EUA Bologna Handbook
Making Bologna Work

University governance, leadership and management in a rapidly changing environment

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Abstract

Globalisation, scientific and technological processes and, in Europe, the Bologna process are creating an increasingly competitive environment for universities. As a consequence, the traditionally decentralised change process at the level of academic staff and departments does not allow higher education institutions to adapt fast enough or, preferably, to lead this change. The rapidly changing environment of today and tomorrow requires that universities also need to develop a capacity for change at the institutional level; otherwise they will loose their unique status. This challenge implies a system of governance and a leadership both geared towards change, together with the development of the necessary management tools to support such change.

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1.   Introduction

1.1   An increasingly rapidly changing environment

Increasingly rapid change

Organisations - private, public and voluntary not for profit – are being challenged all over the world by an increasingly rapidly changing environment. This is also true for schools, tertiary education institutions and universities. The consequences are serious, even threatening: those institutions which do not adapt fast enough – or better, lead this change – risk losing their importance and eventually disappearing. If this is recognized in companies, non-profit organisations and even in public entities, why shouldn't it be also true for universities?

Competition and cooperation

The reasons have been widely recognized. They are due to two phenomena: globalization, as well as scientific and technological progress. Probably, the most striking aspect of these is the accession of China and India to among the great economic powers. As Thomas Friedman (2005) cleverly put it: "The World is Flat". The consequences can be summarized in two key words: increasing competition for people and organisations and – although it might appear as a paradox – an increasing need for cooperation in order to take up the challenge of competition.

Investing in the knowledge society

Europe, where the first industrial revolution took place, is particularly challenged. Its high standards of living could even be threatened for two interlinked reasons: its rapidly aging population will hamper its economic dynamism. Moreover, the comparatively generous welfare state which Europe was able to develop thanks to its economic domination until the Second World War and rapid reconstruction afterwards may well be unsustainable, all the more since it is characterised by too much waste. The recognition of these threats is at the origin of the European Union's 2000 Lisbon Agenda, which aims to foster research and competitiveness. They are also clearly taken seriously by a few countries, in particular those which were for long among the less developed ones, like Finland and Ireland. Moreover, this European malaise is also at the origin of the 1998-1999 Sorbonne-Bologna process which aims to make from the European diversity the catalyst of its development. In brief, Europe has become conscious that its most promising response to the challenge of increasing competition is to invest heavily in the knowledge society.

1.2   Transformation in European higher education

European higher education institutions and universities must simulta-
neously take up the globalisation challenge, which is a source of in-
creasing competition, as well as the challenge of transformation
through the Bologna process, in order to respond to this competition.
Moreover, the Bologna process has two distinct phases; first, the trans-
formation phase with the implementation of the reforms involved;
second, the long term impact of establishing both the European Higher
Education Area (EHEA) and the European Research Area (ERA), as
well as of some national specific policies. The increased transparency
of the European Higher Education system and the new research and
funding policies will seriously reinforce the climate of competition
between institutions. And this is happening in a time of increasing
competition between traditional institutions, the emergence of new
types of institutions, continued increases in participation rates, in-
creasing demands on higher education institutions, increasing costs of
research and teaching, and increasing difficulties for the public
authorities to allocate the public funds which would be required, in
particular due to other priority obligations (see also Newman et al,
2004).

**The challenge
for universities**

1.3   The challenge for European universities

This rapidly and profoundly changing environment both worldwide
and in Europe is seriously challenging national higher education and
research systems, as well as each individual institution, to change not
only in order to adapt, but also to contribute to the change. As the
European University Association (2005), echoed by the President of
the European Commission, Barroso (2005), put it: "Europe needs
strong universities" in order for the continent itself to be strong. This
is a challenge both for the public authorities, who should ensure a
favourable environment for the development of institutions, and for
institutions to be well governed, led and managed.

**Europe need strong
universities**

Keeping in mind the pressure and necessity for change, this article
will successively consider:

- the implications for the responsibility of public authorities for
  higher education and research,

- the responsibilities of higher education institutions,

- the governance and leadership of higher education institutions, and
  finally

- the management of higher education institutions.

2. The responsibilities of public authorities for Higher education and research

2.1 The public responsibility for higher education and research

Higher education as a public responsibility

Since the Sorbonne Declaration (1998), the Ministers of education, as co-signatories of the successive declarations or communiqués, have been stressing that higher education is a public responsibility. This is quite reasonable as it has been well established that higher education produces not only a very high private return on investments for individuals, but also a high collective one. This public responsibility for higher education and research is justified by efficiency and equity reasons. First, the market is not fully efficient, due to the external benefits accruing to those who have not benefited from higher education, to insufficient information, as well as to its incapacity to take into account the social benefits of education to the whole community and the guarantee of quality education across the board. Second, the market cannot guarantee a fair distribution of higher education opportunities (Bergan, 2005 and Weber, 2005).

Responsibility of public authorities

The draft recommendations elaborated by the steering committee for higher education and research of the Council of Europe[1] state that "The responsibility of public authorities for higher education and research should be nuanced and defined relative to specific areas. It is broadly recommended that public authorities have:

- *exclusive responsibility* for the framework within which higher education and research is conducted;

- *leading responsibility* for ensuring all citizens have effective equal opportunities to higher education as well as ensuring that basic research remains a public good;

- *substantial responsibility* for financing higher education and research, the provision of higher education and research, as well as for stimulating and facilitating financing and provision by other sources within the framework developed by public authorities."

University autonomy

These recommendations state further that: "In the choice of instruments for exercising their responsibilities, public authorities should respect the principle of institutional autonomy and acknowledge that funding, motivating and stimulating the development of higher educa-

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[1] As approved by the Bureau on 30-31 January 2006 and to be submitted to the committee of Ministers of the Council.

tion and research is as important a part of public responsibility as the exercise of regulation and control". Why is institutional autonomy so important? For at least two reasons (Weber, 2006): First, history demonstrates that each time the ruling powers restricted the autonomy of universities, a period of intellectual and social stagnation or decadence quickly emerged. Society needs universities to develop new knowledge and to examine societal and scientific questions freely, with a high level of scholarship and the most appropriate scientific methods. This is the essential long term responsibility of universities towards society. Second, recent rankings of research universities show that the best universities are very autonomous institutions and that the few exceptions to this observation, which are to be found in particular in Russia or China, can be explained by the fact that they are generously funded and benefit from an internal decision making process which allows them to fix priorities.

Autonomous universities are superior because they can be proactive and entrepreneurial: too much and/or often bad regulation, as well as too many short term and often cyclical outside pressures or incentives, kill initiative and are therefore the source of more regulation and political micro-management which further weaken the institution. There is clearly a great danger of a vicious circle! Obviously, autonomy should be secured not only towards the State, but also towards the private economy and established religions or any other spiritual movements.

Advantages of autonomous universities

The scope of "real" autonomy is broad. It covers:

Scope of autonomy

- the internal organisation, the decision making processes and the selection of leaders,

- the study programmes, although the structure of degrees and the qualifications framework should be regulated by the state,

- the choice of academic and non-academic staff and their financial compensation,

- the choice of non-state-allocated financial resources, in particular student fees, as well as of how to spend its resources,

- the choice of students, provided that national objectives concerning equal access and opportunity are met.

It would be self-destructive to follow the argument that governments should stop funding independent institutions, considering the high collective return on investment of higher education and research. It is also wrong to consider the financing of higher education as a consumer expense.

High returns on investment

The corollary of university autonomy

On the other hand, respecting the autonomy of institutions does not mean that governments should not have a higher education and research policy. Certainly not! Governments must also fix priorities and implement them through appropriate funding and allocation policies. However, changing priorities should be done over time and at a high level of aggregation, in order to avoid adverse impacts on institutions which could be seen as equivalent to direct intervention. Furthermore, it is recommended that government and universities agree on missions and funding levels by way of contract. Finally, public authorities should promote the quality of the system and of each institution, through a quality assurance framework where universities are both the key players and the owners of the framework.

3.   The responsibilities of higher education and research

The combination of increased competition, increased pressure from public authorities, private firms and public opinion, and the difficulty of receiving the financial support from the public authorities to match the cost of these additional demands, is pushing universities to examine how to improve their efficiency and obtain new sources of funding. This is certainly positive, but these attempts "to do more with less" and to find alternative sources of funding – as is increasingly required – have limits. Universities are increasingly threatened in the pursuit of their fundamental missions, i.e. developing new knowledge and educating students.

Responsive vs. responsible universities

Public authorities, public opinion and each institution must all be well aware that universities today are inevitably pushed towards a conflict between two equally important objectives. However, these objectives cannot be equally and simultaneously satisfied without adequate funding (Grin, Harayama and Weber, 2000, Weber, 2002, pp. 62-64). On one hand, "universities are expected to be *responsive* to the short-term needs of the economy, the state and their main stakeholders, the students. This means that universities should respond to what society demands at any one time". "On the other hand, while responding to society's need and demands, universities must also assume a crucial *responsibility* towards society. Universities are one of the oldest surviving institutions, clearly older than modern states. Moreover, they remain practically the only institutions able to secure and transmit the cultural heritage of a society, to create new knowledge and to have the professional competences and the right status to analyse social problems independently, scientifically and critically. The great difference between being *responsive* and being *responsible* lies in the fact that, in the first case, universities should be receptive to what society expect from them; in the second case, they should have the ambition to guide

reflection and policy-making in society". While universities excel at making new discoveries in all disciplines ..., they must also scrutinize systematically the trends that might affect soon or later the well-being of populations and, if necessary, raise criticism, issue alarm signal and make recommendations...".

These two responsibilities can obviously be contradictory in the short term, as the pressures of both the market and politics require universities to respond to immediate needs or to political opinions which are too often purely utilitarian, reflecting short term, or even partisan needs. Therefore, it is crucial that universities have the freedom and the strengths to pursue their search for knowledge away from undue pressure, political or financial. But the reality for them is that they are "situated at the centre of forces between the necessity to be responsive to the short term needs of their stakeholders and to be responsible for the long term interest of the society they are serving..." (Weber, 2002, p. 64).

Short term and long term perspectives

This tension between responsiveness and responsibility is continuously reinforced by the accelerating changing environment. Hence, meeting the challenges of permanent change, and engineering the corresponding changes, both demand ongoing articulation between the requirements of responsiveness and responsibility.

4. The governance and leadership of higher education institutions

4.1 The limits of the traditional system of governance

The challenge for universities to become strong institutions and their quest for substantial autonomy have important implications, the most delicate one probably being the need to deserve the hopes and trust put in them. This means, among other things, that they should be accountable to the public authorities on which they depend, and by extension to the public at large, and to their private sponsors and stakeholders. This implies in particular that they should be well governed, led and managed. The greater the autonomy, the more this is crucial.

The traditional process of change

Adapting to the fast changing environment and even leading the change is a difficult challenge for universities. The experienced observer of university decision making knows that there is continuous disagreement about whether universities are changing fast enough or not. Indeed, universities do adapt on a permanent basis to the changing environment, thanks to the inherent capacity to adapt of its academic staff, who have been selected on the basis of their capacity con-

stantly to renew their knowledge and to innovate. Moreover, universities have a good opportunity to innovate through the process of recruiting new members of academic staff.

Not adapting fast enough

However, this comparatively high potential of a university to respond to the new demands and opportunities still does not guarantee that they are adapting as fast as they could and should. Furthermore, there is an increasing feeling among university leaders and observers that universities and the university system are not adapting fast enough in order to make sure they deliver what is necessary, in order to best serve the long term needs of society.

Indeed, each institution, as well as the system, is bound to be good if the new entering students are well prepared, the staff, the facilities and the equipments are good, and funding is generous.... However, today's challenges require being better, even for a good institution, and this is obviously even more true for mediocre ones.

Decision making and counter-powers

In the vast majority of European universities, decision making is strongly characterised by systems where the counter-powers are nearly as strong as the decision making bodies, and where the numbers of bodies to be consulted is greater than it should be, and where these bodies are characterised by unclear and often somehow overlapping competences. In other words, decision processes are obscure and unlikely to produce clear and significant decisions.

This non-transparent and partly redundant decision process was and is still justified by the important fact that in no other human organisation is there such a high concentration of intelligence and scholarship at the basis of the hierarchical pyramid, if we accept the use of that word so unfamiliar to university discourse in defining the different layers of academic leaders (in particular rector/president, deans, heads of departments, professors, researchers, advanced students). For centuries, higher education institutions did well by counting on an extremely decentralized decision making system and an often redundant network of committees and decision bodies to adapt to the changing environment. Today, the alarm signs are very present, in particular, the strong domination of the United States in matter of Nobel prizes over the last thirty years and the impressive domination of American universities in rankings of research universities.

keyword

Governance can be defined as the set of bodies and functions, their respective competences and the procedures by which they interact to make decisions at the level of and within the institution.

Leadership is the aptitude of the university heads at different levels of responsibility, respectively president or chair of the (administrative) board or senate, if any, rector/president or rectorate/presidency, deans or deanship, director or head of school, department, institute or research centre to fulfil their role by promoting strategic thinking, engaging dialogue – which implies in particular consulting, listening and communicating, but also providing input of expertise and vision – and by making decisions and making sure these are implemented.

4.2 Towards a system of governance geared towards institutional change

The question facing each institution is whether the traditional system of shared governance, which is traditionally very decentralized and democratic, allows universities to implement the significant changes imposed by the changing environment. It is eminently difficult to respond to that question; however, as an observer of the system, one can fear that if it was probably possible in the past, it is no longer the case today. In addition to the complexity, duration and sometimes paralysis of the decision making processes, the main actors – who too often refuse to recognize that they would benefit from it in the long run – often act more as agents slowing down the process than promoting it. University professors and other leading researchers most often prefer the *status quo* if they are not sure what benefit will result from the change, are more faithful to their discipline than to their institution, have no real vision for their institution, and are easily demotivated. In other words, the institution's human assets tend also to become its most conservative element.

Preferring the *status quo*

In an institution where most of the competence is at the bottom of the hierarchy, this very fact raises the serious question of the right degree of (de)centralisation. At first sight, there is no one solution which is obviously better than any other. It appears on the contrary that the optimal solution very much depends on the personalities who occupy the key positions; it varies therefore from one combination of personalities to the other. Whatever the rationale on paper of a solution, its effectiveness depends greatly on the persons occupying the key positions in the organisational chart. People are more important than structures!

People are important!

4.3 Lessons from the economic theory of federalism

In order to decide about the optimal degree of decentralisation, it may be useful, at least in understanding what is at stake, to borrow some inspiration from the economic theory of federalism, as this attempts to identify which decision should be made at which level of government (Weber, 2001). We learn from this theory that, basically, decisions should be taken at a level as near as possible to those who will be affected (positively or negatively) by the decision. This rule is better known as the subsidiarity principle, which states that decisions should be made at the lowest level possible. This parallelism established between decision makers and those directly affected by the decision needs to allow, however, for three exceptions:

The subsidiarity principle

Three exceptions

- The existence of externalities, i.e. effects which can result even if those taking the decision avoid or try to avoid it having an impact, negative or positive, on a broader circle of people. This is typically the case when e.g. a weak university department damages the reputation of the whole university, or when the high quality of a department has a positive impact on the visibility of the whole institution.

- The existence of potential economies of scale, which would allow the institution to improve its output and/or decrease its input, by engaging in collaboration with other subdivisions or external organisations or even by merging. One obvious example is the development of open-courseware or of a digital library.

- The need for equals to be treated equally. This requires the centralisation of the rule making and implementation processes, in order to ensure that everyone is treated equally. Less emphasis on equal treatment would permit a lighter, more decentralized system.

Decisions at the lowest level possible

We can infer from these very basic principles that decisions should be normally be taken at the lowest decision level possible, as long as this is not in contradiction with the above three exceptions, that is as long as there are no wide ranging externalities, no potential economies of scale, and that it does not produce unacceptable inequalities of treatment. In other words, given the high levels of professional competence at faculty and academic staff levels, and the great potential enthusiasm at the level of students, universities should – more than any other organisation – give plenty of freedom to these stakeholders. This is the best way to promote their creativity and to secure their commitment to the institution. However, such a strongly decentralized decision process would neglect the other aspects of a good decision structure, which all plead for a more centralized or hierarchical decision process (Weber, 2001).

These lessons drawn from the economic theory of federalism show that the ideal system of governance – if any – must allow for an adequate combination of decentralized and centralized decision making, the latter being replaceable by strongly coordinated decisions making processes.

4.4   A suggested role for the different stakeholders

Stakeholders' roles in a modern university

Let us now look schematically at the different potential decision makers and examine which decisions they should be responsible for (Weber, 2001). These broad principles should be adapted to the local situation, in particular to the organisational structure (e.g., a traditional system with faculties and departments, a flatter organisation with only

one layer of faculties or schools with no further subdivision underneath, or a matrix system).

- Students should be in a position to define their education and to evaluate the quality of the education provided to them, as well as to participate in and contribute to improving the social aspects of their student life.

  Students

- The academic staff, in particular university professors, who constitute the key human assets of a university, should benefit from a working environment which favours their creativity and their commitment towards their students. They should also have ample opportunities to express their views about the future development of their discipline and to propose the creation of new study programmes and research areas. However, they should not have a final say about strategic issues, as this would introduce a strong bias in favour of the status quo. However, if a professor receives financial support for an activity that is no longer a priority, he or she should be left free to work on it.

  Academic staff

- The responsibilities of groups of academic staff at department or faculty level are equivalent to those of individual academics, and entail more or less the same restrictions. It is obvious that a group of academics belonging to the same discipline is tempted to act as a cartel, particularly inclined to defend their own interests without paying too much attention to the interests of the larger organisation.

- Deans or head of faculties or schools: in most European universities, faculties or schools are the most important units, holding an intermediate position between the university and the departments or institutes. In many respects, they represent a compromise between respect for the subsidiarity principle and arguments in favour of stronger centralisation. It is good policy to attribute most decisions regarding teaching to faculties, and to involve them in the conception and implementation of policies. However, one can observe in many universities that deans are often too close to the members of his or her faculty to exercise effective authority and that, when together, they tend to collude against the leadership of the organisation, preventing any significant change. Due to their extremely delicate position between their faculty colleagues and the rector/president, and sometimes in opposition to their own views, deans and groups of deans are often the most conservative decision agents opposed to change.

  Deans

- The rector/president and his or her team should obviously lead the institution and therefore make all strategic decisions. However, the preparation of the decisions and their implementation should be partly delegated to permanent or ad hoc committees. It is crucial

  Rector/President

for the institution that the wealth of knowledge available is fully exploited to define strategies, policies and rules, thanks to intensive consultation of those who have the knowledge or are in the position effectively to understand all aspects of a question. However, once this large consultation has been undertaken and the different groups have had the opportunity to express their views, a decision must be made. And for all strategic questions, the setting of broad priorities, including the creation, suppression or merger of units, changing the organisational structure of the institution or the decision making process, collaboration with other universities or institutions, the final decision should be taken by the rector/president and/or his or her team, unless an administrative board has the competence to do this. It is important to stress also that this competence to decide must be accompanied by the power to apply and implement the decision. This is often a serious challenge, but a choice of means, in particular the use of incentives or disincentives, mainly financial, is preferable to the blunt use of rules and power. Let us add that if the rector/president is in a position to choose the other members of his or her team, this rectorate/presidency team is likely to lead the institution better thanks to the combination of personalities and competences.

Senate

- The Senate, defined as the assembly of academic staff, which may in fact be restricted to professors, as in many European universities, is obviously no longer in a position to make the sort of decisions it might have been some time ago.

Administrative board

- An administrative board is a decision making body, partly or totally internal to the university, composed of representatives of all stakeholders (students, academic and non academic staff). We have them in many European universities at university level, and in some cases also at faculty level. They should be given ample opportunity to comment and make proposals regarding university strategy, study programmes, student affairs and general welfare within the university. However, if on one hand this has the advantage of contributing to the production of consensus-based decisions in line with a model of shared governance, such a board is in general the other main obstacle to significant change within the institution. It is generally composed of representatives who are not all really interested in the future of the institution, but who have agreed to be elected in order to defend a position, which in most cases is already well established; they spend only a fraction of the time spent by the rector/president in preparing the decisions; finally, majority building in boards calls for strategic alliances, which may change from one decision to the other. Moreover the president of the administrative board plays generally an important role. There is more coherence if the rector/president or a faithful friend is him or herself in this position, but sometimes, board is led by someone else or, worse, someone who has been elected to lead the opposition.

- Contrary to the USA where these are the rule, external boards are few and far between in Europe. They are in principle composed exclusively of personalities from outside the institution. As the American experience shows, external boards can be very supportive to a rector/president engaged in a policy of change and in the strategic decision making process; but they can also be an nightmare for him or her if they have a high propensity for political micro-management. In such cases, they are very similar to the public authorities (executive or legislative) who operate in the cases of institutions with little autonomy. The choice of external board members is crucial: quality and experience, as opposed to political obedience, should be the only criteria.

External boards

- In many European countries, the public authorities play the role, more or less, of external boards in the US. Depending on the distribution of competences between the ministry in charge and the institution, the public authorities usually play a role in important decisions like the allocation of budgets, the approval of study programmes or the appointment of professors. However, there is a large degree of diversity between one system and another. It is this aspect which allows the formal, if not the effective, autonomy of an institution to be measured.

Public authorities

In summary, in order to respond to the heavy challenges raised by being pro-active and entrepreneurial, the university of today needs to have the governance mechanisms capable of making the right decisions and the authority to implement these decisions. Compared with the university of twenty years ago, this requires greater decision making power at the level of the rector/president and/or, if there is one, at the level of an external board. In other words, it is crucial to reduce the possibilities for blocking the decision making and implementation processes at the level of administrative boards or of deans. These possibilities are often reinforced by the multiplication of bodies and the interminable length of processes.

4.5 The necessary conditions for success in a more centralized system

The concentration of more decision making power in the person of the rector/president and his or her team is likewise not without risk. This is what professors and deans will argue when complaining about the wrong decisions or the lack of decisions by the rector/president. This risk is real and must be taken seriously. But the fact that real decision making power is concentrated in a small number of persons, mainly at the top of the institution, is the norm in the private and political worlds. In both cases, clear mechanisms exist for controlling the leaders and for getting rid of them if they are not competent or take the wrong decisions. This is why, in the context of higher education insti-

And if the leader is not good enough?

tutions, rectors/presidents must be appointed for a specific period, which should be renewable. It should also be possible not to renew their mandate at the end of a period, or to dismiss them during the course of the mandate. Such action should in principle be the responsibility of the same body which appointed him or her, in principle the administrative board or an external board. It is true that universities, more than any other institution, benefit from a spontaneous capacity for change and can be seriously affected by bad decisions imposed from the top; nevertheless, the challenges of today are too serious to trust the system of shared governance completely: this is too conservative and sometimes even incapable of making the decisions required by the changing environment. The challenge is to find a just balance between the two extremes.

4.6   The organisational structure

Model of structural organisation

Decision making in any given university depends not only on its different consultation and decision bodies, but also on its organisational structure. As seen above, we can identify three main models, each with variants: the traditional model with faculties and departments; a flatter type of organisation with only one level of subdivision (schools, departments or colleges); and the matrix system by which the institutions is organized according to its two main missions, research and teaching as well as learning, both of these benefiting from a decision making structure. The arguments for and against these different models are relatively well known.

Three points regarding structures

Today, three points should be taken seriously into account. First, it is important for a structure to be kept as simple as possible in order to facilitate consultation and rapid decision making. Second, the development and specialisation of science today imposes an increase in scale in order to guarantee the necessary critical mass. It is now not unusual to have 7-10 professors in disciplines which were well covered by two professors fifty years ago. Third, despite the increasing division of disciplines into micro-specializations, many discoveries are done today at the margins between two or three disciplines. Moreover, solutions to societal questions need the joint input of many disciplines. Although interdisciplinarity has been recognized as essential for a very long time, the traditional structures of universities, as well as the organisation of professional publications, are a serious obstacle to its development. This is why a number of universities across Europe are currently in a process of completely reengineering their organisational structure in order to promote interdisciplinarity, critical mass and capacity for change.

Another open question is the profile of the ideal institutional leader. **Profile of leader**
Considering the size, budget and the necessity imposed by the envi-
ronment to make significant decisions, some could believe that the
best profile for a rector/president is that of a businessman, with expe-
rience in running a big firm. Apart from a few positive experiences, it
is probably not the best solution, in particular because universities are
extremely complex institutions, among others due to the quality of
their human resources, the very special conditions of creativity at the
frontiers of science, and the importance of the right communication
methods in the teaching and research worlds. Therefore, the ideal
leader remains someone who has gained a high reputation in science
and/or as a teacher, and who is very familiar with the necessary con-
ditions for innovation, creativity and teaching responsibility. However,
if these high qualities were quite sufficient fifty years ago, when the
rector/president would spend perhaps only one day a week in his or
her office, they are no longer sufficient today.

The complexity of the strategic decisions
which have to be taken, the challenge of con-
vincing the whole institution to join forces
towards a specific aim as agreed by the ma-
jority, the complexity of legal regulations,
and the sophistication of management tools
all require that the leader should have excel-
lent leadership and management aptitudes,
whatever his or her academic discipline and
in addition to his or her academic qualities.
Although these can to a certain extent be
learned, not everybody has such skills. This

keyword

Management should be understood as the use
of suitable tools to prepare and implement deci-
sions and policies, as well as to monitor their
efficiency and effectiveness.

is why the profile of the ideal rector/president should include compe-
tences which have more to do with the intrinsic personality of the
candidate and his or her ability to build on the scientific qualities he or
she has already developed.

5. The necessary management tools to support good governance

5.1 Governance and management

Obviously, the responsive and responsible university of today needs a
good governance system in order to be able to make the strategic and
administrative decisions required by the fast changing environment
and to secure the support of the academic and non academic commu-
nities for their implementation. However, this is not enough. In order
to prepare and implement the decisions, as well as to monitor their
effectiveness, institutions need to develop and utilize the information

provided by various management tools. These instruments serve also to secure the transparency and accountability of the institution, internally and externally. This is not the place to describe these instruments in detail. This section will nevertheless briefly describe those which are indispensable for better governance. Those which have mainly an administrative character, like the administration of students and human resources, accounting, computer services, logistics, etc ..., will not be described here, not because they are not important, but because their purpose is of an administrative nature and not necessarily to support a strategy of change.

5.2 The most important management tools to support good governance

6 main tools

Any institution aware of the necessity to be pro-active and entrepreneurial in this period of rapidly changing environments should develop and use the following management tools:

Strategic plan

- A strategic plan is the best tool available to invite the whole institution to project itself into the future (around ten to fifteen years), examine different scenarios regarding the development of its environment and its response to these developments, and to select the most appropriate strategy. This strategic plan and scenario building exercise should as far as possible be "zero-based" to force the different units to justify their whole activity and not only the incremental developments they envisage.

Financial plan

- It is also very useful for institutions to establish a four-five year financial plan, and to revise this every one or two years. Experience shows that they are rarely applicable for more than two years, thus the necessity to update them on a regular basis. In addition to that, in order to facilitate internal budgetary negotiations and to inform subdivisions about what they can expect in the future, the financial plan helps the institution to extrapolate the additional costs linked to an investment (building, heavy equipment). However, the implementation of a financial plan should not prevent the institution from supporting good projects or opportunities which appeared once the plan has already been put together. This implies that the organisational leadership should have an important budgetary reserve (around 5 - 10 % of the total budget) at its disposal, which can be used, with the help of an ad hoc committee, in order to launch a very good project which appears to represent an opportunity.

Quality culture

- Any university, whatever its level, can improve. The surest strategy to improve is to develop a rigorous culture of quality within the institution. There are many ways to improve quality, but the most promising would appear to be a cyclical process of evaluation of all academic and administrative units, articulated around a self-evaluation report, a

peer review visit, and a serious follow-up mechanism (see the Irish model, Irish Universities Quality Board, 2006).

- Universities are paradoxical: when scientific research is concerned, academics rigorously use data and statistical tools to reach scientific findings; but when budgetary decisions or the allocation of office space are at stake, this is often done in a subjective manner by academics in administrative positions, where negotiating skills become the most important factor. Universities should therefore place a high priority on collecting and analysing core sets of data in order to be able to make objective decisions based on facts and not only on impressions. This implies that universities should set up a small institutional research unit, composed of one or two statistician-economist-sociologists, to elaborate and maintain this core set of "dashboard" indicators, analysing them and undertaking other relevant internal studies. The costs of such an initiative would be well compensated by the improvement in decisions made.

Core set of indicators

- It is also a fact that accounting in most universities is restricted to the identification of the flow of expenditures and revenues in order to establish the yearly accounts. It is rare for university accounting to examine the efficiency or effectiveness of production, and to calculate the unit as well the full economic costs of different activities. Therefore, a well governed and well led university should develop a system of analytical accounting and develop a spirit of monitoring. However, the purpose of this should be to support the academic staff and not to sanction them.

Analytical accounting

- Finally, in a period of rapid change and significant decisions, the people concerned often react negatively because they are anxious for their present positions. Since they are not able to move to another function and because they do not really see the purpose of a proposed change, or the possible advantages for them and for the whole institution. This is why the leaders of the university should spend much more time than they do traditionally on communications and dialogue, both inside and outside the institution. In this period of over-information and increased insecurity, communication should become the main instrument of today's university leader.

Communications

In concluding this section, it is necessary to remind university leaders and their heads of administration of the risks involved when developing decision making tools and improving the administration. One of these is the creation of heavy and rigid bureaucracy which then becomes a real burden for the academic staff, instead of making their inevitable administrative work as simple and productive as possible. Too many administrative tasks, coupled with rigid rules, are in the end frustrating and killing new initiatives, and encouraging subversive behaviour.

Better administration doesn't mean rigid bureaucracy

6.   Conclusions

The two key messages

The purpose of this article was to offer an overview of governance, leadership and management of European universities in a period of rapid change. In view of the extreme diversity of the European higher education landscape, historically, institutionally and politically, the description was articulated around general characteristics which can be considered as more or less common to all institutions, whatever the country of localization. We trust however that any university leader who decided to read this article, in search of some inspiration, was well aware of this limitation and that he or she would therefore not find solutions readily applicable to his or her institution. However, they will have hopefully picked up the two main messages of this article: first, that the higher education and research sector is not immune to the disruption which is taking place in the world and which is still ahead of us; second, that to take up the challenge, universities can no longer count on a change process located solely at the level of individual departments and academics, but need to establish a governance, leadership and management system geared to change at the institutional level. Even if a lot of work remains to be done along the lines described above in planning an adequate solution for a specific institution in a specific environment, the purpose of this chapter would be reached if these messages have been understood and if many university leaders begin or continue to take action accordingly.

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