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EUEREK

THE DILEMMAS OF THE CHANGING UNIVERSITY

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The university world generally and in Europe faced an irreversible change of paradigm at the end of 1980s. The change had common roots with the more general changes in the entire social context and in the atmosphere and ideologies of economic, social and educational policy. The time scale varies between different countries and different higher education models with different traditions. For example the Anglo-Saxon countries have been forerunners in this respect, whereas in Nordic countries major changes took place at the 1990s. The trend included state budget cuts, pressures for efficiency, conditional contracting and introduction of evaluation systems, managerialism and emphasis on the values of enterprise culture. After that wave of reformations globalization as a new phenomenon has been the most important factor to create pressures for higher education. In this paper we consider the consequences of these pressures in different higher education models. The trend which started in 1980s has continued but there are also new aspects. In many countries universities have been harnessed to increase competitiveness under these pressures and their tasks have increased. Changed environment and increased demands cause also fundamental changes within universities. Market orientation or entrepreneurial behaviour is the mode of operation which more and more describes the activity in universities of today.

Global competition and pressures for universities

The economic and political changes which accompany globalisation have been shown to put pressure on national competitiveness, and consequently on higher education policy. The neo-liberal thoughts, increased competition promoted by globalisation, the privatisation of the economy as well as the weakening of the public sector and of the status of the nation state modifies the relationships between various actors and creates challenges for established modes of action (see Currie 2003). The liberalisation of trade on higher education services is also progressing and evokes uncertainty whether or not it will take place under the GATS.

In Europe the fierce competition against USA and Asian countries for global supremacy has generated defensive reaction. A well-known goal set for the EU in Lisbon in 2000 was “*to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*”. This sentence is also the one that is used to rationalize the current activity of the EU at the area of education and particularly higher education. In the communication entitled *The role of the universities in the Europe of knowledge* (COM 2003/58), the role of universities is seen highly significant in the development of the know-how society, economic competitiveness and social cohesion. Universities should

become more flexible by utilizing the expanding possibilities offered by the service market.

In addition to EU, OECD, as well as WTO, World Bank and UNESCO have a strong influence on the trends of education. Globalisation and the activity of supranational organisations have created a whole new vocabulary of education which is common all over the world. The changes of higher education can not be anymore understood as national educational changes. They are part of global transformations and trends. Still, the existing structure of each higher education system determines possible future modifications (Clark 1983), which means that countries with different higher education systems and cultures naturally exhibit different reactions in response to changes and demands in the environment.

The differing university models

Many scholars have presented various groupings of different higher education models. The groupings vary according to the viewpoints and issues under consideration. Probably the most used historical classification at the European level separates the Humboldtian (German), the Napoleonic (French) and the Anglo-Saxon (British/Newmanian) models (e.g Husén 1996). Kivinen and Rinne (1996) elaborated the classification by connecting the Anglo-Saxon model to the American model, and by unifying the Humboldtian and the Napoleonic model to the Western European (or Continental) model and by separating the Nordic model as a deviating model (see also Rinne 2004; Fägerlind and Strömqvist 2004). From a European perspective one can, in addition, identify at least a Central and an Eastern European model. In these models, the state regulation, the university governance, competition and funding base have had different forms. In this paper we classify the countries under the Anglo-Saxon (UK), the Napoleonic (Spain), the Nordic (Sweden and Finland) and the Eastern European model (Poland, Russia and Moldova).¹

The Anglo-Saxon model can be described as a large scale, market-driven, diversified and hierarchical system where competition between institutions is general. This has been most characteristic to the university system in the United States but in the 1980s the UK system faced a tremendous change and adopted features of this model. For example student fees for overseas students were introduced at the beginning of the 1980s and fees for post-graduate students at the late 1980s. Later, in 2000, fees were introduced also for undergraduate students. The legal and financial autonomy is what distinguishes the Anglo-Saxon universities from the European ones. The UK system is quite different system from the other European countries; it is based on quasi-market where higher education institutions sell their services to the state and consumers.

The *Continental model* includes the distinct and different *Humboldtian* and the *Napoleonic* models. The most important principles of the Humboldtian model are the freedom of research and teaching; inseparability of them and the priority of *Bildung* over professional training. The academic freedom of university professors is greater than in

¹ This classification is done according to the countries which participate in the EUERЕК research project.

the Anglo-Saxon model. In the Napoleonic model the societal relationship of universities is close and the important task of higher education institutions has been training of state civil servants. In the EUREK project Germany and France, historically significant exemplars of Humboldtian and Napoleonic models, were not represented but the Spanish model can be nominated as Napoleonic model. In the traditional Spanish model the state regulation has been rigid, system was formally homogenous, study programmes were identical and strong professional orientation was characteristic.

In the Nordic countries the higher education sector has been surrendered almost entirely into the hands of the state and it has been publicly funded. The institutions have been at least formally homogenous and equal and there has been no educational market. A centralized administration and a state management have guaranteed limitations in competition. An important principle has been to keep degree education free of charge because it is believed that equal opportunities increase well-being.

In the Central and Eastern European/transition country model until 1980s higher education was most of all the training of highly qualified work force. The system was quite elitist labour market-led polytechnic system. HEIs were strongly controlled by the state and the system was centralized and ideological. Private universities did not exist. Poland, Russia and Moldova go to this category although there are also many significant differences between the higher education systems in these countries. These countries can be also defined as transition countries.

The changing role of the mass university towards the “third task”

One reason for the changed role of the university is the massification of higher education. The transition from elite to mass and to universal system (Trow 1974) makes the university more central in society and means for example creation of new types of higher education institutions, diversification of studying programmes and multiplying research activities. The first wave of “enrolment exploitation” took place from 1950s to 1970s. The second wave started in 1990s. According to Trow the universal system is reached when more than 35 % of each generation enters higher education. This was reached two decades ago in United States and few other countries, now it is more common also within European countries. Central and Eastern European countries have probably faced the most tremendous massification of higher education in 1990s as a consequence of the loosened regulation of higher education and emergence of the private sector. Poland is a good example of this. Since 1990 there has been almost 400 % raise in enrollments and the enrollment rate has grown from 13 % in 1990 to almost 50 % in 2004.

As it was mentioned, the role of universities is currently seen as highly significant in the development of economic competitiveness. In the academic world, the growth in the economic significance of knowledge, society’s firmer hold on the production of knowledge, the utilization of academic work in industry and “service economy”, and the shift from national and international research systems to international and global research networks has led to crucial changes (Jacob & Hellström 2000, 1; Nowotny et al. 2001,

82). The changes relate to the place and role of the university as well as the functions and structures of the university system. Etzkowitz et al. (2000) envision the development of closer cooperation between universities, business life and the state (the so-called triple helix model) in a knowledge-based economy when the potential of the universities as part of innovative systems is realized. Such cooperation and the growing significance of knowledge are also seen as explanations for the birth of the entrepreneurial paradigm in universities.

“Entrepreneurial university” can be seen to be more responsive to social and economic demands than “traditional university”. In the so-called knowledge society universities are expected to change faster than earlier in order to hold their leading role in societal progress. “The third task” has been in some countries added to the law on higher education (e.g. in Sweden in 1996 and in Finland in 2005) and it has meant increased demands for universities. Interaction with the society, innovation, knowledge transfer and exploitation of scientific research have been emphasized in national policies to create well-being and economic competitiveness. Universities are supposed to have a central role in the knowledge production system through being actively engaged in entrepreneurial activities.

In UK for example the government emphasises increasingly knowledge transfer from universities to make the country more economically competitive and to create well-being. In the University of Nottingham “*exploiting the commercial use of cutting-edge ideas has been high on the agenda in 2003-04, following the Lambert Report calling higher education to develop closer ties with business.*” But among the EUERЕК countries the third task is probably emphasised most strongly by Swedish, Finnish and Spanish governments. In Spain universities provide nowadays more and more different kind of services, they have developed incentive programmes for research, innovation and knowledge transfer and the curricula and teaching style have been modified to the needs of society. All in all, the trend is to integrate universities in the local and national society.

For example, the so-called “third mission” of the university is becoming more and more important; its strategy is becoming more oriented towards society in a very general sense of the word, as a point of contact with research and higher education, lifelong training is becoming more important, cultivating relations with businesses is becoming an issue, etc. In addition, the European situation is becoming more important and requires fresh efforts to modernise and internationalise the university.
(University of Valencia, Spain)

In Nordic countries the third task has significant impact on the operation and target setting of universities. “*The external environment has become more important for strategies and activities.*” (Lund University, Sweden) Expectations towards universities are enormous.

Nowadays, or already for a while now, universities have been seen as institutions that have all the answers. People feel that universities should have been the source of all things good and beautiful. So the outside world has strong expectations for universities.
(University of Lapland, Finland)

In transition countries there are parallel trends as in Western European countries though the difference of the contexts means that there are different reasons for responding to the demands of the society. In Moldova a current trend is promoting entrepreneurial activities, technology transfer and the role of the universities in innovation system. Many trends can be a consequence of changes in political and economic circumstances. In Moldova the training of students is tried to synchronize with the needs of national economy and to move to more practical training of students. In Russia the fast rise of numerous departments of economics, management and law has meant that exact science and engineering orientation has reversed to the business orientation which reflects the adaptation to the emerging market-oriented economy.

Another trend that is seen to increase national competitiveness is the internationalisation trend. Nation states should be able to attract labour force and top workers all over the world and this is best realised by attracting the people already when they are students. Universities are thus encouraged to internationalize their activities. At the European level there is concern about the integration of Europe. The Bologna process has meant important transformations to the degree structures and studying programmes in all the countries except UK. The Spanish university system is increasingly integrating in Europe. The Polish Poznan University of Economics *“has changed its curricula, adapting them to European educational standards in all major fields of training and specializations.”* The universities in transition countries are trying to meet the European standards and to create relations to Europe and all over the world. In all the countries the number of foreign degree students has increased lately as a consequence of internationalisation. Universities create English degree programmes to attract foreign students who in some cases pay higher tuition fees than internal students. In UK one reason for increased numbers of foreign students is that these students are one way for universities to generate income. In many Nordic universities the university mission says that one of the future goals is “to be more international”, or “internationally leading” or “globally categorized” university. The proportion of foreign students and faculty is still quite low in many Nordic universities although it has been rising. For example the KTH in Sweden states that it should raise the proportion of international faculty which is at the moment 11%, while in top universities the proportion may be 50%.

From state control to market discipline?

In all the EUEREK countries the tendency has been towards increasing autonomy of universities from the state. In the UK the ideological change concerning the role of the state took place already in the 1980s and the other countries have been following this route. In the 1990s this has been most visible in the Central and Eastern European countries: the curriculum has been de-ideologized and universities have gained more autonomy to decide about their studying programmes. In Poland universities have gained more autonomy and the new higher education law in 1990 gave the universities a chance to begin to respond to the new social, political and economic conditions. In Spain the University reform Act in 1983 first emancipated higher education from the control of

state and the University Act in 2001 furthermore gave universities and autonomous regions more independence to organize themselves.

Although the policy rhetoric has been to increase autonomy and in some terms universities have got more freedom, conditional contracting and increasing demands for accountability restrict autonomy. For example in Finland the interviewees in the case universities saw that the state steering has not loosened. In Nordic countries the autonomy of universities has increased in some terms, but new forms of accountability, evaluations and quality assurance systems constrain autonomy.

Now of course there's also the fact that funding can be used more freely. But the framework, quite tight not to mention, does still exist. So I don't know whether autonomy has really increased. Sometimes it even seems like it has decreased.
(Helsinki School of Economics, Finland)

The increase of autonomy is relative, because universities have been “responsibilized” (Neave 2000, 17). According to Martin Trow (1996, 311 - 312), this is simply an alternative to confidence, and in fact means a reduction in the autonomy of universities. Managing by results keeps centralised management from being so apparent, but the hierarchy between those being evaluated and those doing the evaluation is strong. In the hectic competitive society universities are expected to act all the more efficiently and instead of trust governments control the results of universities. Output control and efficiency are the main principles of the “new public management” policy. UK was one of the first countries to adopt this policy. In a competitive environment which emerged when the regulated quasi-market was created, management was needed to be geared towards performance: “Universities have had to streamline decision-making processes, be more alert to income earning possibilities and be prepared to take some risks” (UK HE policy review).

One interviewee pointed out that it could be that the market discipline is what nowadays narrows the autonomy of universities. “Some kind of lash of capitalism has emerged instead of the lash of the state” (University of Lapland, Finland). One reason for this kind of feeling is that the mechanisms and sources of universities’ income are changing. The proportion of state funding has dropped in many European countries for different political reasons.

Within the countries involved in the project, the dependence of the universities on non-state funding has increased most heavily in Moldova. In Poland and Finland it has increased between 10% and 45 % in the case universities. Instead, in UK the change has been negative or close to zero between 1994–2004. This is not say that change in UK has been non-existent: the major change in UK took place already at the 1980s. In Moldova and Russia the increased external funding consists mainly of student fees. For example at the Moldova State University the budget in 1994 was composed entirely of state financial resources but in 2004 the state funding constituted only 17,5 % of the university’s budget. Rest of the budget, 82,5 % consisted of student fees. In transition countries also the public universities have began to take in fee-paying students, so nowadays both public and private sector rely heavily on student fees. This may in some cases lead to the

situation where “*the main goal of the Institute is to maintain the inflow of the students who can pay tuition fees*” (Baikal Institute of Business and International Management, Russia). Also in the UK and Poland the universities’ reliance on student fees has increased. Even in Nordic countries where education free of charge has been a historical respected principle the governments have investigated the possibility of charging fees from the non-EU and non-EEA students. The increase of non-state funding probably makes it possible for institutions to widen and diversify their activities. From the Moldavian case studies one could sum up that the impacts of increased non-state funding are:

Organization (reorganization) of new chairs and faculties; introduction of new study programmes and courses; reinforcement of the laboratory and material base of the universities, creating of publishing and sport centers, procurement of computers and other equipment; employment of more teaching staff; and introducing of MSc degree courses (Moldova case studies: general analysis).

But the increase of non-state funding may have also unexpected and undesirable effects. The increase of external funding for research has impacted the working culture of universities in many ways. In the Jönköping University for example, “*the recruiting system is changing; a strong merit is now attached to active participation in and leading of externally financed research projects*” (Jönköping University, Sweden). Instead of long-term, patient work, research is nowadays mainly made in short-term projects. In addition to funding from private sources, also public funding is allocated through competition. Researchers are more and more searching for grants and competition is fierce. Availability of project funding may even lead to “project greediness” in which case people take in projects wherever these are available and it is seen to take time from the basic work of the university (University of Lapland, Finland). Some interviewees saw that competition is too demanding in terms of the resources that those single grants then provide. Because of competitive atmosphere “*many feel that researcher autonomy and intellectual potential are threatened*” (Umeå University, Sweden). Also external funding may involve limits for research if financiers have strict regulations. In any case, competition for funding directs the operation of universities.

I mean we have to focus on activities for which funding is available. This has changed the way we conduct our activities in a way that nowadays it is extremely important to try and influence the funding preferences of the Academy of Finland and Tekes. This has spawned a totally new mode of operations. (University of Lapland, Finland)

More new public management and projects

So the central challenges for the modern university stem from its increased functions, massification, shortage of public funding, and rapid changes in its operational environment. These challenges require universities to make reforms in many sectors. Universities should be ever more active, proactive, and initiative towards external reformations, but they should also try to reshape the internal dynamic of university at the

sectors of teaching, research, funding, administration, organization and leadership. (Tirronen 2005.)

Changes may be top-driven or bottom-up initiatives. Shattock (2003, 182) has suggested that a successful university takes notice of “bottom-up” initiatives, even though it might have centralized management. Sudden and fundamental changes are rare at universities, and it is probable that changes planned solely by the state are doomed to failure, particularly if the special characteristics of the university institution are not taken into account (van Vught 1989, 57). An example of a bottom-up project is the *Entrepreneurial Faculty project* of the KTH (the Royal Institute of Technology), in Sweden. “*It is being directed by and belongs to the KTH faculty rather than the university management/administration.*” The project addresses important aspects of how to facilitate interaction between a university and its stakeholders in industry and society and how to ensure innovation.

Many changes in higher education institutions can be a question of size: expanded universities with expanded tasks need for example new forms of governance to improve management. The role of leaders in universities has changed. Leadership demands much more work nowadays among others because of various planning tasks and seeking of funding. The question is whether universities have sufficient leadership expertise and know-how. In Spain for example there has been noticed a need for more professional university governance. “*The administrative management has also become more complex.*” (University of Alicante, Spain) The increased complexity of university governance and increased tasks of leaders are very well evidenced in the trend of appointing new vice-rectors in many universities. This has been the trend in some universities at least in Finland, Spain (the vice-rector for communication, quality and image) and Moldova (the vice-rector responsible for quality assurance and the vice-rector responsible for European integration and international relations).

Vice-rectorates have been created recently to respond to specific needs such as the Vice-rectorate for Communication, Quality and Image. The reason why it was created: to carry out studies which assess these needs (Cardenal Herrera University, Spain)

In Nordic countries as well as in Spain there is a trend toward new public management operation and from collegial systems to more hierarchical managerial systems and corporatist formats to allow university administration more flexibility. In Finland the entrepreneurial role of universities has changed the administrative strategies of them. The strategies are increasingly aimed to integrate academic, commercial, and bureaucratic cultures, and to decrease the distance between universities and society, and universities and business world. (Kutinlahti 2005, 159.) In Sweden, Lund University, some interviewees’ statements indicated quite fundamental changes in the ways the university is governed.

Before, departments were more or less independent, governed by a department board and director, prefekt, elected by the colleagues, but now the directors are mostly appointed from above. There is also stronger steering from the faculty leadership level. (Lund University, Sweden)

More responsive attitude to the needs of the society and the need to adapt to the changing environment may require also reforming organizational structures:

The first step was to create an internal organisational structure that would enable the university to meet the challenges of increasing stringency in core funding from the HEFCE and to respond positively to the opportunities being created in the national higher education system. (UK, University of Nottingham)

Merging units for larger entities may be an effort to achieve managerial efficiency. In Lund University (Sweden) mergers and other types of restructuring have been commonplace lately. The reasons for this are to achieve better efficiency, to share administrative and other infrastructure, to achieve synergies and to reach "critical mass". This ideology has been quite strong. Often the reason for restructuring is simply the evolution of scientific fields. Old disciplinary departments are not seen functional and it is decided to create groupings that are more reasonable. (e.g. the University of Plymouth, UK and the University of Tampere, Finland). Young universities also undergo changes that are typical for growth (University of Lapland, University Jaume I of Castellon, Spain).

In addition to reorganizations, interaction between universities and private sector, increased contract research and expectations for immediately applicable research results have given rise to various new types of units in universities. Units which were mentioned in the case studies were for example: interdisciplinary research centres outside of traditional academic structures (faculties, schools and departments), technology and science parks, incubators, intermediary public-private structures, consultancy offices and external relations -units. *The idea at the bottom of these changes has been that the university could better react to the demands of the environment. (University of Tampere, Finland)* New tasks of the university demand also supporting activities and structures: offices for managing research contracts, research or entrepreneurship support programmes, mechanisms to promote creation of spin-offs, programmes to promote cooperation and different research, innovation and transfer offices. Project working model which is coming more common means also that there is need for plenty of new staff groups to manage projects:

There are surprisingly lot of these project-related titles, project designers, project secretaries and such. So maybe this is how this development has steered development towards a more project-based way, I guess there could be more research-related titles and jobs. (University of Lapland, Finland)

The problems of real life seem not to adapt to the strict borders between scientific disciplines. Some universities like the Lund University and the Helsinki School of Economics have created new programmes as thematic areas rather than disciplinary based as has been the tradition, to response to the needs of the society and business life. Some programmes respond to the regional needs. The University of Lapland has started several separate multidisciplinary Master's programmes and other tailored programmes which have been directed to the needs of the region. There are also an increased number

of short courses and programmes tailored for certain student groups and needs of the local business life.

We've developed distance education, it has low entry barriers. We have outreach campus and work with the regions to develop courses where there are needs. This is part of the regions strategic plans. (Umeå University, Sweden)

Higher education models?

Similar changes and trends have taken place in all the countries involved in the project and most likely also in the other European countries. Still, the original strands of each higher education model are strong and have influence on the adoption of new principles. We will adhere to the models we have presented above and describe the different progresses towards more market-oriented systems and behaviour. The trend of marketisation and entrepreneurialism means actually that the Anglo-Saxon model is diffusing to the other higher education models. In Europe the UK has been a bit ahead in this development because the major change took place there already at the 1980s. But the market model has deepened also there during the last ten years. As one interviewee noted *“the environment of HE has been shifting quite dramatically towards a more commercial model.”* (The University of Nottingham)

Entrepreneurialism in UK means in many respects fund-raising activities. The relationship between universities and the state changed at the late 1980s when “a regulated quasi-market” was created. At the end of the 1980s and beginning of the 1990s the state encouraged higher education institutions to generate funding from non-state sources. One of the income generating strategies has been to attract fee-paying students, especially full-paying foreign students. The universities have also established partner campuses abroad. So in UK, the main reasons for changes have been market competition and that universities try to meet the external pressures. Commercial pressures force universities to be entrepreneurial. The universities are operating in a research and student market which is of a very competitive nature and in which the universities need to succeed if they are to survive.

We have grown considerably in the last five years, not simply in student numbers but also in the knowledge and the innovative approaches that we take. 2000 was great, but had we not moved forward we would have gone backwards; there is no such thing as standing still because the market is moving so quickly and new and very good players are coming in. It has never been more competitive than it is now. (University of Nottingham, UK)

Competition has increased also in other countries but there are not similar education markets than in UK. In the Nordic countries states are trying to increase competitive situation between universities “to improve efficiency and quality”. The expectations towards universities are enormous. The state core funding per student has decreased and more and more often universities have to compete for public funding. The management by results -system, the efforts to shorten studying times and the new salary system reflect

the thought of effectiveness. The dominating effectiveness-thinking is seen damaging and also the resistance for market-oriented changes is quite harsh in many institutions. In Finland education free of charge is still an important principle and it has been noticed for example that introducing student fees for non-EEA/EU students is not an easy job. Some people think that fees would be a good thing and would take the Nordic countries also to the global educational market. But at the moment the regulations are strict and do not enable educational export from Finland. In Nordic countries the state influence on universities is still significant and it puts limits and conditions to universities. The market model and entrepreneurial activity is tried to apply without improving for example the financial latitude, and this is seen problematic by universities. So the minor competition which exist between universities for example is state-led, not market-led. Anyhow, the whole operational environment and social context of public sector has changed. This is evident in an answer of one interviewee. When asking about the factors which have influenced the change the answer was “*government working through market forces*” (Umeå University, Sweden).

In Spain the progress has been surprisingly similar to Finland and Sweden. The share of private funding for higher education has increased and the Anglo-Saxon model has filtered to the Spanish higher education system since the late 1980s. State influence is also still strong in Spain and they are mainly legislative changes that have caused for example changes in the university governance. But important drivers are also increasing external pressures and entrepreneurial attitude which is emerging in some universities. Changes in the European framework were also mentioned to be drivers of change in Spanish case universities.

After the University Organisation Law (LOU) came into force in 2001, some teaching aspects had to be changed and new plans were implemented. In addition, the university had to tailor its supply to cater for market demands. (Jaume I, Spain)

The third mission of the universities has been promoted very strongly in Spain. All the universities studied have created new activities for knowledge transfer, innovation and research and also incentive programmes for these activities. Universities have started to provide different services for wider society.

In Eastern and Central European countries the political changes of the last fifteen years have meant significant transformations to the educational systems. For example in Poland “*the sudden passage from the more or less elite higher education system of pre-1989 communist times to mass higher education with a strong and dynamic private sector has transformed the situation beyond all recognition. The transition has resulted in a new set of values and changes in position, tasks, and roles for academe in society.*” (Polish higher education review) In Moldova and Russia universities have gained more autonomy to decide about their studying programmes. In these countries universities are adapting to the emerging market-oriented economy and synchronizing education with the needs of national economy. The role of the state in education system is under discussion. Uncertainty about the role of the state reverberates also to the university funding: state funding has collapsed. At the same time the demand for higher education has increased, but the public sector has been unwilling and incapable to respond to the demand resulting

in an emergence and very fast growth of the private sector. At the moment there are about 300 private higher education institutions in Poland, whereas immediately after the collapse of communism the private sector was almost non-existent. About 30 % of the student body goes to the private sector which is almost entirely a teaching sector. Competition between higher education institutions and sectors has increased, especially for fee-paying students.

In Poland and in several transition countries there are huge tensions between the Humboldtian (German) model and the pending Anglo-Saxon model. In Poland, the Anglo-Saxon model has been introduced through the private sector, which also causes clashes between private and public sector. Polish higher education has faced many changes but some of the trends evident in Western Europe have not yet reached Poland. It was mentioned in the AMU case study that *“as opposed to global (and especially Anglo-Saxon) trends of managerialism in running public universities, AMU has been ruled by the traditional spirit of collegiality rather than by any forms of corporatization.”* Also the debates on internationalization, globalization, competitiveness and universities as engines for economic growth are still marginal (Polish HE review).

When classifying the varying historical university models, the ever lasting question is what the direction of change is. Are the national higher education systems going to the direction of homogenization or diversification and what is the weight of their historical origin and tradition in this process? By this research we can come to the conclusion that the models are staying but breaking boundaries at the same time. There is no doubt that in the latest ten years the models have come closer to each others but that the models still clearly differ and exist. We can also divide the EUEREK countries into three groups based on different main factors that have impact on the change of universities and the current state of higher education system in respect of market model.

Countries	Factors for change	Current system
UK	Market pressures and competitive environment	Quasi-market system
Spain Finland, Sweden	State influence State stressing the third task	State system with some transformations towards market model
Poland, Russia, Moldova	Adaptation to the market economy and its needs Unclear role of the state Increasing demand for HE	Transition system with fast transformations towards market model (private sector)

Chart 1. The main factors for change in EUEREK countries

The innermost nature of the university changing?

A couple of decades ago Neave (1985) and van Vught (1990) specified five trends of governments' higher education policies: budget cuts, pressures for efficiency, managerialism, conditional contracting and the introduction of evaluation systems. Until today these trends have continued and deepened. But in addition there are some new aspects because of global competition and internationalization which are the phenomena of 1990s and the new millennium. Universities are expected to support national innovation systems and to increase competitiveness both at national and EU level. Because of this universities have had to receive also new tasks. One significant transformation in several countries is adapting their different degree structures to the 3-5-8 structure. The harmonisation of degrees will probably facilitate the development of European-wide higher education market.

The universities in most European countries have faced state budget cuts since 1980s for various political reasons. Lately states have been still withdrawing from their role as financiers of universities. Universities are responsible to seek their own funding to carry on their activities. New funding sources include: research contracts, consulting and other kind of services, student fees (especially from foreign students), establishing campuses abroad, and distance learning programmes, and so on. This development leads to increasing market competition between universities. At the same time as state budgets have shrunk, universities are supposed to produce more results for less funding. Competition between institutions is strong incentive to make universities to act more effectively. Efficiency has certainly risen also because of massification and state funding per student has dropped. Demand for higher education has been high and there have been already signs of oversupply of higher education in recent years. University education has faced inflation, unemployment of graduates has increased, and employees are over educated for the needs of labour market.

In 1980s strategic management was introduced in universities as a part of trend of managerialism. This seems to be a part of the more wide new public management movement. The values of enterprise culture were emphasised. Nowadays the general trend in every country and university model is the emphasis on professional managers. Changed environment, increased tasks and working methods are said to set challenges for the management skills of academics. Managerialism has meant concentration on achievement of pre-stated objectives and monitoring of results. The model of conditional contracting means on-going process of negotiation between universities and the state and that funding is tied to the specific objectives and results. Introduction of evaluation systems is a natural consequence in this kind of model. In many countries universities have step by step received more autonomy but accountability and market competition restrict the freedom of universities.

In the face of several new challenges there is severe fear of the university sector to start to resemble any corporate sector. It is worth reminding, though, that universities are almost only unique remaining places which are not yet operating at the market sector.

There is great concern about the fate of the internal efficiency of the university organisation, its impact, legitimacy, creativity, independence, critical approach, long-term perspective and moral consciousness. As the demands made on universities grow, they may forget to ponder their basic responsibilities and the workings of the academic community.

One question which has been raised is: is the teaching task of the university falling behind the other and new tasks? Research is of course the other fundamental task of the university, but in many universities research has got a higher priority than teaching (Slaughter & Leslie 1997; Dill 2003). As the modern trend is to sell services to society (Amaral & Magalhães 2002, 9), it may be easier to commercialise research than teaching. For example all Finnish universities have lately stressed the research task and many Finnish universities wish to be seen as “research universities”. On the other hand they note that it is not an intention to abandon students. In the Swedish Jönköping University professors and researchers get more time for their research and less time for teaching as an “incentive” when they succeed in getting external grants. Similar examples of anxiety of academics that the basic tasks of the university are forgotten can be found in other countries also. *“The academics emphasized that the UPV is more interested in obtaining money via contracts with businesses than in academic research and that this has a negative effect on the quality of teaching.”* (Technical University of Valencia (UPV), Spain) A contradictory trend can be found in Poland, where interest on research is declining because teaching is the activity which guarantees funding.

Regarding most of the case universities one could say that it is hard to handle them as a one entity and decide whether they are entrepreneurial or not. Instead, we can see that certain transformation process is in any case going on and in every university one can find at least some entrepreneurially behaving persons or units. The culture in the higher education institutions is changing. It can be moving towards entrepreneurial culture even in the systems which have had strong state control. In these systems also the state attitude has changed. The universities are encouraged to play according to market rules, seek external funding and forced to adopt a new culture. The “competition principle” has penetrated the whole educational field. The continents or economic areas are competing for world domination, states are competing for their own competitiveness, and finally universities and academics are put to compete against each others to support the competitiveness of states and continents.

“Most of our interview persons say that there has been a marked shift toward encouraging and supporting entrepreneurial activities at the university, and point out some units and also some individuals that could be labelled as particularly entrepreneurial. The many mechanisms created by the university, supporting entrepreneurship and innovation, are an indication of an ongoing transformation process. However, a culture resting on old traditions with a focus on academic excellence has its own incentives and rewards, not always with the same goals as those that characterise enterprises. It is a question of mind-set, according to several interviewees. Some have it, but most do not.” (Lund University, Sweden)

It may take generations to change people's attitudes. Although there would not be anymore structural or legal limits, the willingness for changes can be weak. But the case studies showed that academics now accept cooperation with external parties, earning extra money as an entrepreneur and that universities are driven more and more by money.

Nottingham is now more focused on expansion and getting money in, but I guess that has come from the fact that things changed in the last ten years. ... Certainly six to eight years ago I was conscious of a lot of colleagues thinking that, what this University is doing, that it is driven more and more by money and less and less by what universities traditionally did. But now we have probably gone through that and everybody is quite used to the way that universities have to operate. (University of Nottingham, UK)

So there's a lot of work to be done in this regard. But we haven't had these discussions about whether or not it's wrong to co-operate with external parties for decades now. We used to have them even in the late 80's. (University of Tampere, Finland)

The main change in the UPV in recent years has been the change of attitude and mentality. Nowadays, earning extra money as an entrepreneur is seen as positive in the academic community. This is a fundamental change to promote entrepreneurial behaviour. (Technical University of Valencia, Spain)

In many universities there still exists resistance for the commercialization of knowledge produced. Some aspects of marketing and entrepreneurial activities may seem to conflict academic values. In all the Finnish universities academic values were emphasized. As well, in four Spanish universities it was stated that academic motivation is more important than economic motivation when considering the tasks of the university. New ways of action and collaboration with business world are acceptable as long as they happen on the terms of research and university.

But because I feel I have been educated now through this business fellow scheme, and my colleague next door has also done it, I think that accepting money from industry or elsewhere is perfectly acceptable, as long as you do it on your terms. I would not like to do contract research, but we can do it under our terms and conditions, and if it is a means to an end to the extent where our research is progressing further because of collaboration with industry. (London School of Hygiene and Tropical Medicine, UK)

It was seen at least in two of Finnish universities by some interviewees that the change is not an intrinsic value, so it is partly good that people in the universities – the places of critical thinking – are critical towards changes.

We do have some structures, but they're very flexible. And the legislation doesn't really pose any limits anymore. The limitations are actually posed by the traditions and by people's attitudes. But you also have to bear in mind that change shouldn't be an intrinsic value either. I think it's good that we have some of these things that slow down the changes. I think this is very suitable for the university institution. (University of Tampere, Finland)

Universities have a long history which can not be suddenly overridden by the external objectives of competitiveness. Despite fundamental changes in the environment over the course of centuries, the university, with its long traditions, is one of the rare institutions that has preserved its basic characteristics and status in society. In fact two other institutions of similar vintage are no less than the church and the state (Fuller 2005).

There's a certain shared consciousness in universities about the nature of universities, about what their traditions and history are. Sometimes this is even beneficial. If it wouldn't be, we wouldn't have any of these old universities. Companies aren't that old, for example Nokia is just 140 years old, but the University of Helsinki is much older. The fact that universities are this old and there's still demand for them indicates the fact that they do have a good reputation and they fulfill a certain function within society. And this function isn't tied just to the current situation in Finland. (Helsinki School of Economics, Finland)

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