EUROPEAN UNIVERSITY ASSOCIATION

UNIVERSITY LEADERS' PERSPECTIVES

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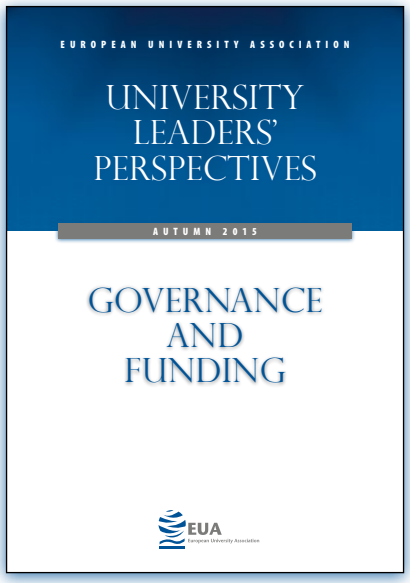
GOVERNANCE AND FUNDING

EUA
European University Association

With the series "Leaders' Perspectives", EUA gives the floor to the executive heads of its member universities on the essential issues that are on the horizon for the sector.



Contents

Perspectives on university governance and funding: a walk-through

In October 2014, the university community met again in Bergamo, Italy, to discuss challenges ahead on the occasion of the second EUA Funding Forum. This unique platform for debate saw university leaders from different European countries argue for long-term stability and vision in difficult and changing times.

With the "Leaders' Perspectives", EUA takes the conversation forward. A selection of university leaders, who participated in the Forum directly or indirectly, provide their views on a series of issues connected to governance and funding.

Each of the guest contributors was asked to summarise the game-changing evolutions in their higher education system, highlighting challenges and opportunities for university governance and funding. Whether in France, Denmark, Italy or Sweden, in the last decade regulatory frameworks have been changing, and there seems to be a widespread effort to revise and "optimise" funding systems. Universities need not only to be active in shaping these reforms, but they also have to develop their own strategies and redefine their own positioning in this context.

This is an essential mission for presidents and rectors, and a significant challenge in times of change. The contributors acknowledge their role as political leaders who need to inspire a vision and the dynamics of change, while insisting on the importance of creating consensus and gaining the endorsement of all constituencies. This has been particularly important in countries where the university leadership has been reinforced as a result of autonomy reforms. The selection of leaders at all levels of the organisation also supports the development of a culture of "good management".

As far as possible, our guest writers – one could almost say guest speakers, as we have sought to keep to a conversational style – have endeavoured to formulate recommendations, both to the policy makers and to the sector, as both parts design and implement the new frameworks governing university operations.

With the present compilation, we seek to bring forward the connections between the different levels of analysis – within the institutions, at national level, and with a European outlook – in a more personal fashion, letting the reader "hear" the voice of first-hand experience. We see it as a natural addition to EUA's work on governance and funding, which completes a repertoire of events, including the Funding Forum, online tools as well as reports published in 2014-2015.

EUA thanks the leaders who gave their time for this exercise and helped us to experiment with this new format.

Thomas Estermann & Enora Bennetot Pruvot

A composite portrait of today's university leader

The following interviews were conducted with leaders of different types of institutions, operating in diverse policy contexts. Nevertheless, a series of common questions, concerns and statements emerge from their responses that contribute to outline some of the characteristics and responsibilities of today's university leaders in a fast-changing field.

A political and academic leader …

The university's executive head is first and foremost a political leader. He or she is responsible for designing a long-term vision for the institution and develops the strategy which will help achieve the set goals. To do so, leaders also facilitate and stimulate discussion, engaging the different constituencies of the university. They are ultimately the guardians of the quality of the teaching and research activities of the university and of its internal balance. They strike the compromises necessary to support the ambitions of the faculties and departments while promoting interdisciplinary approaches. To attain these objectives, leaders promote transparency in the decision-making and communication processes. They oversee the partnerships that the institution engages in and ensures that these support the overall strategy.

Externally, the leader is the face of the institution. They engage in the broader policy dialogue with public authorities and stakeholders. It is even more important to be articulate about the added value of universities to societal and economic development as public resources become scarce and competition is high. As an interface between public authorities and the institution, the leader has a particular responsibility to become involved and to contribute to shaping policies that affect the institution and the broader higher education and research landscape.

… managing a complex community

The university community is diverse and to some extent undergoing transformations, as the institutions themselves are evolving. It is therefore all the more important, in such a context, that leaders not only create an environment favourable to continued dialogue, but also generate and nurture enthusiasm for a common project. They are responsible for establishing efficient communication channels that enable the various constituencies to be informed and engaged in rapid change processes.

As chief of staff, the university leader manages negotiations between management, staff and unions, steers the development of recruitment policies that contribute to the strengthening of the institution, and promotes new talent as a vital source of renewal for the university.

… fostering the development of the institution

The university leader drives the professionalisation of management and governance of the institution, enhancing the university's capacity to respond to new challenges. In this regard, the rector or president has an important role in developing leadership at the different levels of the institution, to make sure that the adequate profiles, experience and skills are put to the best use for strengthening and further developing the university. This is particularly relevant for leaders engaged in large-scale change management brought about, for instance, by merger processes. The success of the operation largely depends on solid leadership and sound management teams that can effectively support the strategic and academic case for the merger.

To allow the university to thrive, the leader must address the difficult challenge of over-regulation, so that micro-management and burdensome bureaucratic requirements do not create a stifling environment harming innovation in both teaching and research activities. They therefore act as a watchdog in that respect and seek to maintain a healthy balance between necessary accountability towards public authorities and society and institutional autonomy.

… responsible for financial sustainability

The rector or president, through his or her decisions, works towards the long-term financial sustainability of the institution. This implies addressing multiple challenges, from fostering the development and implementation of a sound income diversification strategy, to ensuring that promising initiatives are identified and supported financially. They manage internal expectations and external constraints.

As the policy discourse on performance influences the reforms of funding allocation mechanisms throughout Europe, the university leader has as a priority to define internal allocation of resources, which may differ from public priorities in the field; their concern is to enhance the efficiency of university operations in a way that supports the academic and research missions of the institution. This includes constant care for simplifying internal financial procedures.

This brief description of some of the tasks and responsibilities of university leaders today serves only to confirm the need for adequate selection processes for the executive leadership. Continuous skill development is essential to address the complex array of issues rectors and presidents face on a daily basis.

EUA's work on governance and funding intends to provide tools, illustrations and recommendations to help today's leaders tackle tomorrow's challenges.

STEFANO PALEARI

Rector, University of Bergamo, Italy

Stefano Paleari became a Professor of Finance in the Faculty of Engineering at the University of Bergamo in February 2001, and since March 2006, he has been Scientific Director of the International Centre for Competitiveness Studies in the Aviation Industry.

In 2006 he founded Universoft, a spin-off company of the University of Bergamo, dealing with the financial analysis of companies and stock markets and the management of proprietary databases. In October 2009, he became Rector of the University. He has been a member of the Council and President of the Conference of Italian University Rectors since April 2011. In April 2013, he was elected as a member of the Board of the European University Association.

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities?

In December 2010, a comprehensive reform (Law 240/2010, or "Gelmini reform") changed the institutional governance and internal organisation of Italian state universities. Nevertheless, the reform only had limited impact on power distribution at system level. Rather than following the example of higher education policies in other European countries, which increasingly adopt a 'steering at a distance' approach, the new Italian legislative framework actually tightened regulation. Outstanding organisational uniformity in institutional governance and internal structures resulted from this. Competition at the institutional level remains modest, while the managerial approach to institutional governance is not promoted. A few innovations, though, need to be mentioned. Rectors of Italian universities are now elected for a unique six-year mandate, and in the Board of Directors there is a compulsory representation of lay members.

Another important change was represented by the reform of the allocation formula of the basic operational grant of Italian state universities, enacted in 2014. It introduced the 'standard cost per student'. The new funding policy produces a redistribution and rebalance of state funding, leading towards an allocation that is radically different from the historical one. In 2014 it weighted for 20% of the base component of the basic block grant (FFO), in 2015 it rose to 25%, but in the future the aim for it is to cover the whole 'base component'. Now the 'standard cost per student', together with the 'performance-based component', is the main ingredient of our funding formula.

I reckon that the main challenge for the future will be that of diversifying the sources of revenue in publicly funded universities.

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How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities?

The strategy of my university is represented by four key themes: quality, internationalisation, excellence in research, identity. For the years ahead, our main challenge will be that of attracting more students thanks to a continually improved offer, with quality at the heart of this virtuous circle. We notably aim to attract more international students, especially graduate students, particularly for those programmes that, at our university, are now entirely taught in English. In order to attract quality students we are investing in facilities, and are charging no fees for the "top 10%" students, who are the top performers in high schools (for which the fees are waived for the first year of enrolment) and in their university curriculum (for which the fees are waived during the following years).

We also have two other initiatives, and these are the Teaching quality program and the Excellence initiatives, that target quality in teaching and excellence in research, aimed at promoting joint projects with top universities around the world.

> *The strategy of my university is represented by four key themes: quality, internationalisation, excellence in research, identity.*

How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

On the one hand, this is a time of important decisions. Our national context is characterised by declining resources, and in several cases one needs to exercise strong leadership to take difficult decisions. On the other hand, creating consensus among the staff is a real challenge under these conditions, but also a necessity. You need to create participation. If you communicate properly the current results, and create the right organisational mentality by sharing the future strategy, you have a better chance to match your ultimate goals.

What recommendations do you have for university leaders and funding policy makers regarding governance and funding, at the level of the system and for institutions?

At the system level, I am particularly satisfied with the introduction of the innovative funding formula based on "standard cost", introduced in 2014. In a context characterised by a perception of inequality in the distribution of funds, a formula, *ceteris paribus*, which is essentially based on the number of students, has introduced a simple and effective principle that reminds us all of how central is the role of students for a university. I recommend our policy makers to make the transition from the old system as gradual as possible, which is the only way to make it successful. Also, I reckon that in order to make the allocation formula acceptable in all areas of the country, the central government needs to make sure that equal access to education is guaranteed. What is to be preserved, in other words, is the possibility for all Italian students to be enrolled in what they think is the best university for their higher education.

At the institutional level, the implications are clear. Universities need to protect their teaching role, be innovative in their educational offer, and make it relevant for the students' interests and perspectives in terms of job opportunities. Of course, excellence in research is also a priority for universities, and it usually allows synergies with excellence in education as well.

> *Universities need to protect their teaching role, innovate in their educational offer, and make it relevant for the students' interests and perspectives in terms of job opportunities.*

How have your institution's strategic objectives evolved to take into account the new funding reality?

I believe that the business model of universities in Europe, but not only that, is changing. Nowadays one can identify "branded" universities, those that belong to the top positions in international rankings, and "non-branded" universities. While the first group can base its business model on high fees and/or tough selection, the second group needs to look for efficiency. This dichotomy is nowadays extremely evident in the USA, but it is expanding and will involve Europe as well. I believe that funding formulas allocating public resources according to efficiency indicators are doing a good job in preparing universities for the challenge of sustainability.

What is the main challenge that you see on the horizon for the university system?

The university system is becoming a mass system in many countries in the world. This has strong implications from many points of view. However, a crucial aspect is the natural process of differentiation; in other words, a mass system tends to differentiate both from the offer and from the quality side. Since students are neither customers nor automobiles, education should be considered as an opportunity for everyone and we must ensure that the differentiation does not lead to discrimination – for instance, against the poorest people and areas. This is in my opinion the real dilemma and the great challenge for a knowledge society. Public resources should be invested to mitigate this natural and negative tendency.

MARI SUNDLI TVEIT

Rector, Norwegian University of Life Sciences, Norway

Mari Sundli Tveit has a background in ecology and nature management, and is Professor of Landscape Architecture. Her main research interests are landscape ecology and landscape perception and preferences, and development of frameworks for landscape assessment.
In 2013, Mari Sundli Tveit was elected Rector of the Norwegian University of Life Sciences, where she had previously been Pro-Rector. The university is currently implementing the merger between the former Norwegian University of Life Sciences and the Norwegian School of Veterinary Science, including one of the largest infrastructure investments in Norwegian university history.
Mari Sundli Tveit served as board member in a range of institutions within academia. In April 2015, she was elected as a member of the Board of the European University Association.

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities?

The higher education system in Norway is evolving rapidly. The current government has an explicit agenda of concentration, and many mergers will be implemented in the years to come. The trend is towards larger institutions, aiming at stronger academic performance and robust administrative and academic units. At the Norwegian University of Life Sciences we are currently implementing the merger with the Norwegian School of Veterinary Science, which came into effect on 1 January 2014.

Academic freedom and autonomy are key values of higher education in Norway, and the higher education institutions are rather autonomous, as regards organisational, financial, staffing and academic aspects. However, current debates on key issues such as governance and funding have sparked concerns regarding the implications for autonomy and increased governmental control. There are current political discussions, and the Parliament presented a proposal to change the legislation concerning recruitment of university leadership and governance. They suggest changing the current main model of elected institutional leadership, to a model where the university board appoints the executive leadership. The institutions can still choose to deviate from the main model by board decision. External board members are proposed by the institution, but appointed by the Ministry of Education and Research in Norway.

The funding system in Norway is also under revision, and we are expecting a Parliament decision during autumn 2015. Overall, the proportion of state funding is high, with partly performance-based block funding. The proportion of performance-based funding differs between institutions. The performance-based funding is calculated from a range of indicators including national and international (i.e. EU) research funding, scientific publications, doctoral candidates and ECTS production. The proposed changes in the system include stronger emphasis on students' progression, as a high proportion of students in Norway spend more than the typical 3 + 2 years to finish their degrees. Higher emphasis on mobility and internationalisation is also likely.

An increasing proportion of available public research funding is channelled through the Norwegian Research Council. Large proportions of the available funding are canalised through thematic programmes, and university leaders have raised concerns about a lack of available funding for blue-sky research in open programmes. In recent years, more of the public research funding has been allocated to the EU funding mechanisms, such as Horizon 2020 and European Research Council grants. The amounts available, as well as the competition for the funding, are increasing. It is definitely a challenge for Norwegian universities to "gain back" the Norwegian contribution to the EU, and the government has ambitions to increase the return by 60%.

The emphasis on innovation is increasing throughout society and also within the universities. This will be a requirement from the government, and will probably also play a greater part in the performance-based funding scheme. Innovation is an increasing component in the thematic research programmes, in Norway as well as in the EU.

Since 2014, all universities (and other state institutions) have had cutbacks in their block budgets in order to increase efficiency and decrease bureaucracy throughout the institutions. These cuts will be repeated yearly in the national budgets.

Private or philanthropic contributions to higher education institutions are still rather low in Norway, although they differ according to academic fields (for instance, fossil fuels research

attracts a higher rate of private contributions). This proportion is likely to increase in the years to come. Norway has a long tradition of free education and equal access to education. However, in 2014, the government proposed tuition fees for students coming from outside the EU/EEA. Many university rectors were opposed to this, and the proposition did not obtain the majority in Parliament.

When it comes to academic aspects, the system in Norway differs between universities and so-called university colleges (which would in most cases be defined internationally as universities), where only universities have full autonomy with regard to capacity to introduce study programmes. The current and future concentration measures may be followed by changes in institutional categories in Norway, i.e. current university colleges aim to become universities by Norwegian definition.

How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities?

Our answer to all the current and forthcoming changes and trends will be to focus on improved quality. We have recently launched a strategic programme for excellence in research and education which aims to promote excellence and increase quality throughout the organisation.

To meet the demands for efficiency in administration and reporting schemes, we run comprehensive projects looking at systems, routines and set-ups.

We are strengthening the administrative support to researchers applying to Horizon 2020 and European Research Council grants. Motivating researchers to apply for funding through Horizon 2020 and ERC is very important, and we have ambitions to engage far more strongly in the years to come, and intend to succeed with this effort.

Our university has a strong tradition of contact with business and the public sector related to our academic fields. The increased demand for stakeholder involvement and participation in research programmes by small and medium-sized enterprises (SMEs) can still be a challenge, and we encourage our research groups to establish contacts and build stronger connections with outside entities at university level. This is also an important part of our greater societal mission, contributing to economic growth in the region, as well as nationally and internationally.

To strengthen our efforts on innovation and generate more spin-off and new enterprises from the university, we have strengthened our Technology Transfer Office, and the services provided to researchers as well as to outside entities. We have also established a joint innovation centre with the research institutes on campus, strengthening the research and innovation cluster with the university at its centre.

How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

I see my role of university leader as a privilege and responsibility to provide the best possible conditions for education, research and innovation. Any university leader should be sufficiently humble to see their position as a way to inspire their peers, motivate them and facilitate their success.

Participation, and a strong and active university democracy, is in my opinion crucial for a strong university leadership, making the right decisions for the university as well as for society.

There should be no trade-off between a strong leadership and participation. I believe that any strong leader in challenging times of change should keep their ears and minds open to the people and organisation they lead. Although universities can be somewhat averse to change, a strong leader should be able to motivate and induce important change processes, always aiming at providing the best conditions for the core activities: education, research and innovation.

> *“Although universities can be somewhat averse to change, a strong leader should be able to motivate and induce important change processes.”*

What recommendations do you have for university leaders and funding policy makers regarding governance and funding, at the level of the system and for institutions?

I believe investing in education, research and innovation is the best way to secure growth, employment and a sustainable future. Although I strongly support the universities’ responsibility to provide the means for societal change and growth, and to transform new knowledge into societal benefit, we should not underestimate the importance of blue-sky research,

curiosity-driven research, academic freedom and autonomy. We know that radical breakthroughs are often a consequence of long-term curiosity-driven efforts, rather than incremental developments. This also implies a need for more predictable, long-term funding and openness to risk.

Universities should safeguard their autonomous position, and I believe universities work best when they facilitate the success of internally motivated researchers enjoying academic freedom. This does not mean that we should have low ambitions for output, rather the opposite. I want to encourage ambition, high aims and excellence.

I strongly believe in involving the students in all core activities of the university, including university leadership. The head of the student union is therefore represented in my core advisory group, as well as in other decision-making bodies at the university.

Student involvement in research and innovation is also of utmost importance, both for the quality of education, and for the research itself. We also find that student involvement creates more innovation and spin-offs from university activities.

> *We should not underestimate the importance of blue-sky research, curiosity-driven research, academic freedom and autonomy.*

In your opinion, are current funding policies, especially those focused on performance and collaboration/ concentration processes, creating major synergies and opportunities for universities, or are there dominant tensions arising from these changes?

In short, bigger is not necessarily better. A successful merger needs an academic and strategic foundation, aiming at synergies in research and education. Creating such synergies without co-localising researchers is challenging. Mergers aiming at mere administrative efficiency are less interesting, as mergers are always costly in the short-term (minimum five years).

Performance-based funding is here to stay, and institutions have adapted to it. Any incentive-based scheme will lead to adaptation in universities' attention and performance, and it is important that these schemes are not too intricate, short-term or unpredictable.

In Norway, the performance-based reallocation of funding, calculated from performance in research and production of doctorate degrees, have required institutions to not only improve performance, but also to compete with other institutions. The outcome of one's own performance in terms of additional funding has thus been difficult to predict.

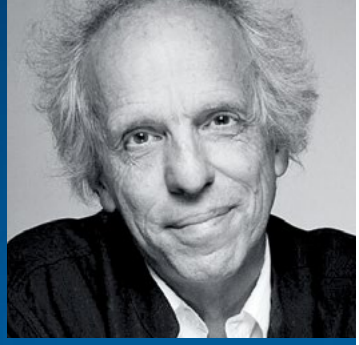
> *Mergers aiming at mere administrative efficiency are less interesting, as mergers are always costly in the short-term.*

> *Any incentive-based scheme will lead to adaptation in universities' attention and performance, and it is important that these schemes are not too intricate, short-term or unpredictable.*

What are your expectations towards European funding? What is the relevance and impact of European funding schemes in your institution? Is it integrated in the institutional strategy?

I expect funding schemes in Europe to gain even greater importance in the Norwegian setting in the years to come. Governmental ambitions to increase return rates put pressure on universities to increase their efforts. At the Norwegian University of Life Sciences, we have high aims for our own participation in Horizon 2020 and funding through the ERC, and we are strengthening our strategic efforts accordingly. We provide administrative support throughout the development of proposals and consortia, as well as support in managing the projects funded. Internal funding schemes reflect performance in relation to EU funding schemes.

ALAIN BERETZ



President, University of Strasbourg, France

Alain Beretz graduated in pharmacology and has been a member of the Pharmacology Faculty of the University of Strasbourg since 1990. His research deals with thrombotic disorders, vascular pharmacology and chronic vascular diseases. He was Vice-President in charge of technology transfer, and then President of Louis Pasteur University in Strasbourg. In January 2009, he was elected as first President of the University of Strasbourg, resulting from the merger of three universities.
The University of Strasbourg is a laureate of "Operation campus", an initiative by the French government which carried a €375 million endowment for the improvement of campus buildings, and one of the first three winners of the French "Excellence Initiative", a series of competitive calls for projects yielding a total €1.2 billion of endowment. Alain Beretz was re-elected in December 2012 for a second four-year term as President of the University of Strasbourg, and, since May 2014, is Chair of the League of European Research Universities.

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities?

Major changes have occurred in France due to two laws: the 2007 LRU law, "*Liberté et responsabilité des universités*" (freedom and responsibilities of universities) and the "ESR" law of 2013 (law on higher education and research). In short, they have introduced a greater degree of autonomy, or at least decentralisation, to French universities, in two aspects. Firstly, the budget, which is now a lump-sum budget, whilst previously the various expenditure lines were decided upon in Paris. Secondly, there is an increased autonomy in human resources, although many things still depend on national systems. This has set a very interesting framework for the evolution of French universities. But, once again, the success of these schemes depends greatly on the true implementation of autonomy in the French university system. Unfortunately, the tendency of national administrations to keep a close control on all public services will remain a major obstacle. This explains that, despite these laws, the EUA Autonomy Scorecard shows that French universities display mediocre performances in financial and organisational autonomy, and are even at the bottom of the class for staffing and academic autonomy.

A second type of evolution was the introduction of competitive funding schemes such as "Operation campus" (to improve the campus buildings) and the "Excellence initiative". Both schemes aimed to create approximately ten world class academic centres.

A third type of evolution is a strong incentive for mergers or federative structures which was introduced in the 2013 "ESR" law.

The combination of these three major reforms has indeed set up an interesting framework for the evolution of the French academic system. It has also created a lot of stress and pressure, some of which have hampered their implementation.

How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities?

The major problem in these evolutions is that they can lead, in a paradoxical manner, to a stiffer, less efficient system. There are at least two reasons to explain this paradox. The first is the typical French tendency to pile up rules, law or statuses one over another, instead of getting rid of some of the outdated regulations. The second issue is that these changes are costly and our university system suffers from both chronic underfunding and from a certain inefficiency in some of our major processes. Therefore, our main action is to try to increase fluidity and efficiency of the system. But it is clear that it will be very difficult to obtain more results with lower budgets.

How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

A university leader should not forget that he/she is both a political leader and a manager, **and in that order**. Therefore one key issue is to first translate these evolutions into clear, transparent policies that can correspond to the expectations and ambitions of the majority of the members of the university. We are not just here to implement policies or regulations, we are in office to defend and promote basic academic values and goals that we think are fundamental for our society.

But there is also an absolute necessity to encourage, on the managerial side, any action that can help to implement more transparent and straightforward processes. The success of an innovative policy will also reside in its fluidity of implementation, and in the degree of acceptance that the rectorate can generate.

To try to answer more precisely this very difficult question, the starting point of these political/policy changes have to originate from the rector's level, and it is sometimes a question that must be managed by only a few people. But, thereafter, to ensure the success of any reform, it has to be endorsed and supported by a significant majority. Clearly, this process of endorsement should not be neglected or undervalued, as it is a fundamental key for success. It is only on the basis of shared confidence that any ambitious strategy can be implemented.

> *We are not just here to implement policies or regulations, we are in office to defend and promote basic academic values and goals that we think are fundamental for our society.*

What recommendations do you have for university leaders and funding policy makers regarding governance and funding, at the level of the system and for institutions?

Considering my answers to the previous questions, I would be very reluctant to propose "out of the box" recommendations for other universities. I will always say that the most important is not the policy, nor the way laws and regulations are written, but the way in which they are implemented. A good policy is therefore a policy that will be translated into actions with added value, and to which the main stakeholder can adhere.

Some key assets of a good funding model:

» Be compatible with the long-term, pluri-annual nature of our basic academic goals.

» Keep the implementation constraints ("cost to market") as low as possible.

» Bring added value that can be translated into perceived benefits by all categories of stakeholders (students, academic and service staff).

> *A good policy is a policy that will be translated into actions with added value, and to which the main stakeholder can adhere.*

In your opinion, are current funding policies, especially those focused on performance and collaboration/ concentration processes, creating major synergies and opportunities for universities, or are there dominant tensions arising from these changes?

There are two words that are important in this question: "funding" and "policies". Tensions will obviously be very high if these new policies simply aim at changing the distribution pattern of an unchanged global funding. In that case, we know that, quite normally, those that will suffer from lack of support and reduced funding through this new distribution will very strongly oppose these changes, even if they bring qualitative improvement.

On the other hand, when a scheme is perceived as being of added value because it introduces new tools that can result in a better fulfilment of our basic goals, then it can indeed create new synergies and opportunities. This leverage effect can sometimes be obtained with a very limited increase in the money distributed.

Our experience in Strasbourg shows that mergers or alliances are positive tools for progress. They can be powerful mechanisms to meet some of our specific challenges, such as academic fragmentation, or the blurred corporate identity of academic institutions. But they can only be successful if a strategic goal remains the main incentive.

What is the optimal time frame for an efficient innovative university funding scheme?

One major factor is the capacity to support **long-term** changes by designing funding schemes that are adapted to a timescale that is specific to the academic world and much longer than the "political time". Two French schemes have paved the way: "Operation campus", and the "Excellence initiative", which have both been designed as "public endowment".

In both cases, a capital is devoted to a university after an open competition (in both cases judged by an international jury). Only the interests from this capital then support the programme.

This is a very interesting mechanism that combines competitive financing with a stable situation that allows long-term planning, which is a prerequisite for a sound university strategy. Of course, this type of model does include periodic review and quality assessment. But, contrary to grant-type schemes with a limited time span (3-4 years), it provides the stability which is an absolute prerequisite for a comprehensive strategy.

> *A public endowment is a very interesting mechanism that combines competitive financing with a stable situation that allows long-term planning, which is a prerequisite for a sound university strategy.*

When it comes to establishing new leadership teams, how significant a barrier is institutional heritage and identity? Can the creation of new structures foster staff involvement and help change pervade working cultures and processes?

French universities share the same roots as the oldest and prestigious ones in Europe. But after the Revolution, "faculties" have dominated the French academic system, and full-fledged universities were only re-created in 1970. We also have only a limited number of comprehensive universities. This explains that institutional identity is not always deeply rooted, compared to other European models. Therefore new structures (for example, the merger of the three former universities in Strasbourg) or performance-based funding (for example, the "excellence initiative") can be delicate to set up, because they challenge the traditional sociological structure of the university. But, at the same time, they can become powerful catalysts for the consolidation of a global identity.

This is what we have tried to achieve with our "excellence initiative" project, which was designed with the double purpose to foster excellence and to raise interest and benefit for the academic community as a whole. We have tried to keep this excellence scheme partly open to all university staff, so as not to be cut off from innovative projects which do not fall into the existing "Excellence Perimeter" that the project constructed. For this purpose, a fraction of 30% of the "excellence initiative" budgets have been allocated to those open internal calls for proposals. This now allows us to adjust to emerging research or teaching dynamics, particularly concerning promising young scholars who will carry the innovative projects of tomorrow.

> *Our "excellence initiative" project was designed with the double purpose to foster excellence and to raise interest and benefit for the academic community as a whole.*

PER HOLTEN-ANDERSEN

President, Copenhagen Business School, Denmark

Per Holten-Andersen was appointed President of Copenhagen Business School in January 2012. Previously he held the position of Dean of the Faculty of Life Sciences at the University of Copenhagen from 2007 to 2011, and was also Rector of the Royal Veterinary and Agricultural University of Copenhagen (KVL) from 2002 to 2006.
He holds Bachelor and Master's degrees in Forestry from KVL, and further holds a Diploma in Business Administration (Finance) from Copenhagen Business School, and a doctoral degree on inflation and taxation from KVL. He is currently member of the board of the Swedish University for Life Sciences, and a member of the Danish Rector's Conference.

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities?

Throughout the political spectrum in Denmark there is a widespread belief that research and education are vital for our country's future welfare and prosperity. Despite the economic crises and public finances that are under pressure we still see that investments in education and research are kept high on the political agenda. This is a far-sighted and courageous political prioritisation and in my view completely necessary in order to get through the economic crisis. It is already possible to see the signs of this policy. The early marks of recovery can be found in the knowledge intensive companies.

Unfortunately, from the same political system we also experience impatience and even mistrust as regards the way in which the universities carry out their responsibilities. Politicians often act upon single cases, which is why we see an increase in political control and detailed regulation. Often this leads to poor and short-sighted solutions.

It is my hope that the fundamental understanding of the value of research and education can result in more trustful cooperation between politicians and universities. Thus, the universities can keep their autonomy which is crucial in order to deliver valuable and long-term contributions. We have a shared responsibility with the politicians to reach this situation.

> *It is my hope that the fundamental understanding of the value of research and education can result in more trustful cooperation between politicians and universities.*

How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities?

It is quite clear that one of the greatest challenges for universities is to contribute to employment in society, so that graduates find jobs and contribute to making companies more creative, effective and profitable. This is why we constantly focus on developing programmes in cooperation with the surrounding society.

How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

During economic hardship one has to make difficult decisions, and university leaders have a special obligation to society. This applies to universities even more than to other companies, since we can do nothing without competent and dedicated

academics and students. In Denmark we have a strong tradition of involving all groups in the decision-making process, and even though we cannot and will not agree on all difficult decisions, it is a fundamental part of the DNA of a university that the decisions we make are discussed openly and without prejudice. This also entails a special obligation for university leaders to present and explain the problems – and the decisions that we have to make – openly and honestly.

What recommendations do you have for university leaders and policy makers regarding governance and funding, at the level of the system and for institutions?

As mentioned earlier the most important question is to find a well-balanced division of labour. Universities will have to acknowledge that their central position in society makes it legitimate for politicians to set up requirements that the universities must comply with.

On the other hand, politicians will have to resist the temptation to impose detailed regulations on universities, as this makes it more difficult for universities to contribute to society, and it leads to poor and short-sighted solutions.

In universities we have to focus on dialogue with our external stakeholders – politicians, employers, taxpayers, parents, youth etc., – listen to them and show them how we contribute to society.

> *"Universities will have to acknowledge that their central position in society makes it legitimate for politicians to set up requirements that the universities must comply with."*

In your opinion, are current funding policies, especially those focused on performance and collaboration/ concentration processes, creating major synergies and opportunities for universities, or are there dominant tensions arising from these changes?

As regards education, the funding system is solely based on performance, which is primarily a good thing. This ensures a clear connection between activities and grants and it has also ensured that fluctuations in the number of students have been followed by changes in funding. The biggest problem at present – and not least at CBS – is that this system does not make certain there is a sufficient research base for the educational activity.

Performance-based systems do not eliminate the necessity of political prioritisations among disciplines and types of programmes. The use of performance-based systems can also be exaggerated and if incentives become too many and too detailed it is tempting to operate according to indicators instead of actually taking on leadership at the university.

Internally at CBS we have tried to combine the best of both worlds. At the outset teaching funding was distributed without major differences; however, due to our size we can allocate resources to e.g. new programmes, small programmes, expensive programmes (languages), internationalisation, quality enhancement, etc. We try to make all parties aware of where our income comes from – but at the same time we are aware that we must not create too tempting incentives. For instance, we would never let individual payment of the professors depend on student performance.

Is it only about money?

The funding is of course important for delivering our mission. How we earn our money is important. I have talked about the performance-based system (the taximeter system) for teaching, and setting a price on education has increased its importance (a little) compared to research.

On the other hand setting a price on important tasks makes it difficult to prioritise those tasks that are not profitable. CBS used to train very skilled translators, but we have stopped this activity, not because Danish society is no longer in need of translators, but because the cost was far too large compared to the income.

This is probably inevitable but the taximeter system or other performance-based funding systems cannot stand alone. It must be combined with other means of funding and that takes wise politicians. By this I mean that they leave it to the universities to decide on internal university matters. And finally, it is important to have university leaders who are aware that our obligations are far more comprehensive than simply looking at the economic bottom line.

> *"The taximeter system or other performance-based funding systems cannot stand alone. It must be combined with other means of funding and that takes wise politicians."*

JOACHIM HORNEGGER

President,
Friedrich-Alexander University of Erlangen-Nuremberg, Germany

Joachim Hornegger studied Computer Science at Friedrich-Alexander University of Erlangen-Nuremberg (FAU). In 1996, he completed his doctoral thesis on statistical learning, recognition and pose estimation of 3D objects. He was a research fellow at the Massachusetts Institute of Technology and of the Computer Science Department at Stanford University in 1997-98. After this period abroad, he moved into industry, joining Siemens Medical Solutions as a development engineer, and gaining overall responsibility for imaging systems in 2003. As part of his management training at Siemens, he also obtained a diploma in Advanced Management from Duke University to complement his training in computer sciences.
As a guest lecturer at several German universities between 1998 and 2003, he has been Head Professor of the Pattern Recognition Department at FAU's Technical Faculty since 2005, as well as a member of the Medical Faculty. From 2009 to 2011, Professor Hornegger was Vice-Dean of Computer Sciences. He is also member of the Chief Organisation Committee of the Max Planck Research School for Optics and Imaging and the Erlangen Graduate School in Advanced Optical Technologies. Joachim Hornegger was Vice-President for Research for two years and became President of the university in April 2015.

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities?

Amongst others there are two important challenges in the German higher academic system: 1) an evolution towards a greater autonomy of universities and 2) changes in their funding structure.

Since the 1998 amendment to the Framework Act for Higher Education (HRG) there is a development towards a greater autonomy of universities in Germany. This offers more freedom for competition, image building and diversity in the German higher education system, but also more responsibilities. Consequently it brings about the necessity to establish appropriate internal control and quality mechanisms and thus requires a certain degree of professionalisation of the administrative and governing structures. To a certain extent this development causes an increase in bureaucratisation. However, it has been observed that it also leads to a greater institutional identification and an increased engagement for the institution by its members. There are still areas where universities only have restricted autonomy of decision, for example, when it comes to building management, personnel, student numbers or the introduction of new study programmes.

As to the funding of the higher education system there tends to be a shift in the proportions from different financial sources. An average overall increase in university funding is mainly due to third-party funding, which in its majority is assigned for specific research projects. Accompanying overheads are mostly used to provide the necessary basic infrastructure and/or are annihilated by a current increase in student numbers and by inflation rates. Overall there is an actual decrease in the proportion of basic financing, which results in a considerable financial shortfall, particularly concerning basic infrastructure.

> *"Overall there is an actual decrease in the proportion of basic financing, which results in a considerable financial shortfall, particularly concerning basic infrastructure."*

How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities?

The overall aim is to secure an excellent competitive position for the university by providing optimal conditions for students, an attractive and inspiring environment for scientists and rewarding working conditions for university staff.

Important aims in this process are the professionalisation of staff, particularly in administration and at management levels, and the establishment of process-driven structures, where one focus will be on recruitment management. Another aim is internationalisation at all levels, and the establishment of a comprehensive quality management system for all study and qualification programmes. Another focus is the support and promotion of outstanding young scientists and to provide promising career prospects.

Through regular evaluation procedures there will be profile and image building, particularly in terms of our research focus areas. It will be one of the priorities to promote synergies through interdisciplinary research cooperation with industry as well as with research institutions. Through internal funding structures, emerging research areas will be supported and new research focus areas will be established.

How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

The primary objective should be to use a participative approach where all parties concerned are invited to contribute. Strong leadership may be required, however, when it comes to the allocation of resources. The highest acceptance of even less popular decisions will occur, when the decision process is based on a clear factual basis and the process leading up to it is made transparent.

> *Strong leadership may be required, when it comes to the allocation of resources.*

What recommendations do you have for university leaders and policy makers regarding governance and funding, at the level of the system and for institutions?

Of course, one recommendation to policy makers has to be to ensure sufficient basic funding of the higher education system. Universities need the financial basis to provide the appropriate basic infrastructure, for example, in terms of building structure, staff, teaching and research support. Only in this way will it be possible to guarantee excellent education for students and outstanding and internationally visible scientific work.

At the institutional level, universities need to establish efficient governing structures to be able to deal with adaption processes quickly and efficiently.

In your opinion, are current funding policies, especially those focused on performance and collaboration/ concentration processes, creating major synergies and opportunities for universities, or are there dominant tensions arising from these changes?

With regard to the "Excellence Initiative" in Germany, a funding scheme that is very much focused on performance and concentration processes, there are positive as well as negative effects. On the positive side, the Initiative has provided an extremely important impulse for the further development of the German science system. It has generated many high-quality research ideas and projects and has clearly increased the international visibility of German science.

The "elite" concept of the "Excellence Initiative" caused structural changes in the German university system, which was traditionally based on a concept of equality. It is the aim of the "Excellence Initiative" to replace the "paradigm of equality" by a "paradigm of differentiation".

There are, however, quite a number of undesirable effects caused by the initiative, such as governance problems at universities due to the emergence of parallel structures funded through the scheme (e.g. clusters). Particularly, the obligation to sustain these structures after public funding ceases causes some internal distribution conflicts at universities, especially in terms of permanent positions.

The so-called "Elite-Universities" profit in many ways, for example, through preferential recruitment of excellent scientists, students, and better access to public funding. This particular line of funding has created a new hierarchy of university reputations and a new hierarchy of funding schemes.

Another critical aspect of the funding distributed through the "Excellence Initiative" is that it does not reflect the current distribution of the funding provided by the German Research Foundation (DFG), but is highly biased towards a quite small number of universities. This imbalance in funding is partially caused by a bias in favour of life sciences and natural sciences.

The ensuing drawback is a "negative enforcement" when universities are not successful in the "Excellence Initiative", which results in a loss of scientists and students, as well as funding.

> *It is the aim of the Excellence Initiative to replace the "paradigm of equality" by a "paradigm of differentiation".*

MARCIN PAŁYS

Rector, University of Warsaw, Poland

Marcin Pałys is Rector of the University of Warsaw (UW) and Professor at the Faculty of Chemistry. He is also Vice-President of the Conference of Rectors of Universities in Poland. Prior to becoming Rector, Professor Pałys served as Vice-Rector for Development and Financial Policy from 2008 to 2012, and Vice-Dean for Finances at the Faculty of Chemistry from 2005 to 2008.
As Vice-Rector, Professor Pałys facilitated strategic planning and initiatives such as the development of the UW Centre of New Technologies and the UW Biological and Chemical Research Centre. He was also responsible for the university's budgetary policy. He graduated from UW with an MSc in 1987 and received his doctoral degree at the University of Twente, the Netherlands, in 1992. He became a Professor in 2010. Professor Pałys's field of expertise covers inorganic and physical chemistry, in particular transport phenomena in electrochemical systems, chemical processes modelling and supramolecular systems.

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities?

The evolution of the higher education system in Poland is dominated by the politicians' pressure to demonstrate that universities' performance and results justify the amount of state funding spent on them. At the same time, the higher education system is being criticized for responding too slowly to economic and social challenges, and for being too focused on defending its privileges. Without engaging in the discussion as to what extent these criticisms are justified, the proposed and introduced systemic changes are designed to bring results promptly, giving priority to short-term goals (sometimes even operational goals) over a long-term perspective.

Changes in the legislation thus concentrate too often on micromanaging or regulating various individual processes inside the university. In the funding area, similar processes take place: funding selected, result-oriented activities, on externally imposed restrictive terms.

The main institutional challenge is therefore to design and clearly formulate its own coherent strategic goals, and avoid being turned into a "patchwork" university, in both governance and in financial terms. In this way, the higher education system can take full advantage of the intellectual potential and the diversity of universities. Another challenge is to find the right balance between the individual goals of the faculty and the ability to undertake and carry out large, trans-disciplinary projects in research and education.

Freedom of research is the cornerstone of precious diversity in science, but the autonomy of the university becomes a hollow term without the ability to act collectively and to reach common goals. Another important challenge consists in keeping universities open through the influx of new staff when the outflow is choked by unfavourable labour market conditions. The evolution of the system in a ten-year perspective must address these issues.

An important opportunity, which is related to the decrease of student numbers for demographic reasons and to the international competition, results from the spread of the culture of quality and excellence throughout the university. Currently, its insufficient presence is the main reason why the global competitive position of higher education institutions in Poland is not satisfactory.

> *"Changes in the legislation thus concentrate too often on micromanaging or regulating various individual processes inside the university."*

> *"Freedom of research is the cornerstone of precious diversity in science, but the autonomy of the university becomes a hollow term without the ability to act collectively and to reach common goals."*

How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities?

We have recently reviewed and updated our university strategy, to better prioritise the goals, and to improve the governance and administration. More attention is being attached to efficient interaction with businesses and with the region. Teaching quality assessment is intensified, and more English-taught programmes are prepared and launched. Administrative and financial rules inside the university are being unified and simplified. To foster the cooperation of faculties, and of different organisational units, the internal communication and internal concentration measures have a higher priority. Broad, trans-disciplinary initiatives are eligible for internal financial advantages. There is an ongoing discussion on the model of career paths for the faculty. The university statutes will soon be amended to reflect and to facilitate these changes.

How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

Leadership cannot be considered separately from the HEI's legal and organisational framework. The University of Warsaw has a very decentralised structure, and I see three main roles for the leader. The first one is to be a stimulator and facilitator of fair and comprehensive discussion and setting of strategic goals. The second one is to be the guardian of consistent, university-wide implementation of the agreed strategy. It is particularly important for projects, programmes and investments encompassing the entire institution. The third one is the support of excellent initiatives together with the promotion of quality culture and high ethical standards.

In times of change, strong leadership is necessary. But it should not be mistaken for authoritarian management. An inclusive, participative approach is essential, since universities are internally very diverse, and attempts to run them only in a top-down fashion, as are some corporations, do not bring the expected results.

For me, balancing participation of all the different groups inside the university community, with the need for efficient and quality-based global competition, is one of the main tasks of the university leader. It is also reflected in the formal position of the rector in the Polish legal system.

> *"Balancing participation of all the different groups inside the university community, with the need for efficient and quality-based global competition, is one of the main tasks of the university leader."*

What recommendations do you have for university leaders and policy makers regarding governance and funding at the level of the system and for institutions?

For university leaders: ask what can be done better for the society and for the country, not what politicians and government can do for the leader and the university.

For policy makers: make a clear and consistent list of objectives and let universities do the job. Accept that there might be different strategies for different universities, and there is nothing wrong with that.

For university leaders: take responsibility and do not pass on difficult choices to politicians.

For policy makers: do not micro-manage universities, solving a few problems is not worth demotivating hundreds of people. Keep the rules as simple as possible – complex regulations inevitably cause collisions in the legal system, and such collisions usually render even reasonable activities illegal.

When it comes to establishing new leadership teams, how significant a barrier is institutional heritage and identity? Can the creation of new structures foster staff involvement and help change pervade working cultures and processes?

This depends on the institution. When people work for many years for the same university or department, they develop a kind of patriotism. This sense of identity can be further enhanced if important resources, such as funds, workspace or personnel, have to be competed for with other, similar structures.

Some time ago, when we were looking at the reasons why university-wide projects were so difficult to execute, it was found that our staff felt far less identity with the university as a whole than with their own departments. Long history and past achievements strengthen this feeling even more. So yes,

heritages and identities make changes difficult.

Making new structures attract new people opens up new career possibilities and unleashes enthusiasm. However, creating them is easier than dismantling the old ones, which is usually the unavoidable part of the change. Personally, I prefer to carry out changes in the form of projects that involve staff originating from the old structures. At the end of the project these people know each other better, have records of common cooperation and some sense of common "heritage". Then it is time to decide whether to dissolve the old structure and organise a new one on the basis of the project team, or not to do so as it did not prove adequate.

What are your expectations towards European funding? What is the relevance and impact of European funding schemes in your institution? Is it integrated in the institutional strategy?

I have three main expectations. European funding should be a vehicle for efficient scientific cooperation inside Europe. It should be the tool fostering equal opportunities in all EU countries, thus reverting the brain drain to richer EU countries. And it should also fund big projects of global importance.

European funding is particularly relevant in countries where the size of grants from national sources is limited, which hampers large research projects. And for institutions that already use up a significant portion of national research funds, it is the only option to increase publicly-funded research budgets, especially in fundamental research and in the humanities. However, European funding usually also brings in complex bureaucracy, sheer administrative overheads, and considerable financial risk. In our university's strategy we have integrated administrative support for EU grants. And the incentive system to promote participation in projects funded from European money is being introduced.

"For institutions that already use up a significant portion of national research funds, European funding is the only option to increase publicly-funded research budgets, especially in fundamental research and in the humanities."

GÉRARD BLANCHARD

President, University of La Rochelle, France

Gérard Blanchard was elected Vice-President of the French Rectors' Conference (CPU) in December 2012 for a two-year term and re-elected for a second term in 2014. He had previously been elected as President of the University of La Rochelle in April 2012, and re-elected in April 2012.
After obtaining his doctoral degree in 1989 from the University of Bordeaux, France, he spent two years in Texas, USA, as a post-doctoral fellow at the Marine Science Institute, University of Texas at Austin (1990-1991). He then moved to a permanent position at the French National Centre for Scientific Research (CNRS) in 1992. He became full professor at the University of La Rochelle in 1998 and led a research laboratory in environmental sciences.
He is a specialist of marine ecology and is author or co-author of about 50 international papers in peer-reviewed journals (covering the period 1990-2010).

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities?

To understand the current and future evolution of the French research and higher education system, it is necessary to take into account the significant changes which have already occurred over the past ten years. Indeed, the French landscape has undergone a profound and quick change in its structure and functioning, in terms of national organisation and economic model.

In 2006, the law on "Research programming" introduced three new and important features in the French system: (i) the institutionalisation of competitive funding at the national level through the ANR,[1] the French agency for research funding, (ii) the adoption of an independent evaluation policy with the implementation of the AERES,[2] the national agency for evaluating research and higher education, and (iii) the onset of the institutional process of concentration among universities and other HE institutions, with the so-called PRES,[3] which were nevertheless only optional structures.

In 2007, the law for university autonomy (LRU)[4] represented an unprecedented change in the governance of universities even though the autonomy process remains still limited (see the Autonomy Scorecard, EUA 2011). Significant progress has been made on financial and staffing autonomy.

The 2013 law on research and higher education has made it mandatory to restructure the French landscape through concentration measures: merging associations of HE institutions and consortia of universities and other higher education institutions with more or less competence transfer. The latter case is expected to be the most developed in the French landscape since there should be 20 "Communities of Universities and other higher education institutions" (COMUE),[5] while there will be only five associations (usually between a big university and other institutions including small universities). In most cases, the new COMUE corresponds to the former PRES (or a merger of several PRES).

The overall economic model of universities has also been modified from 2010 onwards with the introduction of excellence schemes as a new and significant modality in research and higher education funding. Hence, the programmes "Investissements d'Avenir 1 & 2" and their different modalities (IDEX, I-SITE, etc.) seek to create international class universities through highly competitive calls of proposals and the extra funding of several billion Euros.

There is no doubt that the interaction between the newly available funding through the excellence schemes and the

[1] ANR: Agence Nationale de la Recherche
[2] AERES: Agence de l'Evaluation de la Recherche et de l'Enseignement Supérieur
[3] PRES: Pôle Recherche Enseignement Supérieur
[4] LRU: Liberté et Responsabilités des Universités
[5] COMUE: COmmunauté d'Universités et d'Etablissements

mandatory concentration measures on the institutional aspect (either merging, association, consortia, or combinations of these) will, from an economic standpoint, contribute to reshape the French landscape of research and higher education in the next few years. Indeed, concentration measures are currently being implemented in 2015, thus creating 25 national sites with strong links with the stakeholders and with strategic objectives to reach an enhanced international visibility. Twelve of these sites are expected to gain a high international visibility and should be labelled as IDEX[6] ("excellence initiatives") while between five and ten other sites could be selected and labelled as I-SITE[7] (a new form of "excellence initiative" based on a more specialised strategy) at the end the ongoing evaluation process.

In the context of such fundamental institutional changes and of the economic crisis, the sustainability of the HE economic model is clearly addressed. As the main source of funding is the block grant from the state (including salaries and representing up to 85-90% of all funding), there is a trend to try and diversify the income sources mainly towards competitive funds at a national level (ANR, IDEX, I-SITE) and at a European level (Horizon 2020), and also by exploring the field of lifelong learning activities. However, these additional activities also address the issue of full costing and overheads.

The issue of student financial contribution remains highly controversial in France and does not seem to be a political option for cost-sharing in the near future.

[6] IDEX: Initiative D'EXcellence
[7] I-SITE: Initiative - Science Innovation Territoire Economie

How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities?

My university is a small and young institution (established in 1993). Therefore the strategy that we have developed is based on a thematic specialisation with an interdisciplinary approach in relation to the main societal challenges, in particular the environmental issue, both on its engineering aspect and ecological dimension.

Our objective is to be a national leader on these scientific and societal themes by concentrating our financial and staff resources on a limited thematic spectrum rather than scattering our effort over a larger spectrum and thus weakening our strategy. However, because of its size, it is crucial for my university to develop and be part of strategic partnerships.

Therefore, according to the ongoing concentration process in France, we have decided to be part of a consortium of five universities (La Rochelle, Limoges, Orléans, Poitiers and Tours) and two schools of engineering to achieve a confederal university based on a network model of medium-size cities covering a rather large geographical area. This is clearly a strategic partnership to gain national and international visibility by concentrating our respective and complementary scientific expertise and by achieving a critical threshold in terms of numbers of students (80,000) and staff (8 000). In such a network, my university tries to play a key role in its recognised domain of expertise. This new institutional and university organisation, which is comparable in size to the average European university, is what we call a COMUE: henceforth it is the administrative support and the coordinating entity of the common scientific, academic and socio-economic project of its seven participating and constituent institutions (five universities and two schools).

Thanks to this new university organisation with its enhanced research capacity and more consistent academic and training programmes, it has been possible and realistic to apply to the recent call of the excellence scheme "I-SITE" within the framework of the programme "Investissements d'Avenir 2".

> *"Our objective is to be a national leader on these scientific and societal themes by concentrating our financial and staff resources on a limited thematic spectrum rather than scattering our effort on a larger spectrum and thus weakening our strategy."*

How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

The role of the president of a university in France has deeply changed over the past years, mainly due to the access of universities to financial and staffing autonomy on one hand, and to the fact that structural changes have to be conducted on the other hand.

In my opinion, the president is today a leader and a manager. This clearly implies that he or she has to be able to elaborate and implement a strategy, and must be able to drive negotiations between staff, unions and management. Therefore, I really think that the president should develop a flexible and balanced approach between participation and strong leadership in these times of change. But there is a time for negotiation, and a time for decision.

> *The president is today a leader and a manager. This clearly implies that he or she has to be able to elaborate and implement a strategy, and must be able to drive negotiations between staff, unions and management.*

In your opinion, are current funding policies, especially those focused on performance and collaboration/ concentration processes, creating major synergies and opportunities for universities, or are there dominant tensions arising from these changes?

As I mentioned earlier, there seems to be a real synergy and a major opportunity for universities to implement efficient strategies in the current context of change in France. The interaction between the available funding through the highly competitive excellence schemes and the building up of mergers is leading to a new national organisation which should in turn lead to a better international visibility of several hubs. However, these rapid changes create strong tension as there is a growing gap between university leaders who define the local and national strategy, and the staff who do not totally appreciate and/or accept the system change. In addition, universities that will not be labelled as "excellent" through the excellence schemes competition wonder how they will evolve in the reorganised national higher education landscape.

STEPHEN HWANG

Rector, Linnaeus University, Sweden

Stephen Hwang is the Rector of Linnaeus University and a Professor of Theoretical Physics. In 2010 Linnaeus University opened its doors as a result of a merger of two universities. Since the merger Professor Hwang has worked to establish Linnaeus University as an international institution of the highest standards in education and research. He is active within the national rectors' conference, taking particular interest in quality assurance in education, research funding and mergers. Prior to his appointment as Rector, Stephen Hwang was Dean of the Faculty of Technology and Science at Karlstad University and Professor of Theoretical Physics. His research interests include Superstring Theory and Non-Abelian Gauge Theories. He received his doctoral degree from Chalmers University of Technology. He has been a research fellow at the University of Texas and at the international CERN research centre in Geneva, Switzerland.

How would you describe the ongoing evolutions in your higher education system, with regard to governance and funding? In your opinion, what are the main challenges ahead on a ten-year horizon? The main opportunities? What recommendations do you have for university leaders and funding policy makers regarding governance and funding at the system level and institutional level?

In order to understand the ongoing evolutions in Swedish higher education institutions one needs to describe some basic points about the Swedish system that is relevant in this context.

The Swedish higher education institutions are almost all state owned. There exist only a few that are not. Even then they are dependent on state funding for education and to a large extent for research. The legal form for state owned institutions is somewhat awkward being the same as, for example, the Swedish tax authorities or the Swedish transport administration. This awkwardness results in a large number of rules and regulations that could be natural for a tax authority, having a monopoly in their area, but becomes in many cases an unnecessary burden for a university. This means that Swedish higher education institutions really have three different "identities" to handle. Apart from the above identity as a state authority, we have the identity of an academic organisation, which of course is natural and strong. In addition, the institutions operate in a business-like "market" with competition both nationally and internationally. In recent years there has been much discussion concerning the challenges of higher education institutions. The government has realised that the present legal organisational form is probably not optimal. Furthermore, the complexity of handling the three identities makes university leadership even more challenging.

In spite of the above, higher education institutions have a large degree of freedom in Sweden. For example, it is forbidden by law that the government or the parliament intervene in decisions that the institution has a right to make. Furthermore, the government and parliament have refrained to a large extent from steering the institutions, at least directly. There is, for example, almost complete autonomy when it comes to what educational programmes an institution can offer and how many students can study in a particular programme. The funding for education comes as funding per student and the government only sets an upper restriction on the total funding for education for the university as a whole, and in rare cases for particular programmes which are very costly. Research funding is separate from education and here again universities have, in principle, complete freedom to distribute the funding as they wish. This also applies to the recruitment of new staff. Finally, researchers are protected by law to have academic freedom, for instance in the choice of research questions and methods.

In addition to the rules and regulations associated with the legal form of an authority, universities and higher education institutions have specific legal regulations that apply. This makes the situation even more complicated as the former and latter regulations are not adapted logically to one another. However, the latter regulations have undergone important changes, especially in 2011, when the latest changes were made. These changes, known as the autonomy reform, allowed – as the name suggests – universities and higher education institutions to become more autonomous from the state and the government. This reform has been important for the question of governance.

Prior to the reform, faculties were given autonomy in certain questions, whereas after the reform faculties as such had no

formal legal position. In terms of governance, it means that the head of the university had prior to the reform no legal influence whatsoever in certain important questions in education and research. After the reform, such questions were legally a responsibility of the head of the university although in practice this responsibility was distributed to the faculties. In addition, the reform meant that university leaders were also responsible for setting up the organisation and leadership in academic matters. This has shifted the power balance, so that it is easier for university leaders to form an organisation better suited for the purposes.

I think that this reform has been a major step in advancing the governance of higher education institutions and in the future we will see a greater variety of organisation and governance models, mirroring the different needs and challenges of an institution. At the moment, there is a debate in Sweden over the academic institutions becoming too much like private enterprises. I think this debate is an overreaction. Academic institutions will always rely on the expertise and independence of their academic staff. The success of an institution comes from combining the strength and devotion of academics with a leadership that is visionary and resourceful.

> *In the future we will see a greater variety of organisation and governance models, mirroring the different needs and challenges of an institution.*

> *The success of an institution comes from combining the strength and devotion of academics with a leadership that is visionary and resourceful.*

How are you preparing your institution to successfully overcome these challenges and reap the benefits of the new opportunities? How would you describe your role, as a university leader, in this adaptation process? In your opinion, is there a trade-off between a participative approach and the need for strong leadership in times of change?

At Linnaeus University, we took advantage of the autonomy reform in the organisation change that we made in 2013. Specifically, it meant that we could set up an organisation which was better suited for a modern university that has the ambition of being more innovative and able to adapt more quickly to possibilities that may be identified. This is evident as the organisation promotes strong leadership at all levels in the organisation. This leadership is complemented by collegial bodies that bring forward the expertise of faculty and promote participation in collegial matters.

As one can understand, such an organisation depends crucially on a good leadership at different levels. At Linnaeus University, leaders are selected through a careful and professional selection process taking into account the candidate's profile, experience and abilities connected to the requirements of the particular unit. Such a process could not have been done in the same manner prior to the autonomy reform. Thus, the reform has been used to promote good leaders well adapted to their missions and to form an organisation that is suited for the university.

My role as a rector has been important both in constructing the organisation, but also in the selection process of new leaders, especially at the faculty level, where the deans report directly to me. In order for strategies, ideas and incentives to flow as smoothly as possible "up and down" in the organisation, I have made it a priority in my leadership to create an informal atmosphere where there are frequent and informal meetings between key people in the organisation. In order for this to take place, I meet with the rest of the university management and faculty heads every week to discuss informally with them about both strategic and practical matters. At the start, there was some scepticism towards such a frequent meeting schedule, but I feel that now it is appreciated. I think it has given a sense of collective responsibility which the university leadership and the faculty leadership share. The meetings also allow for the deans to resolve issues among themselves quickly and informally. The meetings with the deans are complemented with two meetings every term with all leaders of the university. These meetings are important to shrink the mental distances within the university as well as promoting an informal atmosphere throughout.

> *The reform has been used to promote good leaders well adapted to their missions and to form an organisation that is suited for the university.*

When it comes to establishing new leadership teams, how significant a barrier is institutional heritage and identity? Can the creation of new structures foster staff involvement and help change pervade working cultures and processes? How have your institution's strategic objectives evolved to take into account the new funding reality?

Linnaeus University was founded in 2010 through a merger of two older institutions, Växjö University and the University of Kalmar. There were many reasons behind the merger. The most important one was to strengthen the academic profile. The new university became almost double the size of either of the individual institutions with about 2 000 staff members and 30,000 students, making it a large rather than a medium-sized university in Sweden. This has proved itself to be important in, for example, recruiting new students. Linnaeus University has quickly gained in popularity, increasing the number of applicants by 32% in only four years! This gained popularity and a larger overall student body of the merged institution has

meant a greater stability and possibility to venture into new projects and strategic changes.

The increased academic strength has also made it possible to strengthen research. External funding for research has risen in four years by almost 25%, and the number of publications by 30%. New areas of excellence have been identified and given strategic funding. The research strength has developed through new recruitment of professors, their number having increased by 13%. The larger institution has also made it possible to manage the university more effectively. As a consequence, overhead costs have fallen by 13% and, in particular, by 35% in research.

The merger has taken great efforts to accomplish. It should therefore be thought of as an investment for the future. However, as some of the indicators mentioned above show, one can also get some rather quick paybacks. One important reason for this is that in forming a new university it is possible to make more dramatic changes. Such changes are often not otherwise possible, at least not without much resistance from within. Forming a new university also means that one can formulate strategic goals far more freely, since there is no need to inherit the older institutions' strategies. A new and powerful strategic plan, together with purposeful leadership at all levels to implement the strategies, are keys to progress.

I think that building a new university with a modern and international approach to education and research that is keen to show that it can succeed through a young and entrepreneurial mindset, is an opportunity that we at Linnaeus University will take advantage of for many years ahead. As emphasised above, this is an investment that we have made and that we will develop even further. Keeping the pioneering spirit alive in the organisation is part of the challenge for the future.

A key to future success in education is the ability of the university to attract and educate good students. In our new strategic plan for the coming five years we have pointed to some areas which we believe to be important. A creative learning environment of high quality is at the very centre, of course. But in addition, we think that education which connects to societal needs is an important ingredient for future students and will boost the appeal of our educational programmes. Strategic funding is therefore set aside to promote a closer relationship between educational programmes and external partners. Another strategic area that promotes quality and makes the university more attractive, is internationalisation. The international profile means not only good exchange programmes with international universities, but it is also essential for Sweden, for which globalisation is important, that international aspects are included in the students' education. To promote internationalisation within the university, strategic funding is set aside. In addition, several projects have already begun to enhance the international aspects in education.

Research is a highly competitive area where most universities make great efforts to become more successful. Linnaeus University is no exception. There are many key issues to handle. One is recruitment. In this area leadership is important both in terms of identifying important research areas and in terms of identifying good candidates. Another key issue is to use the internal funding for research in a clever way. Linnaeus University has limited internal funding compared with the older universities in Sweden. Therefore, the challenge is to use our funding intelligently so that it creates the best results. To this end, we regularly use external experts to help us distribute the funds as well as possible. We have also identified key research areas where we are excellent and highly competitive, again with the help of external experts. These areas are given extra funding. Strategic funding will be set aside for incentives to researchers to attract more external funding and to publish in more highly regarded publishing channels. Finally, we think that a collaborative spirit in research across disciplines and with external partners is beneficial for the development of research. Again, leadership is important to promote such collaborations.

> *Keeping the pioneering spirit alive in the organisation is part of the challenge for the future.*

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