Governance

The term "governance" indicates the formal and informal arrangements that allow higher education institutions to make decisions and take action. It includes external governance, which refers to relations between individual institutions and their supervisors, and internal governance, which refers to lines of authority within institutions. Governance overlaps considerably with management; the latter is seen as the implementation and execution of policies, and is dealt with primarily under "Tools for Achieving Good Governance," below.

Formal governance is official and explicit. Informal governance refers to the unwritten rules that govern how people relate to each other within higher education: the respect accorded professors and administrators, the freedom to pursue research, and the traditions of student behavior, to name a few. It is vital to articulate the rights and responsibilities of the various actors and to set rules that determine their interaction in a way that is consistent with achieving quality higher education.

The Task Force believes it is difficult to exaggerate the importance of good governance for higher education, with a significant number of those we consulted believing it to be the key issue. Good governance is not a sufficient condition for achieving high quality, but it is certainly a necessary one. Governance sets the parameters for management. A mismanaged enterprise cannot flourish, and institutions of higher education are no exception.

Although higher education has much to learn from the world's most successful businesses and government organizations, it differs significantly from these institutions. It has unique attributes developed over centuries—indeed, many of the oldest continually functioning institutions in the world are universities—and these must be carefully fostered. Higher education institutions rely on individual initiative and creativity, and these need time and space to develop. The institutional time horizon is usually much longer than in industry, with the bottom line blurred. Collegiality is a value to be cultivated, alongside considerable academic autonomy. In low- and middle-income countries, significant work is still needed to develop academic systems of governance that meet the needs of faculty, students, and wider society.

Major Principles of Good Governance

Traditions of governance differ from country to country. In some, a system-wide approach predominates over an individualistic, institutional approach. The European or continental system of higher education, for example, has been based largely on a state supervision model. As discussed in Chapter 3, some developing countries are moving from state control toward a state-supervised system, with the transition mediated by intermediary or buffer mechanisms that allow active participation by

key players in higher education. Considerable differences are also apparent between public and private institutions, with Latin America diluting the European model as a growing number of private institutions challenge the role of the state within the higher education system.

Individual institutions within each country also have their own governance traditions, ranging from hierarchical to cooperative governance models. American universities, for example, use a relatively hierarchical ("unitary") style and give great power to presidents and other executives. The European tradition has weaker executives. As each institution is different, so is the way it is governed. A research university, for example, will surely have a model that is different from that of a junior college or vocational school.

Despite these many variations, the Task Force believes the following set of principles has general and lasting applicability.

Academic Freedom

Academic freedom is "the right of scholars to pursue their research, to teach, and to publish without control or restraint from the institutions that employ them" (*The Columbia Encyclopedia).* Without it, universities are unable to fulfil one of their prime functions: to be a catalyst and sanctuary for new ideas, including those that may be unpopular. Academic freedom is not an absolute concept; it has limits and requires accountability. It recognizes the right of academics to define their own areas of inquiry and to pursue the truth as they see it. Academic freedom can make a significant contribution to promoting the quality of both institutions and the system as a whole, but it needs to be understood and respected, both within institutions and by the bodies to which they are accountable.

Shared Governance

Shared governance, also known as cooperative governance, is a necessity. It arises from the concept of relative expertise and aims to ensure that decisions are devolved to those who are best qualified to make them. At the system level, it entails giving institutions or their advocates a role in shaping national higher education policy. At the institutional level, it ensures that faculty are given a meaningful voice in determining policy. This applies particularly to educational policy, and especially to curriculum development and academic appointments.

The internal governance of universities requires professionals, or rather individuals who understand how institutions can best perform their academic duties. In nearly all circumstances, individuals with advanced academic training and experience are the best choice for performing these tasks. The use of inexperienced outsiders can be, and frequently has been, damaging. This is not intended to question the legitimacy of external supervision of colleges and universities. That is external governance and is legitimately the realm of non-specialists who represent the public will. Ultimately, however, good decisions must be rooted in legitimate professional concerns, with experience showing that shared governance is closely related to institutional quality.

The role of students within a system of shared governance can be controversial. Students are a transient population whose stay at educational institutions lasts only a few years, while faculty members and administrators tend to remain at institutions for long periods of time. Faculty and administrators therefore have natural authority over students in many matters of internal governance, particularly with respect to academic matters such as admissions standards, grading policy, and degree requirements.

Students, however, can play a role in areas that affect their lives and in which they have competence to provide constructive input. In nonacademic areas, this would include extracurricular activities, and the administration of housing and student services. In academic areas, too, there is an appropriate role for student input, including in the areas of program offerings, teacher evaluation, and infrastructure requirements.

Clear Rights and Responsibilities

Mutually agreed rights and responsibilities for each element in the higher education system are essential for good governance. Externally, the roles of ministries of education and higher education institutions must be clearly articulated by law and in national policy documents. Internally, the faculty, students, administrators, external supervisors, and others should have a clear understanding of their rights and responsibilities. Where traditions of higher education are new, as in many developing countries, it is especially important that roles are explicit, through clear laws and institutional charters designed as social contracts.

Meritocratic Selection

Higher education can only function if the selection and promotion of faculty, administrators, and students is based on broadly defined merit. The particular goals of an institution may affect how it assesses merit, but ideology, nepotism, cronyism, or intimidation cannot be allowed to determine advancement. Selection decisions must be autonomous, made within the institution by those closest to the issues, with peer review and wide consultation helping to set appropriate merit standards. Decisionmaking by distant bureaucrats or politicians is not to be encouraged, with legal barriers that prevent the recognition of merit

being especially unhelpful. In Venezuela and some other countries, for example, a raise for one faculty member in one institution leads, by law, to the same raise for all faculty members of equal rank in all institutions. In some instances, fortunately infrequent, professors are the greatest barriers to progress and change in these matters. If that happens, the governing authorities must ensure the presence of strong internal leadership that can push through change.

Financial Stability

Higher education institutions require sufficient financial stability to permit orderly development. Financial uncertainty, sharp budgetary fluctuations, and political favoritism hinder good governance and make rational planning impossible. The importance of higher education as a public good must be matched by adequate public investment to enable institutions to discharge their public responsibilities.

The provider of financing can also undermine autonomy, with major sponsors trying to influence the activities of higher education institutions. This is a particular danger in developing countries, where a single institution such as the state or a religious entity tends to contribute a relatively large share of the resources available to higher education institutions.

Accountability

Higher education institutions must be accountable to their sponsors, whether public or private. Accountability does not imply uncontrolled interference, but it does impose a requirement to periodically explain actions and have successes and failures examined in a transparent fashion. All interaction should occur within the context of agreed rights and

responsibilities. Buffer mechanisms, as already discussed, may be needed to help determine the appropriate balance between autonomy and accountability.

Regular Testing of Standards

Those responsible for governance should regularly test and verify standards of quality. This is part of institutional accountability, but is of sufficient importance to list as a separate principle. Broad consultation should be practiced and standards should be widely agreed upon. Benchmarking is useful in this regard, while peer review encourages the attainment of benchmarks.

The Importance of Close Cooperation

Effective governance requires close cooperation and compatibility between different levels of institutional administration. A useful rule would state that for significant appointments the individual in a supervisory position, for example a dean, has a formal role—more than merely a voice—in selecting the appointee, for example a chairperson. This could prevent counterproductive, adversarial situations, a special problem where the tradition of election prevails.

The Actual Situation

Systems of governance must take institutional goals into account, and not all principles apply with equal force to all institutions of higher education. In research universities, the full set is most important, whereas academic freedom or shared governance may be less important in vocational schools. For-profit, private education—as noted above, a rapidly growing sector—presents special problems. These businesses are responsible to investors seeking financial gains, but must also accommodate these principles within their business model if they are to play their part in the wider higher education system.

Despite these variations, it is abundantly clear that these principles are essential, and also equally clear that they are routinely violated across the world, in rich and poor countries alike. They are probably violated with greater frequency in developing countries, as in these four examples:

- A senior observer of the African scene told the Task Force that "with the government in many countries having assumed the power to appoint and dismiss the Vice-Chancellor, governance in the universities has thus become a purely state-controlled system . . . There are countries where even deans and department heads are also appointed by government and where heads of institutions change with a change in government."

- In China, the presidents of two leading universities, Beijing and Tsinghua, are appointed directly by the State Council, comprising the Prime Minister and the Cabinet, acting upon the recommendation of the Communist Party.

- The Civic Education Project, a US-based, nongovernmental organization operating in parts of the former Soviet Union, commented to the Task Force "hiring practices in universities are *ad hoc* and personnel are under the influence of high officials in the president's office or the Ministries of Education. Higher administrative authorities can hire or fire any staff or teacher as and when they wish. Teachers have hardly any voice and influence in reforming the higher education system. Students are rarely considered as part of the higher education administrative process. They are never consulted on any matter related to their edu-

cation. Decisions are made from the top and imposed on the subordinate bodies. There is no public debate or discussion on the reform of higher education. Even in the most reform-minded central Asian states, the press and media are controlled by governments and there is no open social dialogue or debate on reform in such a crucial sector of national life as higher education."

- Between the early 1980s and 1996, the total number of higher education institutions in El Salvador increased from six to 42. Many of these were low-quality, "garage" universities, resulting from poor external governance. Despite a law calling for close regulation of universities by the Ministry of Education, supervision was in practice quite lax, with institutions not required to demonstrate their competency to provide education.

These examples are typical and point to poor governance as a particular obstacle to the improvement of quality in the developing world.

Why Governance is a Special Problem in Developing Countries

Higher education institutions inevitably reflect the societies in which they operate. When a country suffers from deep rifts, these will be present on the campus. Undemocratic countries are unlikely to encourage shared governance in higher education. A society in which corruption is prevalent cannot expect its higher education institutions to be untainted. In other words, external factors easily overwhelm institutional efforts to promote change and are, of course, especially difficult to change.

For many of the countries in the developing world, political leaders at the start of independence exhibited little understanding and sometimes little sympathy for the needs

of university education. However, at independence and still today, most problems faced by developing countries were believed to require some degree of government guidance and supervision. Higher education was no exception, leading to policymakers, with little sympathy to its needs, managing it in the same way they managed roads, the army, or customs. The failure to recognize the importance of taking the long-term view undermined the higher education sector's performance and inhibited the development of governance traditions. The proliferation of new institutions in most developing countries has now diluted whatever useful traditions existed and also created shortages of qualified personnel.

The tendency of politicians to intervene in higher education left many institutions hostage to factional policies, with decisions on student selection, faculty appointments and promotions, curriculum design, and similar matters being made on political grounds rather than on merit. In addition, many country leaders undoubtedly saw universities as sources of political danger, with students playing a relatively active political role. Governments may fear students because they know that these young people could, under certain circumstances, overthrow a regime. Therefore many governments expect universities to contain student political activism, further corrupting the governance systems within institutions.

Simultaneously, political activism means that students are spending a large proportion of their time on politics rather than on education. The Task Force believes strongly that higher education institutions should allow opinions on the broader issues that face society to be expressed and debated respectfully. Student awareness and debate should therefore be encouraged. There are situations, however, where levels of activism can rise to the point where high-quality education becomes impossible. In Africa and elsewhere, students facing the prospect of underemploy-

ment or unemployment upon graduation have demonstrated during examinations to prolong their stay in school. In situations such as these, where academic pursuits have been taken hostage, activism may need to be restricted.

In conclusion, there are clearly many obstacles in the path of achieving good governance within the higher education systems of developing countries. Despite this, there are also many tools for achieving improvement.

Tools for Achieving Good Governance

The term "governance" refers to a large set of specific policies and practices. The Task Force does not offer an exhaustive treatment of governance and managerial tools, but attempts to demonstrate available options and their respective advantages and disadvantages.

At the system level, the first priority is to reach agreement on the nature of the governance model to be used. At an institutional level, there should be clarity over the legal framework, and an understanding of the principles of central governance. Decisions can then be made, at both the system and institutional levels, as to the best mechanisms or tools to make the proposed model work effectively.

Faculty Councils (or Senates)

Faculty councils are representative bodies of faculty members responsible for making decisions about selected matters of academic policy, such as programs offered, curricula, degree requirements, and admissions policy. Delegating powers to a faculty council (or senate) promotes shared governance by limiting the extent to which higher education institutions are run on a top-down basis.

Governing Councils (or Boards of Trustees)

A governing council is an independent body that acts as a buffer between a higher education institution and the external bodies to which the institution is accountable, such as the state and religious or secular sponsors. These bodies represent the institution to the outside world, and at the same time represent the outside world to the institution. Critically, they help insulate higher education institutions from excessive external interference.

A governing council needs to think about the future, and it will often be involved in developing long-term plans for an institution and monitoring their implementation. Appointments to the council need to be for long periods, allowing council members to act independently and remain insulated from short-term political developments. Membership should be mixed, with a significant number of members drawn from outside the academic community.

Similar bodies can be tied to subject areas, rather than institutions. National foundations for the natural sciences, the social sciences, and the humanities can sit between the government and the university sector. Their independence allows them to implement merit-based procedures for resource allocation that are relatively immune to political influence.

Budget Practices and Financial Management

Creating a transparent, logical, and well-understood set of rules for budgeting and accounting can have an enormous influence on the operation and performance of higher education institutions. Rules should encourage flexibility, stability, and transparency. In many institutions across the world, bureaucratic rigidity results in inefficiency and waste. Allowing the flexibility, for example, for institutions

to carry surpluses from one year to the next, or to transfer funds from one budgetary category to another, may counter the "use-it-or-lose-it" attitude referred to in Chapter 1 and lead to a better planned allocation of limited funds. Stability is increased by setting multi-year budgets, allowing higher education institutions to extend their planning horizons and expand their set of feasible options. Flexibility helps promote stability when financial rules allow institutions to accumulate capital assets from private sources, and to build endowments whose annual income can be projected far into the future. Transparency, finally, is at the heart of budgeting and financial management and is especially important in situations where corruption is undermining the higher education sector.

Data for Decisionmaking

Without good data, effective decisionmaking is impossible. Higher education institutions need a plethora of data on teaching and research performance, student achievement, institutional financial status, and so on. Data are also essential for systems of monitoring and accountability, which allow institutional autonomy while promoting competition and the drive for higher standards.

Higher education needs to take advantage of advances in information technology, which greatly facilitate data collection and analysis. With good data, organized in a readily accessible information system, higher education institutions will be able to improve their policymaking, ensuring that decisions are based on evidence and are made in a way that is clear and understandable to the outside world.

Appointment or Election?

Election of academic leaders is common in many universities across the world, although it often results in weak leadership and a consequent prejudice in favor of the status quo. Appointed leaders, meanwhile, are less likely to allow their programs to be stalled by lack of consensus and are better placed to make unpopular decisions when required. However, they can lack widespread support, diluting a sense of shared governance. In-depth consultation with all stakeholders helps ease this problem and increases the appointed leader's legitimacy.

The Task Force believes that universities in the developing world urgently need strong leadership, whatever selection method is employed. On the whole, it is in favor of strengthening appointing powers within university administrations, in order to allow strong leaders to emerge.

Faculty Appointment and Promotion Decisions

Faculty quality is generally accepted as the most important determinant of the overall quality of a higher education institution. Nepotism, cronyism, and inbreeding are powerful enemies of faculty quality. The practice of rewarding length of service, rather than academic performance and promise, is also to be discouraged.

The Task Force wishes to emphasize the importance of external peer review in making appointments to faculty and deciding on promotion. Evaluation of faculty research by qualified outsiders allows its quality to be judged on proper technical grounds. Assessments are also more likely to be free of conflicts of interest. Peer review also promotes the quality of publication decisions and the efficient allocation of research funds.

The system of peer review has been developed within research universities. Functional equivalents need to be developed for institutions with different missions. Institutions must develop clear indicators to assess the quality

of their organizational objectives. For example, faculties can be systematically evaluated on their success in teaching or imparting vocational skills. Regular inspections by "client" representatives can also prove useful.

Security of Employment

Security of employment is important within higher education institutions. It allows faculty members greater academic freedom than they would have if they could be dismissed at will or were hired on a year-to-year basis. It also acts as a form of nonwage compensation, with talented individuals attracted to secure jobs, even when they could earn more lucrative salaries elsewhere.

The Task Force recommends long-term contracts, though not necessarily indefinite ones. Periodic reviews are also important, allowing faculty members to be discharged if their performance is substandard.

In some circumstances, however, faculty appointments without any time limit may be appropriate. This system, commonly known as tenure, has advantages and disadvantages. Tenure has been criticized on the grounds that it undermines the performance incentives of tenured faculty, whose appointments are rarely revoked, and even then only in cases of gross neglect, incapacity, morally reprehensible behavior, or urgent financial circumstances. By contrast, tenure is defended as being a great promoter of academic freedom, allowing faculty to pursue potentially risky and unpopular lines of research, without fear of job loss. Its proponents also argue that tenure and prestige are nonpecuniary employment conditions that allow higher education institutions to compete effectively for the services of the brightest, most creative, and most highly motivated members of society.

Tenure has a place in highly politicized environments, where finite-term contracts could be subject to abuse by key institutional decisionmakers. It can also strengthen the capacity and potential of research universities, with their more speculative and uncertain process of basic knowledge generation. Decisions about tenure must be taken with particular care. Extensive, independent, and external evidence of scholarly achievement and promise is needed, with assessments carried out by those with the technical skills that qualify them to make such judgments.

Faculty Compensation and Responsibilities

Many faculty members have specialized skills that are valued in the job market. This allows them to engage in remunerative professional activities outside their home institutions in order to supplement typically low salaries. In other cases, for example in Latin America, faculty members are forced to seek part-time appointments at several institutions, as full-time appointments are not available.

Outside work can promote professional development by providing inspiration for new research and better teaching materials. It also helps institutions to develop valuable contacts with the private sector that may lead to job opportunities for students or the opportunity for public/private collaborations. There is a downside, however. Outside activities can easily detract from performance and weaken commitment to an institution. Academic staff become less available to students, colleagues, and administrators, and the institutional culture is damaged. Faculty moonlighting is therefore rightly regarded as one of the more serious problems faced by higher education in developing countries.

Tackling this issue usually means raising pay, and nearly all developing countries will need to improve compensation if they are to achieve greater quality in their higher education systems. Moving to a system of full-time appointments may also be useful, combined

with clear limits on outside activity: for example, no more than one day of outside activity (paid or unpaid) per week, with prior approval required. Institutions need to be careful when imposing limits on outside consultancy, however. If pay levels are low, they risk driving away the more able members of their faculty.

Faculty quality is also greatly threatened when compensation is determined by rigid formulas that fail to account for external labor market opportunities—a problem that is common in professional schools and institutes of technology. Salary systems must be flexible across disciplines: the market for talent has to be taken into account.

Visiting Committees and Accreditation

Visiting committees, consisting of recognized national or international experts, can be an important tool for monitoring institutional performance and promoting the responsible exercise of authority. By conducting independent reviews, visiting committees provide objective assessments of the achievements of faculties or academic programs in relation to an appropriate regional, national, or international standard. The cost of visiting committees can be prohibitive for many institutions, and it may be valuable for the public sector to subsidize these visitations for all types of schools—including for-profit schools—so as to encourage higher standards throughout the system. Even if only a few of the upper-tier institutions use visiting committees, the effects can be felt throughout the whole system if there are strong links and open competition between institutions.

International standards of accreditation—for example, those used by external examiners—also promote institutional quality. Internally, they provide a focus for improving standards and help create a sense of institutional pride. Externally, they provide the mar-

ket information that is vital to competition. Being accredited has great value in attracting students, faculty, and other resources.

El Salvador provides a notable example of the power of accreditation. In December 1995, the government started to tackle the proliferation of low-quality universities by establishing a new system of accreditation. Institutions that did not satisfy specific statutory requirements within 24 months were subject to closure, and the authorities had actually closed 11 institutions by early 1998 (with a program for relocating the displaced students). With the cooperation of Salvadoran universities, the Ministry of Education also established a system of self-study and peer review, including the training of 120 volunteer peer reviewers. The Task Force applauds this kind of system, which generates objective information that the public can use to judge the merits of competing higher education institutions.

Institutional Charters and Handbooks

An institutional charter establishes the legal basis and defines the mission of a higher education institution. It also sets forth rules governing its relations with the state or a private sponsor, and may specify some internal rules of operation as well. It centers the institution and sets the tone for all of its other activities.

Faculty and student handbooks can be an important tool for promoting good internal governance. They must be comprehensive, clearly written, and frequently updated. Faculty handbooks should typically include a general statement of faculty rights and responsibilities, along with detailed information to guide the conduct of faculty members with respect to their teaching and research activities, their participation in the broader life of the institution, and their outside professional activities. Student handbooks generally define the objectives, rules, and requirements of dif-

ferent academic programs, as well as students' nonacademic rights and responsibilities.

Conclusions

Good governance promotes educational quality. Traditions of governance vary from country to country and by type of institution, but the Task Force has suggested a set of basic principles that promote good governance across a wide variety of situations. Unfortunately these principles are frequently not observed, especially in developing countries, and especially where traditions of higher education are still not firmly established. The Task Force has therefore offered a number of tools that will help higher education systems and institutions move closer to the application of these principles.

Good governance may be crucial, but it is not a panacea. In many parts of the world, pedagogy takes the form of canned lectures by professors and rote memorization by students; cheating is rampant and tolerated; and letters of recommendation are for sale. Shared governance does not guarantee quality if a tyrannical majority is determined to prevent progress. Perhaps most importantly, quality is not likely to be achieved as long as professors are forced to moonlight as a consequence of inadequate pay.

The Task Force hopes that higher education policymakers will start to make better use of the tools of good governance. They will not solve all problems quickly. But they will start the process of achieving sustainable and far-reaching improvement.