whole world in general, there is a big concern about the social values in society. I believe these values are the substance of an ordered academic life, which means that they are values natural to universities:

1. Freedom of thought.
2. Search of the truth.
3. Freedom of speech.
4. Logic to extract conclusions.
5. Tolerance in discussions.
6. Sharing knowledge.
7. Ethical engagements concerning new developments.

Society is in need of this kind of democratic individuals that have these cultural values, aligned with his/her acts. That is the main reason why it is desirable that the cultural extension that higher education gives, reaches as many citizens as possible, taking as far as possible the premise of equal opportunities. There are, however, certain social groups whose access to higher education is very limited. It is convenient to make an additional effort in this line, to assure the development of a sustainable, democratic society; and to make it last in future time.

The cultural extension of higher education must include work in humanities along with research, to enhance the comprehension of fundamental social institutions. We must think about our history and

the basis of religions and laws, for example. A cultured man must value altruism, not only commercial activities. Democracy requires this kind of education, and it is the reason why democracy and culture always go side by side.

It is of the most importance to understand the demands society has on higher education. Businessmen, a part of this society, usually see their employees as an added value to their businesses, probably their most important capital.

People who have gone through university and who are more cultivated usually have better employment opportunities and their salaries are usually higher than those people who started at the same time in the company but have not got a higher education degree. This situation will probably continue in the future.

If we think about the employment expectations and the business demands for educated workers, we would expect teaching to include not just the described values, but also some of the capacities that will be appreciated in future jobs; the first of the higher education objectives is to prepare students for work. Besides general and specific knowledge, the student should be able to communicate; to work in a team; to use different languages with ease.

We must also remember that higher education must open a natural road to respond to human innate curiosity, by putting forward the means for research, necessary in a competitive society. Through research higher education improves, enriching students and professors. And it is also an excellent opportunity to collaborate with entities external to the university.

I believe a *Consejo Social* can efficiently help the university, due to its ability to make society participate in the worries and actions of the university in the described challenges, especially in the analysis of social demand.

Once described the necessary training for the preparation of a cultivated individual, the basic resource that universities possess is knowledge. This fundamental resource must be managed as a necessary resource is managed in a business or enterprise. The same happens in universities. It is of great importance to have in place a strategy for the management of knowledge and, finally, of an education plan. I can say even more, the existence of these kind of strategies is what decides the quality of a university. They are the authentic signals of an entity's quality and, as the quality itself, it will be decisive in the competition between universities.

Besides strategies, most importantly, there is knowledge, which is not explicit in books or papers, but resides in the faculty's minds. It is implicit knowledge that needs also to be managed and which is, perhaps, the university's main knowledge resource.

Well known methods exist for managing this implicit knowledge: promote meetings of colleagues, peer groups, with teachers focussing for example in learning methods and pedagogy.

New information and communication technologies support virtual learning methods; they allow us to ignore time and space: to attend a lecture or study with no need of being in a specific room and out of any specific time. I believe those methods to be of first importance not just for long distance students, but also to students attending classroom courses. The use of information, virtual libraries, specific training for specific pupils who may need help, freedom in lessons on abilities, on humanistic complements, etc. make it especially effective to complete student education including a cultural aspect.



XI. Collegial Governance at the University of Alberta, Edmonton

BRIAN HEIDECKER

CHAIR BOARD OF GOVERNORS, UNIVERSITY OF ALBERTA. CANADÁ

The University of Alberta, founded in 1908, is a public research university; it has three campus with a total of over 35,000 students. Similar to present democratic States, the University of Alberta is organized in three branches: Legislative, Executive and Judicial.

Empowered by the *Post-Secondary Learning Act* issued by the Alberta Government the university has a bicameral legislative system formed by the Board of Governors (BG) and the General Faculties Council (GFC), the former dealing with issues related to administration and management and the latter dealing with academic issues. Collegial governance is structures in three areas: administration, staff and students.

The legislative branch makes the broad guiding decisions, including mission, mandate, academic plan and institutional policy. It is formed by the Board of Governors and the General Faculties Council. The Faculty Councils are represented in the GFC. These Faculty Councils are composed by Department Council representatives. GB and GFC are the top institutional Governing Bodies.

The Board of Governors has 21 members: the Chair (public appointment), nine public members, the Chancellor, the President, and nine members representing:

- Senate: 1.
- Academic Staff Association: 1.
- Non-Academic Staff Association: 1.
- GFC: 1.
- The students and alumni: 5 (2 alumni and 3 students):
 - a) Alumni: 2,
 - b) President of the Students' Union: 1,
 - c) President of the Graduate Students' Association: 1 and,
 - d) Under-graduate Student: 1.

In accordance with its mandate the BG has among other responsibilities: long-range planning, budget and finance, tuition fees, collective agreements, buildings and property.

The General Faculties Council has 154 members. The GFC is responsible Academic and student affairs, including academic policy and programs, curriculum, calendar, student awards and appeals and the granting of degrees.

The GFC has two categories of members: statutory (81) and designated (73). The 81 statutory members are those whom the *Post-Secondary Learning Act* decrees as members: 26 Senior administrators, 52 Faculty, 3 students (2 undergraduates and 1 graduate students). The statutory members can appoint others to GFC; of the 73 appointed members: 52 are students (40 undergraduate, 12 graduate) and 21 other appointed.

The interaction between GB and GFC is assured by the seven members they share, and by the reports on their debates and agreement which is transmitted between both boards. The seven members in both Committees are: President, the Students' Union President, the Graduate Students' Association President, an undergraduate student nominee, a nominee of the Non-Academic Staff Association, a nominee of the Academic Staff Association, and a nominee of the General Faculties Council.

Concerning the flow of information between the two bodies, it is mandatory for a number of GFC business items to go on to the Board. Board items concerning proposals to "reduce, delete or transfer a program of study" must be submitted to the Minister of Advanced Education for approval.

The Executive Branch develops proposals for the Legislative Branch and implements its decisions. It also develops procedures, regulations, guidelines and some policies and oversees all operations.

At the top of this Branch's organization is the President and reporting to him are: the Provost and academic Vice-President (with direct report from Deans and some Directors) and the Vice-Presidents of External Relations, Research, Finance & Administration and Facilities & Operations.

The third Branch, the Judicial Branch, is organized in three areas: students, academic staff and non-academic staff.

The GFC has the responsibility for students, having the final decision on students academic standing, discipline, practicum placement and safety issues. The Board of Governors is the final responsible body in relation to academic staff which is regulated by Article 16 of Board/Academic Staff Association Agreements. BC is also responsible for non-academic staff regulated by the Discipline and Grievance Articles of the Board and the Non-Academic Staff Association Agreements.

The Sources of Authority for President and Vice-Presidents are:

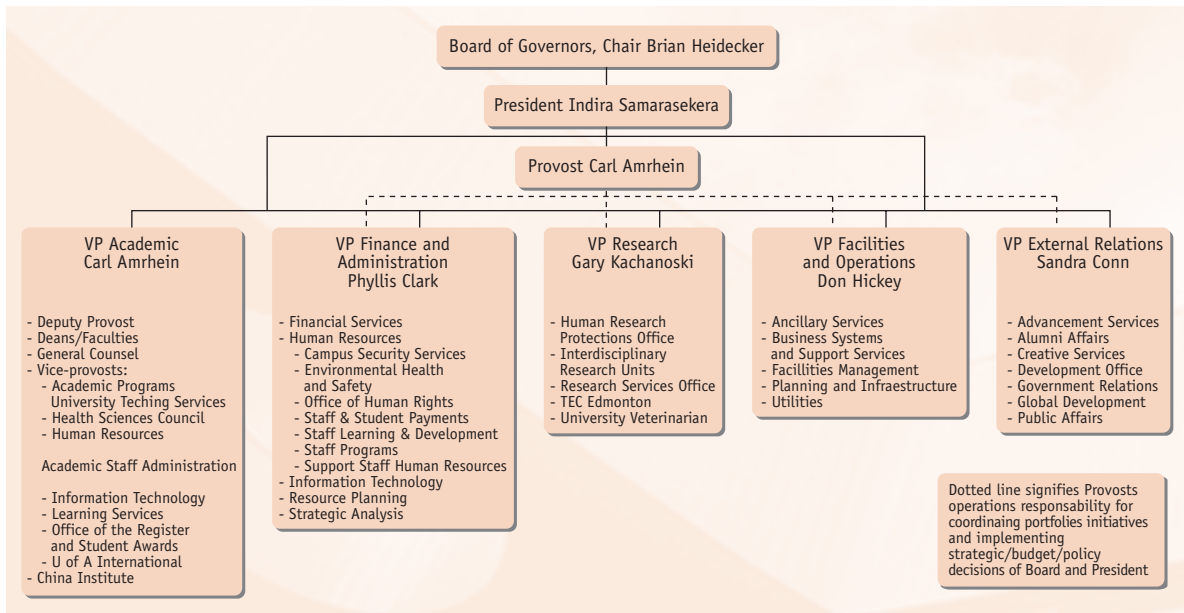
1. *Post-Secondary Learning Act* (in Alberta). According to this *Act*, the Board of Governors appoints Presidents and Vice-Presidents. The President has overall supervision of the university. The Vice-Presidents have powers and duties assigned by the Board of Governors on recommendation of the President.
2. Job Descriptions approved by the Board of Governors: President is the Chief Executive Officer; Provost and Vice-President (Academic) has a dual role as Chief Operating Officer and Chief Academic Officer.
3. Delegations of authority from the Board of Governors and General Faculties Council.
4. Reputation, personality, and management style.



The Senior Executive Responsibility Structure is:

FIGURE 4

Senior Executive Responsibility Structure



The role of the Executive Planning Committee (EPC) and President's Executive Committee (PEC) is to assist the relationship among Board of Governors, President and Vice-Presidents.

The President and Vice-Presidents are interviewed by a representative committee; the President is hired by and accountable to the Board of Governors; the Vice-Presidents are appointed by the Board of Governors on the recommendation of the President, and they report to the President, but Vice-Presidents have "dotted line report" to the Provost; the President and the Provost collaborate to ensure alignment of all Vice-Presidential portfolios.

In relation to the role of the Provost, some American universities describe this position as "Executive Vice-President", it includes:

1. Assuming significant responsibility for the internal management of the institution.
2. Collaborating with the President in making policy regarding administrative and academic matters that affect the university as a whole.
3. Leading the team of Vice-Presidents to ensure that portfolios and goals are aligned toward achievement of the university's vision.
4. Providing academic leadership and oversees overall institutional planning.
5. Acting President in the absence of the President.

The Provost, as Chief Operating Officer Responsible for institutional planning and administration of issues dealing with: Academic operations; Students and alumni; Academic and support staff; Constituent associations; Governance; Budget and tuition and Government lobbying.

The Vice-President Academic (Chief Academic Officer) is responsible for design, development, and implementation of: Academic programs Academic services Selection and oversight of Faculty Deans.

The Deans are the CEOs of their faculties. They have similar responsibilities towards their specific Faculty as the Provost has for the whole university. They are responsible for the design, development, and implementation of: academic programs; academic services; admission of students and the selection and oversight of department chairs.

The following level in executive responsibility is the department chair. They have similar responsibilities as the above mentioned, but at department level. They are responsible for design, development, and implementation of: academic programs; academic services; selection and career management for professors.

The strategic context for Governing Bodies primary planning activities at University of Alberta is shown in Figure 5.

FIGURE 5

Strategic Context for Primary Planning Activities and Documents

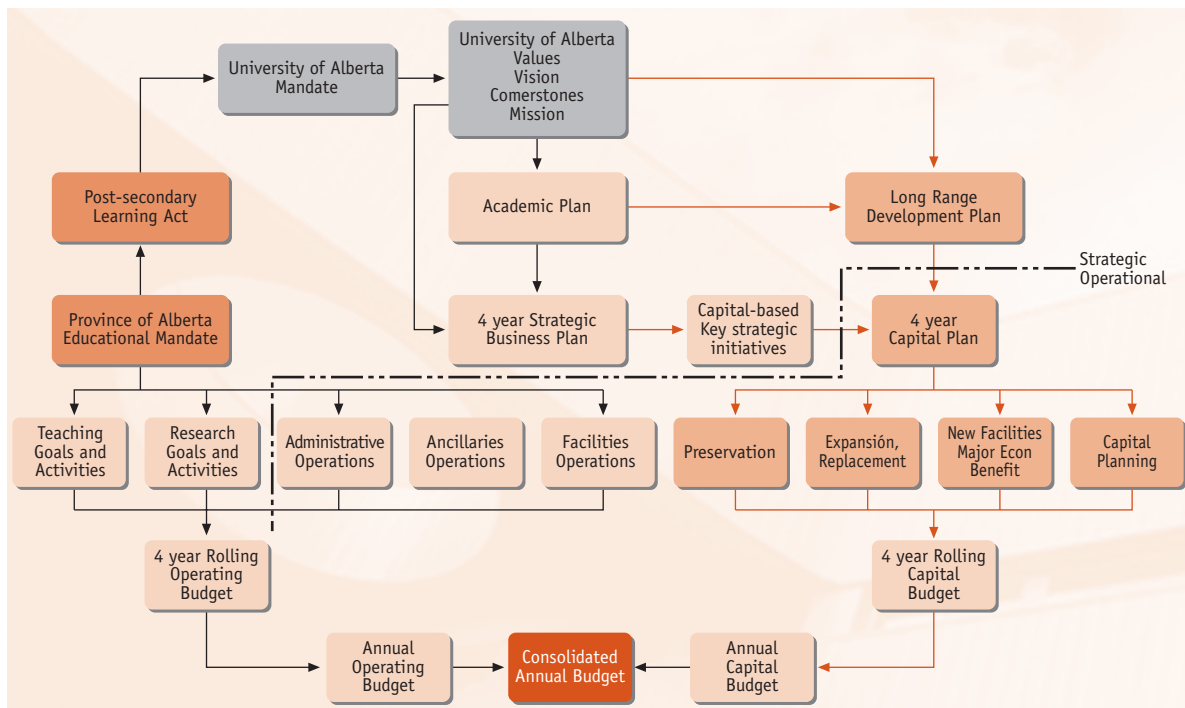
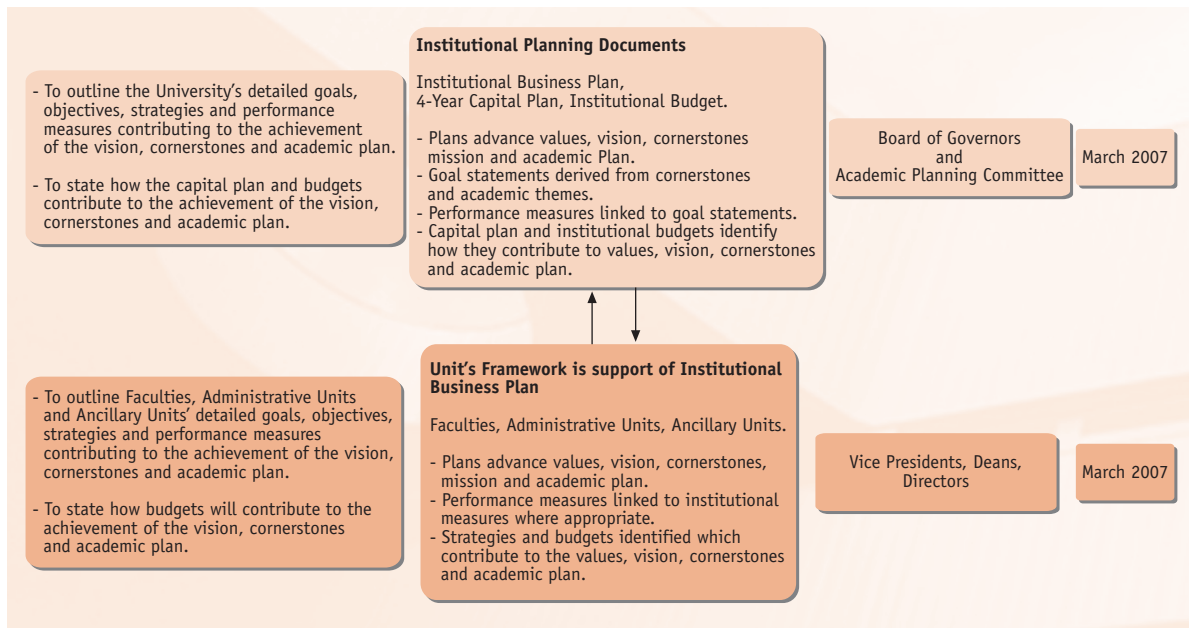


FIGURE 6

Planning Documents Process and Accountability



Governance at University of Alberta is organized in three branches: Legislative, Executive and Judicial. Each of the branches has responsibilities determined by Law and by the University's statutes. There are procedures in place to coordinate the different areas of responsibility and which allow the system to run smoothly.

XII. European Policy and Governance. Short notes for discussion

MAX KOTHBAUER

CHAIR UNIVERSITÄT WIEN. AUSTRIA

Issues in the creation of the European Higher Education Area

In Europe's higher education there are two dilemmas, one is entirely academic, and the other is institutional. The first is related to the bachelor's degree, and it can be summarized in the question: how can research based education be combined with a student's higher degree of employability? The dilemma is approached as research versus market, with an understanding that although both realities do not exclude one another, they are different. The second dilemma refers to the need of finding a balance between institutional cooperation and isolation, how to keep a distinct identity and at the same time collaborate with other institutions that form the university system. In this sense it is necessary to define the legal framework and associated costs of imparting joint degree programs taking in consideration their implementation, additional administrative cost, new incentives for staff and students, and many others.

These problems are not new, and the solutions proposed by some universities can be of great help. An answer to the first dilemma could be to design modular curriculum structures and the possibility of combining modules, and the increased focus on generic competencies as outlined in the *University of Vienna Strategic Development Plan*. A very specific solution for the second dilemma –collaboration versus isolation– has been tested by the Universities of Vienna, Zagreb, Bratislava and Budapest: the *European Master in Cognitive Science*.

A third dilemma appears in the horizon of the European university system, symbiotic result of the two mentioned above, i.e. how to properly satisfy the needs of individuals and society in the training of researchers, professors and administrators fit for European cooperation. In this sense, it is very important to focus on the individual development of the system members. The tested solution in this case by the University of Vienna has been to focus on strategic staff development by establishing the *University of Vienna Strategic Development Plan*, in collaboration with the employees' representatives.



Governance: features, problems and cases

Once the main dilemmas presently faced by higher education highlighted, we should ask ourselves how the governance model could help us solve them. There are multiple possibilities, and each institution should choose those that suits best their history, features and potential.

The *Universitätsgesetz 2002* model has chosen to govern through “performance agreements”: (“cascading power and money”). In this model, performance agreements have been signed between the Federal Ministry and the university, and it has promoted Target agreements between the Rectorate and different organizational units. They are output oriented agreements instead of being input oriented, and are determined by and decisive for the global budget.

The second pillar of this model tries to solve the other problem of the university: overcoming internal fragmentation. For this purpose, its strategic plan (*Entwicklungsplan*) implies strategies for all faculties and research centres, and in its investment plan the university appears as only one financial entity, and also as only one employer. Besides, the university's central Governing Bodies may change the organisational structure to enhance interior cohesion.

At present, the University of Vienna Governance triangle has at each angle: the University Council, the Senate and the Rectorate. Each one of them is independent in its own area of responsibility. Thus, the University Council has among its responsibilities the approval of the strategic plan, the organizational plan and the key investments plan; it is also in charge of the Rector and Vice-Rectors appointment. The Senate is in charge of academic affairs such as curricula, shortlist for the hiring of full professors, habilitations and other. The Rectorate is the university's executive body of the university, it proposes the strategic plan and the organizational plan; it represents the university as employer and to third parties; and it has the final decision on budgetary issues.

The three vertex of the University of Vienna governance triangle are elected and named according to the principle of “double legitimacy”: elected by one of the Governing Bodies they are finally named by another of these bodies. According to this principle, the Rector is appointed by the University Council out of a shortlist of 3 names chosen from and by the members of the Senate. On the other hand, at a lower level, the Directors (Deans) of organizational units (faculties) are appointed by the Rectorate out of a shortlist of three names picked from and by the full professors in each unit. The aim of this procedure is to have the appointed candidates approved by the highest possible number of members of the three central Governing Bodies.

In answer to the three dilemmas that most European higher education systems are facing today: research vs. market, collaboration vs. isolation, and training of professors, researchers and administrators to cooperate at a European scale, universities may adopt different models of governance that will help them cope with these problems and achieve success.

XIII. Governing Bodies of Higher Education Institutions. Roles and Responsibilities. (OECD Seminar)

ALAN LARSSON

CHAIRMAN LUND UNIVERSITY. SUECIA

This paper was first presented at the seminar organized by IMHE OEDC on Governing Boards in Higher Education Institutions, that was held in Paris on 24-25th August 2006. The author kindly sent it for circulation at the IAUGB meeting in Granada.

1. Introduction

It is a great pleasure to have this opportunity to start a discussion, which is of great importance for all of us who are engaged in "university governance". I am sure that I can talk for everyone, when I say thanks to the IMHE OECD and particularly to the Director, Dr. Ischinger, and the Head of IMHE division, Mr. Richard Yelland and Mrs. Jacqueline Smith, for taking this initiative and for bringing us together, to share experience, to reflect and to build networks.

I am Chairman of the Board of Lund University, the biggest university in Sweden. I am also engaged in Boards of research institutes and centres in Gothenburg and Copenhagen. Most of my experience of "governance" comes from public administration, business and media, experience, which has a great deal of influence on my ideas on the role of Governing Bodies in universities.

2. The Bermuda Triangle

My role here today is to help focus our minds on some of the central issues concerning university governance, particularly on the roles and responsibilities of Governing Bodies.

I have now understood that this is not an easy task. When I started looking for information on university governance I made a search on the web. I found that there is a great interest in this subject, and a great deal to read about university governance. I got no less than 353,000 hits in less than half a second (Google). I read a few of them, but not all, which will make it easy for you to say that I have missed the most important papers.

When I asked our friends here at the OECD for interesting papers and background information, they kindly sent me a number of very informative papers, including a speech made by the Vice-Chancellor of the Roskilde University in Denmark, Henrik Toft Jensen, which I found thought provoking. The

Vice-Chancellor, made some comments on the new Danish system with Governing Bodies of external representatives and warned his audience that the relation between the three corners of governance –government, Board and Vice-Chancellor– could be described as a “Bermuda Triangle”.

His point is that “nobody knows where the initiative comes from” and “nobody knows where and how everything disappears” [Toft Jensen, Henrik (2006)].

Is he right? Is this a fair description of the relation between the three corners of university governance? Is this the way we are moving?

Let us take the Vice-Chancellors “Bermuda Triangle” as a description of the worst case and let us discuss how to navigate our universities out of these dangerous waters.

3. Why is university governance such an important issue?

Can I begin by asking the question why a debate on university governance is so important that we travel all the way to Paris to meet colleagues to share experience? One argument is that our economies are in transition and that knowledge will play a growing role for economic performance. The OECD has even provided us with some good arguments why money spent on obtaining university qualifications pay dividends higher than the real interest rate, and often significantly so. Countries that give individuals one additional year of education can boost productivity and raise economic output by 3-6% over time [Schleicher, Andreas (2006)].

I agree, that these are good arguments for investment in research and higher education. They also tell us why good governance of the huge resources already spent on education and research should be a top priority. However, I think that we must further develop –and strengthen– these arguments and that we can do it by using modern economic growth theory. Let me give you one example that can help explain the rationale behind the OECD figures on return on knowledge investment.

When I went to university many years ago we learned that land, labour and capital were the main determinants of economic growth. Knowledge and technology were seen as outside, more or less given factors. During the last 10-15 years we have seen a fundamental rethinking of the growth theories; knowledge and technology have become central element of economic analysis. We have learned to understand the difference between land, labour and capital on the one hand and knowledge on the other. While land, labour and capital are rival goods, which can be used by one person/enterprise at a time, knowledge is a non-rival good, a resource which can be used simultaneously by a great many people. Think about basic research findings, think about the Internet or think about patents, aimed at expanding markets for innovations and you see the difference from a piece of land, a bank loan or a paid working day. Knowledge is not a fixed quantity, which has to be divided in slices like an apple pie. Knowledge can be used by many, without limiting the value of knowledge for others. As a consequence the traditional economic perspective of diminishing return is replaced by a new one, we are living in the age of increasing return [Romer, Paul (1990); Warsh, David (2006); and *The Economist*, May 18 2006].

These are great ideas and they are highly relevant for us as members of Governing Bodies for research and education. Universities are at the centre of knowledge production, of dissemination of knowledge and of transfer of knowledge into innovation. Universities could greatly benefit from the introduction of modern growth theory in our advocacy for investment in research and development. And advocacy

is, I believe, one important element of governance. That's why it is so important the Board consists of external members who can and will advocate the case for universities to a number of constituencies in society at large, not least to those who provide funding, governments or private donors.

4. What do we mean when we talk about governance?

There is more than that in governance. So, let us begin by finding a definition. After looking through a number of documents I selected two definitions. One from Australia and one from the UK. In a paper on *Issues in Australian University Governance* I found the following: "The term "corporate governance" broadly encompasses the full sweep of means by which organizations are able to operate and be controlled. It potentially includes issues of values, culture, management and administration, as well as operating frameworks, such as legislation, which are externally imposed" [Coaldrake, Peter *et al.* (2003)].

In the recently published *Oxford White Paper* on university governance I found a very brief definition: The term "governance" refers to processes of decision-making within an institution [Oxford University (2006)].

These two definitions seem to offer a good framework, wide enough for our discussion, focused enough to keep us on track.

5. What is the debate on university governance about?

As I said in the beginning it is not an easy task to help to identify the main issues in a debate on university governance and Governing Bodies. Our university systems differ a lot in structure, in funding and in governance and we are in different stages of a reform process.

In the US, almost half of the 3,500 universities or colleges are public, half are private not-for-profit organisations and some 300 private for-profit organisations. The Federal Commission on the Future of Higher Education has recently published a draft report, a most interesting review of higher education in the US, with a good balance between self-confidence and self criticism. One of the main messages is that the US "may still have more than our share of the world's best universities. But a lot of other countries have followed our lead and they are now educating more of their citizens to more advanced levels than we are. Worse, they are passing us by at a time when education is more important to our collective prosperity than ever". In the Conclusions, the Federal Commission gives recommendations on policies to make universities "more transparent, faster to respond to rapidly changing circumstances and increasingly productive in order to deal with the powerful forces of change they now face" [For the full text, see: <http://www.ed.gov/about/bdscomm/list/hiedfuture/reports/0809-draft.pdf>].

In the US, according to the AGB, the Association of Governing Boards of Universities and Colleges, "the relationship between public higher education and state government is in a flux in ways not been seen for decades. The general pattern is one of reduced state support followed by sharply rising tuition and arguments for less state regulation" [AGB (2004)].

In the UK there are 111 universities, of which only one is a private university (the University of Buckingham); all UK universities, like those in Australia are legally independent, self-governing institutions with their own degree-awarding powers.

In Europe, the EU Commission, has noted in a recent Communication that there are 4,000 institutions for research and higher education in Europe, most of them in need of reform. “Member States value their universities highly and many have tried to “preserve” them, controlling them, micromanaging them and, in the end, imposing an undesirable degree of uniformity on them” [UE COM (2006): 208 final].

I hope you will excuse me for being Eurocentric, when I take the EU Commission *Modernisation agenda for universities* as a starting point for our deliberations. As regards governance the Commission gives the following four recommendations:

1. Member States should guide the university sector as a whole through a framework of general rules, policy objectives, funding mechanisms and incentives for education, research and innovation activities.
2. In return for being freed from overregulation and micro-management, universities should accept full institutional accountability to society at large for their results. This requires new internal governance systems based on strategic priorities and on professional management of human resources, investment and administrative procedures.
3. It also requires universities to overcome their fragmentation into faculties, departments, laboratories and administrative units and to target their efforts collectively on institutional priorities for research, teaching and services.
4. Member States should build up and reward management and leadership capacity within universities. This could be done by setting up national bodies dedicated to university management and leadership training, which could learn from those already existing.

This is a broad agenda for governments, for University Boards and for Vice-Chancellors and Deans. I guess that we can agree on the main orientation of such a general reform agenda. However, in all these four areas of reform, there are important choices to be made, choices that will form an agenda inside the broader agenda. Let me identify some of these choices of particular importance for Governing Bodies.

- First, what is the role of the Board in a system where academic staff is in charge of education and research to reach excellence? Is there any room left for a Governing Body with external members?
- Second, what is the mission of a Governing Body, to manage an institution or to manage change?
- Third, how can we replace excess regulation and micromanagement by governments with internal mechanisms for effective resource allocation?
- How do we find a productive balance between the Board/the Chairman of the Board on the one hand and the Vice-Chancellor on the other hand?

I will discuss these four questions and offer some thoughts on how to organise our governance in these respects to avoid an academic Bermuda Triangle, “where no one knows from where an initiative is coming and no one knows where it has disappeared”.

What is the role of the Governing Body in a university striving for excellence?

I think we all are in agreement that a university is a unique organisation. It is unique in its mandate, its funding and its organisation: there is no business like university business. However, the overall trend in university governance seems to be a move towards smaller Governing Bodies with, as a rule, a majority of external representatives, more or less the way Governing Bodies are set up in businesses or public administration.

In the US public institutions are governed predominantly, and sometimes entirely, by Boards of Trustees, with external members appointed by the Governor and/or the Legislature. In general there has been a trend towards increased accountability, with a wide degree of variability. Private not-for-profit Governing Bodies have typically large Boards, reflecting the importance of fundraising, Princeton has 40. On the other end, the University of Michigan, a public university, has eight members of its Board of Trustees.

In Australia for example, over the last 8-10 years, the Governing Bodies, the Councils, have been reduced in size, while maintaining a majority of external representatives. Still the average is 21 members. The reduction is most radical at the University of Melbourne, which went from 40 to 21 members of the Council, increasing the share of external members to two thirds. The Australian Federal Government is pushing for further steps in the reform process. A government policy paper stated that having "35 Council members and an average of 21 are not conducive to sound decision making".

These trends in university governance have now also reached the most prestigious and traditional of our European universities. In Oxford the *White Paper on Governance* suggests that the size and composition of Council should be revised, membership should be reduced from twenty-three to fifteen; it should have seven internal and seven lay members and a lay Chair. In Cambridge a report on governance suggests that the Vice-Chancellor should become "the principal executive officer of the University, responsible to the Council". According to the proposal, the Governing Body, the Council, will for the first time have external members. One will Chair the Council and another, the Audit Committee. They are expected to play a "fundamentally important role in the University's future governance", to quote the official presentation.

In my view, these developments will benefit the universities. The work of the Governing Body has to be based on the understanding among all members that "there are no advocates for any one group. Decisions are ultimately made in the best overall interest of the university", as stated in the web site of the University of British Columbia in Vancouver [University of British Columbia (2006)]. However, we, as members of Governing Bodies, have to be careful in stretching the parallels with business too far. We have to identify the unique role of a university Governing Body.

Let me describe how I thought when I became Chairman of Lund University. The core activities of the university are education and research. We expect teachers and scientists to strive for excellence. They develop new research ideas, they apply for funding and they carry out their research projects and they will be judged on professional ground by other scientists in peer review processes. The Board is not expected to interfere in these activities. Unlike a Board of an enterprise or a Board of a public administration, a University Board is not expected to make decisions to steer core activities. So, what is left for the Board to do more than to listen to reports from the Vice-Chancellor and the Registrar on progress in education and in research? My conclusion is that there is a third field of activities, for which the Board is responsible, where it has to act and should have its own strategy for excellence. That field includes the overall organisation of the university, the distribution and use of financial resources and the management of the university, i.e. all the systems and structures surrounding research and teaching. This is a field, where external members, experienced in decision making and without vested internal interests, can bring strength to the management of our universities. This is a field, which is not covered by the traditional system for peer review. It is a field, which requires different tools and policies. My view is that we, as a Board, should strive for excellence in these management systems to build confidence for our demand for excellence of researchers and teachers.



What is the mission of the Governing Body - managing an institution or managing change?

That leads to my second question: what is the mission of the Governing Body, is it to manage an institution or to manage change? Let me explain what I mean with these two concepts. In the past, in a more stable environment, the model of governing universities was collegial and consultative in nature [OECD (2003)]. A University Board had a conservative role, serving as a break on change, a stabiliser, a guarantee against radical changes. The Board in itself was composed to make the process of decision making slow and complicated. Still many professors are fond of such governance. Why change this good old tradition, which has worked for such a long time and so successfully?

The answer is that there is no stable environment anymore. Today, universities are surrounded by change, by competition when recruiting students and scientists, by competition on funding. Today, "expectations of higher education have changed beyond recognition", as the OECD has expressed it [OECD (2003)]. To be successful in this new world, universities have to seize opportunities, adjust and adapt, reform and develop. Boards have to make a deliberate choice, whether to manage an institution in the traditional way or to be a driving force for the management of change. By identifying its role as an agent of change the Board will set the scene for initiatives in many different levels inside the university.

How can we create systems for resource reallocation to get rid of external micromanagement?

One of the changes that we all, I guess, are in favour of, is a reduction of over-regulation and micro-management by governments. We would welcome a more distinct role for the Governing Bodies of the universities, or to use the words in the EU Communication on universities "a framework of general rules, policy objectives, funding mechanisms and incentives for education, research and innovation activities".

However, we have to admit that there is a trade-off in such a change. Let me try to describe this trade-off in the following way. In a traditional system University Boards seem to focus their attention on a fight for additional resources for education and research, rather than on a better use of existing resources. This has led in some countries to complex national evaluation processes as a basis for resource allocation. In other countries it has led to systems where scientists have to compete for small and short term funding from different national funds. Thus, mechanisms for reallocation of resources have been established outside the universities.

In a new system of management by objectives the Boards will have to focus on a better use of existing resources. That means to reallocate resources from existing projects to new, more promising projects with higher quality and more relevance, from one faculty to another, not by selecting projects, but by creating mechanisms for a continuous internal re-examination and reallocation of resources based on peer review and quality assessment.

This is a much more difficult and challenging role for a Board than the traditional one of *demandeur* for more government funding. It is probably the only way to convince public policy makers to give more authority over resources to the Governing Bodies. "The granting of greater independence will require boards to be more vigilant about monitoring and ensuring institutional accountability", to quote the US AGB report about new relations between States and universities. The question to be discussed is whether our Governing Bodies are prepared and equipped for such a role.

How to strike a productive balance between the Board and the Vice-Chancellor?

This discussion on the role of Governing Bodies boils down to a final question: how do we strike a productive balance between the Board –recognising its role for excellence, prepared to manage change, willing to run a system for dynamic reallocation of resources– and the Vice-Chancellor, as eager as the Board to achieve all these good things?

When I read Henrik Toft Jensens warning for an Academic Bermuda Triangle where “nobody knows where the initiative comes from” and “nobody knows where and how everything disappears” I felt that this is a reminder to us as members and Chairpersons of University Boards. There is an obvious risk that a proactive Chairperson and a proactive Board can limit the scope of activity for a Vice-Chancellor and thereby weakening her or him internally.

I have the privilege of having a dynamic and proactive Vice-Chancellor and I am myself used to take initiatives. How do we build a team of two such executive persons?

First, I think that it is important to remember what a limited power a Chair has been given. A Chair cannot make decisions without a formal proposal from the Vice-Chancellor and even with such a proposal the Chair has to get consent from the Board or at least a majority of the Board. The only formal power a Chair can exercise is to make decisions on the content and the structure of the agenda of the next meeting of the Board. A limited power, still an interesting one.

Second, it is necessary to recognize that the Vice-Chancellor has two roles, one as a manager, the other as a scientist. He or she is a member of the Board and a driving force in decision making in the areas where the Board has a responsibility, i.e. the systems and structures that surrounds research and education. The Vice-Chancellor is at the same time the final decision maker on research and education, in areas where the Board is not expected to interfere. He or she is the “Supreme Scientist” and maintains in this respect the traditional role of a Vice-Chancellor.

Third, and even more fundamental, it is in the best interest of the Board to have a strong Vice-Chancellor, who feel that he or she can take initiative and that he or she has the support of the Board as a manager of change. I would like to quote Michael Shattock who says that “management makes a difference and represents a major component of university success” [Shattock, Michael (2007)].

I agree. In my view, a Board and a Chairman of a Board should steer away from the Bermuda triangle by giving support to the Vice-Chancellor, by working with him and through him.

That was about the relations between the Board and the Vice-Chancellor. Now, how do we cope with the risk expressed by Henrik Toft Jensen that the government tries to govern behind the back of the Vice-Chancellor? Here I have too little insights in the different national traditions and systems to make any general comment. I have to confine myself to my own experience, both as a former Minister and as a present Chairman of a University. In our tradition, there is only one way for a government to give directive to a public agency and that is through a formal decision by the government, in full transparency. If a Minister –or a civil servant– takes personal initiatives, behind the scene, to influence the strategy or the policy of a university, such initiatives can and should be rejected. An initiative, wherever it comes from, has to be duly prepared by all relevant Ministries and formally agreed by Ministers in the government.



In other countries systems are different; Ministers may have a more independent status, and more room for regulation and micromanagement. My impression is that the situation in this respect is rather different in Southern Europe, Central and Eastern Europe, for instance.

Let me sum up by offering three questions for discussions, questions, which, hopefully, are relevant for all of us, regardless of how far our countries have reached in the process of changing our systems of university governance:

1. In the OECD report *Changing Patterns of Governance in Higher Education* one conclusion is that we need to develop “a fusion of academic mission and executive capacity, rather than substitute one for the other”. How do you define the role of your Governing Body in relation to science and education? To be more specific: What is your demarcation line between a Board of external members and the staff of scientists and teachers?
2. What is the role of one of the main stakeholder of a university, students, in the governance of our universities? In my Board they are equal partners with external members and representatives of the academic staff, very active and competent partners. So, what is the best balance between different actors and what is your road map for reform?
3. How do you roll back overregulation and micro-management and how far are you prepared to go in the direction of institutional accountability to society and new internal governance systems? To be more specific: what is your reform agenda in this respect for the next few years?
4. Do you agree that it is in the best interest of our universities that role of the Vice-Chancellors is strengthened? To be more specific: What have you done –or what are you going to do– to develop a CEO-role for the Vice-Chancellor of your university, building a culture of effective resource management?

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XIV. Construction of a Region of Knowledge

MANUEL MOTA

UNIVERSITY OF MINHO, BRAGA. PORTUGAL

The area of influence of University of Minho has a population of about 1 million inhabitants, and it is one of the regions with the youngest population in Europe.

FIGURE 7

University of Minho's zone of influence



The University of Minho has 11,500 undergraduate students, 4,000 post-graduate students, 920 teaching staff members (of which 750 with PhD), and 600 administrative staff, in all 11 schools covering all fields of knowledge from Law to Medicine. In 2006 12.5% graduated (2% of which were

foreign students). Also, 100 PhD theses were read in the University, plus 300 MSc theses. The university have 2 *campi*, cities Braga and Guimarães (20 kms. apart). Other facts that allow us to compare it to other European universities are shown in the following table:

TABLE 1

Population, Publications, Theses y Patents

	POPULATION (MILLIONS)	PUBLICS (PER MILLION INHABITANTS/YEARS)	PHD (PER 1,000 ACTIVE WORKERS)	PATENTS (PER MILLION INHABITANTS / YEAR)
Ireland	4	580	5.1	70
Spain	50	579	4.6	21
UE	470	803	5.6	139
National average (cordis/UE)	10	289	3.3	4
UMinho	0.9	637	4.5	16

The expected forecast is that in 2008 120 PhD theses will be read, 600 MSc theses and 240 PhD and 750 MSc theses expected for 2010. Concerning international publications, the forecast is to reach 600 by 2008, an increase of a 33% increment two years later, to reach 800.

University of Minho has 30 R&D centres recognized by the Research Ministry. In the 2003 *International Evaluation Panel* the qualifications obtained by these centres were: 7 centres were awarded Excellent; 8 centres awarded Very Good; 12 centres awarded Good; 3 centres awarded Fair. 75% of the researchers work in Very Good or Excellent Research Centres.

Some measures have been taken to attract foreign researchers through: European Centre for Researchers Mobility, the Regional Fulbright Centre of Mobility (whose mission is to facilitate US mobility) and the Office for Research Support. A *repositorum* has also been created to promote open access policy to scientific research.

The following joint international initiatives have the same goal of providing scientific research with an international approach: the Computer Graphics Centre (created in 2001 through a Fraunhofer/ZGDV/TUDarmstadt partnership), the Confucius Institute, created in 2005; the European Lab of Excellence on Tissue Engineering and Regenerative Medicine, active since 2006; and the Iberian Nanotechnology Laboratory (INL) created in 2006.

Other R & D Structures already active (involving the participation of over 120 companies) are: the PIEP (Innovation Pole for Polymer Engineering), the CVR (Centre for Waste Valorisation) and the CEITRA (Centre for Innovation in Transportation and Pavements). In 2007 two new joint research facilities are expected to sign an agreement: Pilot Facility for Nanomaterials – CENTIvc (with CITEVE in Famalicão) and the Iberian Institute on Nanotechnology (with Spain).

In 2007 three new R&D labs will be created: I3N - Institute of Nanosciences, Nanotechnology and Nanomaterials; IBB – Institute of Biotechnology and Bioengineering; and CEBIO - Centre of Excellence for Bioenergy. We are also working on four new research infrastructures: Infrastructure for Bioanalytical Chemistry (HPLC-MS, NMR, GC-MS); Infrastructure for Functional Microscopy (TEM, SEM, Confocal); Infrastructure for Micro and Nano-Structural Characterisation (TEM, SEM, AFM, DTMA, FTIR); and VisionLAB.

All these structures will help create a critical mass in the region.

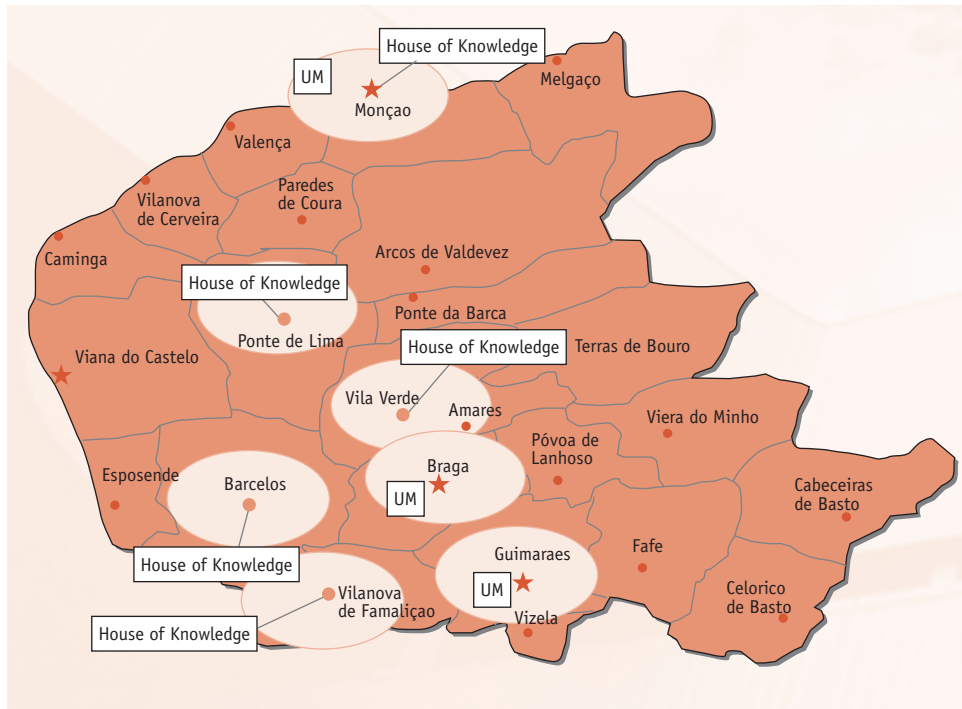
Braga Research Structure and Influence Zone: from laboratories to technological centres and products

[illegible]Chapter VIII
PAPERS

For year 2007/8 the University of Minho has planned a 400 km² virtual campus, with five “Houses of Knowledge”. In this new campus student contact will be permanent, and the registration and payments will be available on-line. In the model of teaching which is being developed, the full potential of the new information and communications (TIC) technologies will be used, since a model based on e-learning is going to be established. The five Houses of Knowledge of this campus are going to be located in Monção, Ponte de Lima, Vila Verde, Barcelos and Vila Nova de Famalicão.

FIGURE 10

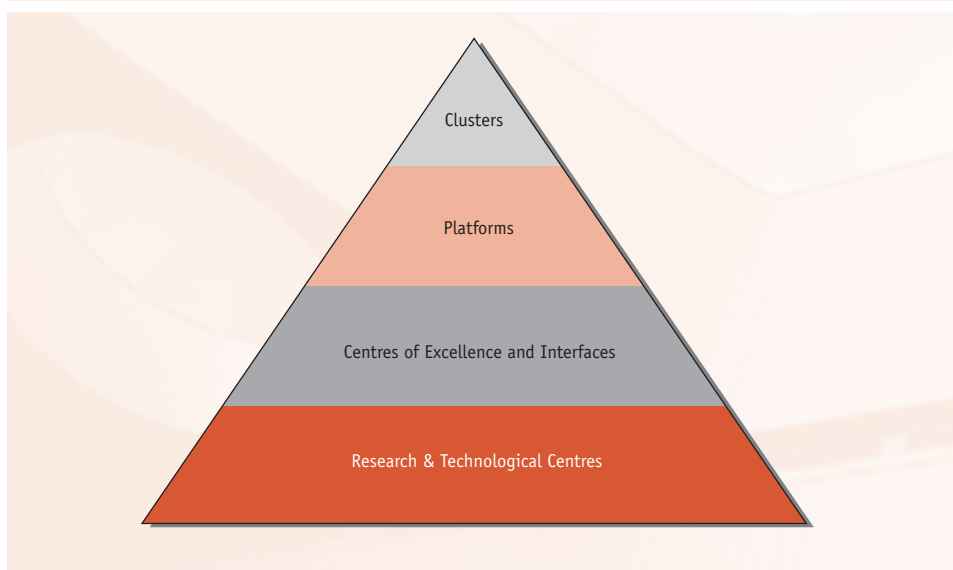
Situation of the “Houses of the Knowledge”



Future actions in University of Minho's structure are going to be directed towards the construction of a “virtuous pyramid”, founded on the research and technological centres.

FIGURE 11

The “Virtuous Pyramid”



In the third level of the pyramid, there are two types of platforms: internal and external, the latter of European outreach. There are four internal: Nanotechnologies Platform, Biotechnologies Platform, Renewable Energies Platform and Multimedia Platform. There are seven European: European Construction Technology Platform, European Textile Technology Platform, ARTEMIS (Information Society), ERA-Net Industrial Biotechnology Platform, Manufacture ETP Platform on Nanomedicine, EUKN European Urban Knowledge Network.

Following on the actions for academic year 2007/8, the total investment is expected to reach 1,500 euros in the next three years. Besides, an empowerment of industrial cluster activity will be sought for, corresponding to the fourth layer in the pyramid, by promoting the activities of the already existing: Automotive Components, Software, Medical Devices; and by creating two new ones: Textile and Design and Fashion.

All the actions of the Houses of Knowledge, Virtuous Pyramids, Platforms and Clusters, and others, seek to transform the area of influence of the University of Minho into a Region of Knowledge. In this Region of Knowledge research travels from the labs to the technology centres and from both of these to products to meet the needs of society, with all the means of science which are within our reach.

XV. Governing Bodies of Higher Education Institutions. Different Models - Same Problems. UCE Birmingham Experience

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CBE, CHAIRMAN OF UCE BIRMINGHAM. UNITED KINGDOM

Introduction

Bologna, Paris and Oxford Universities have been around for over 600 years, and are successful. So why are we talking about governance in higher education today? The answer to this question is relevant is because organisations need to continually improve, otherwise they atrophy. Advice given by Sheikh Mohammed, ruler of Dubai, recently on the BBC by telling this story: every morning on the African plain, a gazelle wakes up. It knows that it must **outrun the fastest lioness** if it is not to be killed. Every morning on the African plain, a lioness wakes up. It knows that to eat that day it must **outrun the slowest gazelle** or it will starve. The moral of this story is: **It does not matter if you are a gazelle or a lioness, when the sun comes up you better be running.**

CUC code – role of Governing Body

- Every higher education institution (HEI) shall be headed by an effective Governing Body, which is unambiguously and collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners is maximised [Committee of University Chairmen Governance (November 2004)].
- The Governing Body shall ensure compliance with the statutes, ordinances and provisions regulating the institution and its framework of governance and subject to these shall take all final decisions on matters of fundamental concern to the institution.

English governance model

Main features of the Higher Education System in the UK: There are 131 Higher Education Institutions of which 77 are Universities, 14 General Higher Education Colleges and 40 Specialist Colleges. They are very diverse in size, mission, subject mix, and history. Only Universities award research degrees. They have all things in common: they are all self-governing, independent. They can also own assets, enter into contracts, and borrow funds (their borrowing not part of Government debt), they can set terms and conditions for staff employment.

The government through Higher Education Funding Council (HEFCE) exerts significant influence over behaviour and expectations of the higher education sector as a whole.

From 2006 can charge students up to £3,000 fees per annum.

Main Features: three main models of Governance structure exist, the three models with a common feature. They are based on one governing body.

- *Ancients:* Oxford and Cambridge founded over 500 years ago. The Vice-Chancellor is the head of Governing Body. The power lies in the colleges. They are attempting to restructure the system.
- *Pre 1992:* Institutions founded in 19th century, generally incorporated by Royal Charter (some by Act of Parliament) and with giving degree-awarding powers.
- *Post 1992:* Set up by Act of Parliament, who gave power to Privy Council acting on behalf of the monarch to grant title of university to polytechnics and colleges that met the criteria. Act specified the governance structure.

Post 1992 model of governance

Formal Responsibilities under *Education Reform Act 1988*

The Articles in this Act require the university to have a **Board of Governors** and a **Senate**, each with clearly defined functions and responsibilities, to oversee and manage its activities.

Responsibilities of the Board of Governors

- The determination of the educational character and mission of the university and for oversight of its activities.
- The effective and efficient use of resources, the solvency of the university and the corporation and for safeguarding their assets.
- Approving annual estimates of income and expenditure.
- The appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of the Principal, the Clerk and the holders of such other senior posts as the Board of Governors may determine.
- Setting a framework for the pay and conditions of all other staff.

Responsibilities of Senate

Subject to the overall responsibility of the Board of Governors, the Senate oversees academic affairs and draws its membership entirely from the staff and the students of the university. It is particularly concerned with general issues relating to the teaching and research work of the university.



UCE Background (University of Central England)

History

The UCE was established in March 1992, following an almost 150 years process during which different smaller centres of higher education merged, to create the biggest higher education institution in Birmingham.

- Origins: 1843: Polytechnic Institute and Birmingham Government School of Design.
- Birmingham Polytechnic 1971.
- UCE Birmingham 1992.

Mission: Providing a high quality teaching and learning experience to our diverse range of students:

- Encouraging and rewarding excellence in teaching.
- Investing in new technologies that enhance learning.
- Running flexible programmes that seek to maximise progression and retention.
- Developing support for students that matches their values, experiences, expectations and specific learning needs.
- Embedding employers' needs in our programmes ensuring the continuing quality of our programmes.
- Offering opportunities for lifelong learning to all our students.

Actively engaging and working with our local communities and partners to improve the social, cultural and economic well being:

- By encouraging participation in HE by the broadest social group.
- By working with local organisations to improve services.
- By implementing special initiatives to help the disadvantaged.
- By assisting with economic development of the region by providing a skilled workforce and undertaking economic development initiatives, e.g. running two industry clusters for Advantage West Midlands (AWM), the Regional Development Agency, the first for High Added Value Products and the second for New Media Industries.
- By engaging in cultural outreach which not only includes providing 300 concerts annually at UCE Birmingham Conservatoire, but also mounting the New Generation Arts Festival, Fashion and Jewellery shows.

Actively engaging in consultancy and research to benefit a number of groups:

- Our students, kept informed of the latest developments in their subjects.
- Local and national businesses and their consumers, whose products and daily lives are changed by knowledge and technology exchange.
- Practitioners and clients in a range of key professions, whose practices and procedures are improved by critical training and reflection.
- Teachers, students and professionals worldwide who access publications by UCE staff.

Organisational structure

Seven faculties located on eight sites:

- UCE Birmingham Institute of Art & Design.
- UCE Business School.
- Education.
- Health.
- Law, Humanities, Development & Society.
- Technology Innovation Centre.

Student Numbers

Numbers have gone up since 1992 by 39% to reach 23,756 in the academic year 2004/5. A 53% of students full-time; 60% female; 63% white; and 16% post-graduate. 65% of students entitled to state assistance; and a 64% of full-time students come from West Midlands.

Financial Position

Income: Gone up by 158% since 1992 to current forecast of £144m:

- Current HEFCE £53m (36%).
1994/5 HEFCE £33m (53%).
- Current research £3m (2%).
1994/5 Research £0.4m.
- Current knowledge transfer £14m (10%).
1994/5 knowledge transfer £4m (7%).

Surplus: since 1992 the UCE has always been in financial surplus. For the academia year 2005/6 the forecast is of £4.9m (3.5%), a figure in excess of the 3% recommended by HEFCE.

Operating Cash: Since 1992 generated £101 million.

Capital Investment: £174 million in fixed assets, con with a forecast of £36m for academic year 2005/6.

UK League Tables – 130 HEIs

Universities like UCE, which focus on widening participation and are not research intensive penalised by these league tables. Nevertheless, UCE Birmingham has improved its position in the last 4 years. In the *2002 Times Good University Guide* ranking UCE position was number 87 and in year 2006 it was 63rd in the ranking, one of the 3 top post-1992 universities; in the 2002 *Guardian*

University League Table, UCE was number 109 and in year 2006 its position was 46th, one of the two top post-1992 universities.

External Audit

The UCE has implemented all the Quality Assurance Agency (QAA) 2002 recommendations. It has obtained an excellent outcome in the 2006 QAA Institutional audit. The report is available at: [www.qaa.ac.uk/reviews/reports/instReports.asp?instID=H-0052].

UCE has also complied with the clean bill of health from HEFCE'S Assessment of Institutional Risk 2006 available at: [www.uce.ac.uk].

Board Membership: 16 Members

- 11 independent including Chairman and Deputy Chairman.
- 1 Vice-Chancellor.
- 1 Senate member.
- 1 Elected Academic member.
- 1 Elected Non Academic member.
- 1 President of Students Union.

Governance challenges facing HEIs: UCE approach

Tension Between Increasing Student Numbers and Maintaining Quality

An annual Student survey has been passed for the past 14 years by course. The survey reports and actions considered by Senate are communicated to the Board.

The Committee for Academic Regulations and Policy (CARP), and Collaborative Partnerships Committee (CPC) are charged by Senate to advise on Academic Quality Standards. Every faculty has to submit an annual report on its academic performance to CARP and Senate. The regular Academic Audit of Faculties conducted by academic staff from other faculties, is focused on quality assurance, quality enhancement and student experience. Board gets copies of Academic Audit Reports including faculty responses.

Students given additional help as needed including new students who need help with maths or other subjects.

The Board gets the minutes of all Senate meetings. The Chairman gets copies of all Senate papers. All reports from external Quality Assurance QAA / OFSTED / Professional Bodies e.g. Royal Institute of British Architects are presented to the Board.

All courses are reviewed at least every 5 years, by Senate. There is input from students, external examiners, and employers if appropriate. All degrees awarded have external examiners. All teaching staff have to pass teaching qualifications. All franchised UK and Overseas courses are quality controlled by UCE staff and inspected by QAA inspectors. UCE hosts a Centre for Teaching Excellence funded by HEFCE.

Teaching Fellows are encouraged both internally funded and externally funded.

Professorships extended to academics who can demonstrate excellence in one or more areas of: research, scholarship or consultancy; academic leadership; high professional standing; and reputation and contribution as a teacher.

Academic Freedom *versus* Corporatism

It is a duty of the Board to maintain academic freedom: “Freedom within the law to question and test received wisdom, and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy or losing their jobs or any privileges they may have at the University”.

The Senate is sovereign on academic matters. The Board’s role is one of oversight. No Board Member on Senate. Executives who attend and participate as non-voting members in Board Meetings: Pro Vice-Chancellor Academic; Pro Vice-Chancellor External Affairs; Pro Vice-Chancellor Student Experience; Registrar; Finance Director; and Human Resources Director.

The Chairman and Deputy Chairman visit and meet staff in every faculty and support departments once a year to be aware of issues facing each faculty.

Increased Competition for Students

Three years ago a Pro-Vice-Chancellor for student experience was appointed.

The report and actions of the annual Student survey for the past 14 years by course come to Board. Students are represented in the Senate and Faculty Boards. All Board decisions are judged against the criterion of improving student experience.

All first-year students are guaranteed student accommodation. There is significant investment in student accommodation with free internet access, and sports facilities.

Significant investment also in IT and development of Virtual Learning Environment (VLE) using Open Source Moodle Software.

Internationalisation of Higher Education

All overseas students are guaranteed student accommodation. An International Office has been set up to address overseas students’ specific needs. Additional English lessons given as required.

Some courses run in China for 2 years in English and the students come for 2 years to the UCE campus in Birmingham to complete.

All franchised overseas courses quality-controlled by UCE staff and inspected by QAA inspectors.

UK students go on overseas study trips. Law students work pro bono with US Law firms, on death row cases.

External Regulation

Where mandatory it is seen as giving assurance to the Board. The Audit Committee get all copies of all reports, recommendations and actions taken, from both Internal and External Auditors.

External Auditors meet Board yearly to present accounts. The Quality Assurance Agency (QAA) inspect on behalf of HEFCE. The Office of Standards in Education (OFSTED) on behalf of The Teacher Training Agency (TTA).

The UCE meets the CUC Code Requirements, hence there is light touch from HEFCE.

Research Specialisation

The UCE is not a university intensive in research. At present, the research grants and contract income is £2.9 m. However, research is considered important to inform teaching.

Funding £1 m per annum for 4 years of out own resources of those areas of research that are likely to achieve rating of three star in the 2008 Research Assessment Exercise. An Oversight Committee is chaired by an independent member.

UCE is strong in knowledge transfer amounting to £14 million. It will benefit if proposed change to metrics after current RAE occurs.

Need for Committed and Skilled Independent Governors who can Support and Challenge HEI Management

The university has no problem in getting committed retired professionals. More of a problem is getting working professionals.

The UCE will be increasing Board membership by two additional independent members to a total of 18. This is to address diversity and provide continuity. All Board Members get *Times Higher Educational Supplement* as contextual briefing.

Independent members of the Board serve on the following Committees: Finance, Audit, Human Resources, Charities, Remuneration, Nomination. Independent members also serve on Boards of subsidiary companies.

The Finance and Board regularly review Risk Register. Excellent induction programmes are in place for all new Governors and Governors are encouraged to attend Leadership Foundation Programmes. Away days are held every year to consider strategic matters.

There is an annual Board review of Institutional Performance as well as a three yearly Board review of Board Effectiveness. The Vice-Chancellor's performance is assessed every 6 months.

Competing Demands and Paucity of Resources

The UK invests 1.1% of the GDP in Higher Education vs. the US who is investing 2.7% of GDP. The UK is successfully diversifying income streams and reducing dependence on HECFE funding.

At UCE there is a strong financial record through strong leadership and management. An increased student contribution to costs was agreed, an English policy of charging up to £3,000 fees from 2006 is in place.

There is a need for selection of students to ensure course completion. UCE betters the benchmark on course completion with only 16% of students who have neither obtained an award nor transferred to another institution.

One of two UK universities do not take part of the national wage negotiation. This enables greater staff flexibility. By remaining as a single-status employer has resulted in the UCE not being affected by recent industrial dispute.

The UCE is extremely entrepreneurial. It has established a Technology Innovation Centre from former Engineering Faculty in the £114 million *Millennium Point* project in Birmingham to focus on technology and knowledge transfer to small and large enterprises.

Conclusions

Although we have different governance structures all Higher Education Institutions face similar challenges. Governance approaches taken will vary according to: institutional mission and values; institutional history and culture; Government policy; and other stakeholder needs.

Good Governance does not guarantee success: *"The real challenge for directors isn't regulatory compliance, its high performance. To achieve it, they need to systematically examine their purpose, tasks, talents, information, and agenda."* [Nadler, David A. (2004)].

References

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