

# UNIVERSITY GOVERNANCE AND AUTONOMY : PROBLEMS IN MANAGING ACCESS, QUALITY AND ACCOUNTABILITY

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**L**adies and Gentlemen:

It is my great pleasure today to address this conference and I thank the Director General of Higher Education for his kind invitation. I feel very much in the company of friends, although we have not met before. Simon Fraser University (SFU) has a long history of engagement in Indonesia that we value very much. We particularly value the friendship with those colleagues with whom we have partnered on important projects, and we view it as a strategic priority that we build on our joint investments in Indonesia. I use the term “investment” very loosely; not in an economic sense, but in a human sense in pursuit of common problems.

The matters that I am going to discuss today relate to issues of university governance and autonomy. I do not presume to know a great deal about your situation, but in my travels around the world I think it fair to say that if Indonesia does not face tensions between government and the universities, or face serious issues over governance which relate to the proper regulation of public monies invested in public institutions, as well as questions about the proper distancing of universities and their freedom and autonomy to pursue what universities know best, then you are uniquely privileged. I believe in all universities around the world we are all dealing with very important issues of how to strike the proper balance between universities and governments, how to strike the proper balance between the autonomy of universities and the reasonable accountability of universities for the public funds that sustain much of

their activity.

I want to begin with a brief overview of the question of university autonomy and remind ourselves of how it came to be. Essentially, autonomy is grounded in the history of the classical western university as adapted through three very distinct periods. I am talking about the experience in the west and acknowledge that I know only loosely how it applies to your experience. Nevertheless, the western experience is instructive.

If we begin with the classical model, the university was a feudal institution created in the thirteenth century and surviving more or less intact through until the nineteenth century. It was grounded on a very restrictive model of learning both with respect to curricula in theology, philosophy and other “classic” subjects, and in terms of accessibility to a very small and elite proportion of the population. The classical university also was funded on a very restrictive base through private benefaction or endowment by the wealthy and by the church with whom the university was closely allied in its origins.

It is important to state, although I will not say much about this, that a unique characteristic of European feudalism as opposed to the great states and civilizations elsewhere in the world, was the compartmentalization of authority and the very formal grants of autonomy to institutions within the feudal state. The growth of the city as a restricted and autonomous area of activity and the growth of the university were among those parceled areas of autonomous jurisdiction from the very beginning and the university’s culture and development have been grounded in the autonomy granted by feudal society. The original universities were founded on a principle of collegial self-governance, a very incipiently democratic system of control by tenured scholars. It was a very flat system of organization and responsibility was decentralized on the basis of expertise in scholarship.

This model began to change only in the nineteenth century with the origin of the research university. The developments that caused this change had been happening for some time. They relate first of all to the scientific and industrial revolution, to the growth of the national warfare state, and to the recognition that the state increasingly requires investment in certain kinds of practical knowledge and higher learning, that only the universities can produce. By the late nineteenth century in the United States after the mid-century civil war, land-grant legislation was adopted in which the state endowed new public institutions to create professional schools in agriculture, in science, in technology, in medicine, in engineering and in other professions. These public institutions were meant to rival the great private institutions of the United States built on the classic model. The so-called Humboldt model of the research university was adapted in which the state actively promotes the research mission of the university as a fundamental support to the national economic interests of the country. The research university, of course, is very much our more immediate parentage, but again it borrows and it builds on the autonomy and governance principles embedded in the classical model.

The western university then went through a very profound evolution in the aftermath of the Second World War with the growth in advanced industrial capitalist countries of the so-called welfare state, which is of course intimately tied to the warfare state. The warfare state recognized the benefits of public investment in the conduct of foreign policy and war, especially the intimate relationship of knowledge produced in science and technology to the conduct of foreign policy and war. Building on this experience of a sympathetic relationship between governments and the universities, the mass university evolved in the aftermath of the Second World War, funded by formidable public investments oriented towards broader access and enrollment.

The breakdown of the elite model of the classical and research universities was produced by creating universities on a much larger scale through increased participation rates and accessibility that broke down the barriers of gender and race. In the United States, a system of mass university education produced a meritocracy with much broader middle-class roots to create the knowledge-society and the economic dominance it sustains. This involved a continued broadening of curricula and specialization so that the mass university of the second half of the twentieth century became a far more complicated institution -- and complexity breeds changes in governance.

The simple flat model of collegial governance began to change. We start to see the development of a professional administration in the management of those large public institutions, a development evolved with the research university in the later quarter of the twentieth century. In the period 1975 onwards, the western industrial countries experience a major fiscal crisis in which the demand for state funding for the huge array of social programs built up in the post-war era including education, simply outstripped the capacity to tax the economy. There was, if you like, a fiscal revolt of capital and there was a gradual revolution in the structure of the political economy of the advanced industrial countries. That revolution was marked by a movement to downsize the state, to outsource a great many of the activities incorporated under state management and to reduce the costs and scope of government. This downsizing with respect to education, however, was matched at the same time by rapid increases in demands for accessibility and economic output to fund the knowledge economy.

The result was a scissors effect in which the state was withdrawing and tightening its belt with respect to the funding of education, even as the human capital and labour market demands of the knowledge economy increased the requirements for investments in education. Reduced state expenditure put corresponding pressure on private fees to pick up the overall costs of universities. Increasingly targeted funding replaced the simple block grant funding that has left the universities the autonomy to decide how to spend it. The new funding regimen targeted the most urgent interests of the state in terms of the kinds of programs it wished to support. As there was an accompanying emphasis as the state withdrew from the funding of education to impose very strong regulatory measures to ensure accountability and value for money in the expenditure of scarce grants.

In the Canadian case government grants declined rather rapidly from the late 1970s to the end of the century and beyond. Overall expenditures remain fairly constant, but the requirements for accessibility are such that per capita state funding in the universities continue to decline. Correspondingly, from the late 1980s the universities have increasingly had to resort to higher tuition fees in order to pick up the slack in overall funding. The question for Canadian universities is how long we can sustain the fee increases without some elasticity in terms of the ability to recruit students on the grounds of quality rather than on the grounds of their capacity to pay.

The other significant problem we face in Canada -- and I believe in all universities around the world -- is that the new era of globalization provides a highly competitive world market in higher education and research and development, with the major competitive pressure coming from the United States. If you compare changes in overall budgets per capita in the Canadian universities which have been in decline since the 1980s with the situation in the United States, you will find a much more positive situation in the United States. The trend of increased United States expenditure on public universities has tapered off in very recent years and the presidents of public institutions in the United States are now very worried about the decline in public funding. They also are concerned about the elasticity problems with respect to increased fees. Nevertheless, over the past twenty years the competitive pressures from the

United States has placed enormous pressure on Canadian universities.

The most important problem arising from funding pressure is the challenge to quality. There are also challenges to autonomy, to accountability and to good governance in this history of transformation. I therefore want to discuss each of those issues: the challenges to quality and how we deal with them; the challenges to autonomy; and the challenges to good governance in a time of economic constraint, global competitiveness, and of differentiation in higher education.

Managing quality in the face of declining funding is very difficult but I believe we have managed in the main to sustain quality despite the picture I have just painted. First of all, we have changed the teacher/student ratio which has now declined to about half the number of tenured faculty to student enrolments that you have in Indonesia. You might say, as my colleagues at Simon Fraser University say, that this decline must represent a dramatic threat to quality. In my view it does not and the reasons are that any measured analysis of outcomes in learning indicates no change for high quality institutions like Simon Fraser University.

Why is that? Well, first of all, the reason has to do with the changes in the academic labour market which reduce the overall cost. For example, we can put into classrooms and into the teaching situation an infusion of lower cost labour made up of sessional instructors, part-time instructors and teaching assistants. You may say that this is a lower grade of teaching input to programs and indeed it is, but if properly managed so that there are very strong instructional development supports for instructors as part of our teaching complement, and if curriculum reform and close attention to pedagogical change matches the restructuring of the delivery model, then I believe there is no reason to anticipate a real decline in quality.

At Simon Fraser University we have also pursued vigorously the options of teaching technologies (or teaching with technology) and learning with technology as a real protection for quality. I should put a question mark after this point because while it is true that the quality of teaching and learning can indeed increase with the adaptations of modern teaching technologies, particularly web-based technologies, the costs of teaching effectively with these technologies do not decrease and in many cases actually increase with the exception of bricks and mortar infrastructure requirements.

Most importantly, I would argue, quality is sustained through very careful strategic planning at the institutional level, and at the level of faculties and programs. This kind of planning should focus on ways in every area which allow you to avoid simply duplicating at a second-rate level what is done in front-running institutions and which allow you to create niche programs that stand out both in research and in teaching as truly competitive in their field. Here I must emphasize the priority in a research institution to create strategic plans which develop research clusters and networks of real excellence when benchmarked against global competition.

Administrative efficiency is an entirely different subject, and since most of you here are administrators, it is worth discussing. I will not say very much about it, only to repeat that if your priorities and strategic focus are on the academic and research sides, then the adjustments you make on the administrative side need to be much deeper than otherwise. The good Canadian universities, just to make a summary observation, have indeed increased productivity (output per dollar invested in administration) enormously in the last twenty-five years. Measured against any other state sector, the universities in Canada are orders of magnitude more efficient. They have made cost savings on the administrative side

with increases in output relative to the schools, the hospitals, prisons and any other publicly-funded institutions. In fact, the depth of administrative reorganization, restructuring, outsourcing and the incorporation of technology for cost-effective delivery of administrative services has been as good in the public universities as in any organization, public or private.

Let me speak very briefly about autonomy. The problem of autonomy for the university is the intrusion by government that has less and less money to regulate outputs in its interest. How can universities cope with this problem? Canadian universities are not necessarily a model of virtue or of success, but our experience may be of some use to Indonesian colleagues because we experienced a period in which we were not successful in dealing with the steamroller of government intrusion followed by a period when we achieved a balance of power in the relationship between government and the universities.

Now how was that created? First, by creating system-wide alliances and organizations of universities with a specific focus on political lobbying and advocacy; on the development of information and communications databases designed to influence government legislation; and on action with respect to the universities. In Canada we have a federal association (the Association of Universities and Colleges of Canada) which is in effect a large bureaucracy wholly owned by the universities whose full-time occupation is to deal with government. We typically -- and I suspect this would not be novel in Indonesia -- hire top-ranked bureaucrats out of the public service who know the byways and networks of federal power, and can therefore effectively promote our business in the federal parliament and bureaucracy. Since much of Canadian education is controlled at a provincial level, we also organize at a regional level. In British Columbia, for example, the University Presidents' Council, of which I am now the Chairman, organizes our collective interests in relation to the Government of British Columbia. We do not always win, but even if we fail, we have a very considerable voice in solidarity with each other to state publicly what is wrong with the direction of public policy, and governments tend to learn when they hear the voice of solidarity from the universities.

But political organization alone cannot succeed in a one-to-one battle between the might of the state and even the best organized collective association of universities. The only way in which this proper balance of autonomy and governance can be organized is through strong legislation which in effect entrenches university autonomy. In Canada, the Acts under which our universities are established entrench the bicameral powers of university Senates and grant them more or less complete control over academic policy. That is to say: what shall be taught, who shall teach it, and how it shall be taught. In British Columbia these fundamental powers of university autonomy reside in the Senate elected entirely by the university itself. No outside appointees or outside positions have authority over academic policy.

The other chamber of governance in a bicameral system, the Board of Governors, is also authorized under state legislation. The Board of Governors has a majority appointed by the government; although to some degree the universities can negotiate or nominate future Board members, in the end they are government appointees. Boards of Governors have authority over the university's budget, especially over government monies entrusted to the university, and they have control over property and the physical assets of the institution. Somewhere between these two independent chambers of government within the university there has to be a bridge built. Effectively the administration of the university under the President or Rector serves as such a bridge between the two arms of governance. As presidents, we keep them working together, because if they work apart, we have a constitutional crisis in which the Board managing the resources of the university cannot or will not work to finance the programmatic and academic decisions of the Senate.

Bicameral governance underpins autonomy because the powers of the executive, under the Board of Governors, are quite restricted. It creates a climate in which government respects university autonomy because it is embedded in legislation that in turn sets limits to what government, and even the executive or the Board appointed by the government, can do with respect to universities.

Another aspect of virtuous legislation that exists in British Columbia is the declaration that tuition fees are the autonomous business of universities and their Boards -- not a matter for public regulation. This is an enormously important principle. It is not universal in Canada, but it should be. There is also an economic management principle embedded in the British Columbia legislation which is very important: deficits are prohibited. We can negotiate deficit allowances from government, but we are very unlikely to get such allowances without very strong plans to repay them.

The legislation governing any university is also very specific with respect to the appointment of executives, most obviously the President. The President is appointed by the Board, but only in consultation with the Senate. It follows that there are very strong autonomous decisions within the university that decide on the Chief Executive Officer and very strong controls over the Vice-Presidents and Deans through selection mechanisms in the institution.

Let me now turn to the issue of accountability. Accountability, in one sense, is an obvious and moral obligation of any institution which is heavily subsidized by public funds. In principle, there should be no objection to accountability. The problem is the way in which government handles the moral expectation that accountability entails. Government will intrude, or not intrude depending on how well the universities themselves establish internal accountability measures and frameworks. Accountability within the university should be based first and foremost on very strong performance management systems for faculty and staff alike. The classic prejudice against the university is that its historical autonomy fosters "dead wood" and that tenure is an excuse for job security without performance evaluation and consequences. In the modern world, this cannot be the case and good universities will exemplify very strong systems of performance management and review.

Accountability on the academic side requires good universities to embed in policy and in practice very strong systems of peer review for teaching and research. These policies should be complemented by a system-wide process audit which can ensure the government that every programme is on a regular evaluation cycle that involve external arm's length reviews that produce public documents. In our case at Simon Fraser University this has become standard operating procedure. Every unit, including every sub-unit of the Administration, is externally reviewed on a seven-year cycle. Reports then go formally to the Board with information to the Senate. If need be, the government can audit the process under which we conduct our reviews and can assure itself by independent auditors that these reviews are sound, that they follow appropriate procedure, and that there are consequences to the reviews in the sense that the agencies of governance, the Senate and the Board, act on the recommendations and information provided.

In addition to performance management for staff and strong external programme reviews, good accountability internal to the university requires strong systems of monitoring satisfaction and performance by students. Governments are interested in the economic pay-off of their investment in higher education. In part, this is reflected by the employment rates of graduating students, by which I mean how quickly graduates secure full-time employment and how well they are paid. These two factors reflect the value of the investment in the private economy. It follows that Simon Fraser University

conducts numerous student surveys for accountability reasons. Happily, at good universities where you have good students and good programs, you are almost guaranteed to get good student survey results. I strongly recommend this practice as the best and least expensive way of getting first-rate self-promotional material that stands as a front-line in resisting government intervention.

In this era of concentration on universities as contributors to research and development in the modern knowledge society and economy, it also is necessary to create strong internal performance indicators that relate to the commercialization of intellectual property. We need to be able to demonstrate close attention to the economic pay-off of our research in the creation of patents, licences, spin-off companies and, at the end of the day, income -- much of it hopefully returning to the university as a return on its investment. I am very happy to say that at Simon Fraser University we have done a lot of comparative evaluations in North America and that for every dollar invested in research at SFU, we are in the top three North American universities for the number of licences and spin-off companies generated per dollar invested in research. This is a very useful statistic for “self-promotion” when it comes to government’s interest in whether or not there is “bang for its buck” as a result of investment in the universities.

As a final comment on a strong system of internal review, I want to refer again to the need for a strategic focus on planning in an institution. I believe a strong accountability system should have a contractual requirement that the President or Rector outline a strategic plan and an agenda. The President should be responsible for reporting publicly on that agenda, consulting on it, and should be evaluated on it annually. Individual performance in meeting the agenda should determine the President’s compensation and continuance in office. Any good institution should embrace this approach with enthusiasm. It is good for the purposes of bringing the community together to engage in a very public dialogue about what the priorities in the institution should be, why they are the way they are, why we want strong solidarity and support from colleagues around these priorities, and about what progress we are making in terms of managing change to achieve quality objectives.

I should mention one last point on performance and accountability: good accountability requires strong internal audit requirements. It goes without saying that any public institution should be pleased to embrace a strong, independent and professional audit process, rather than face meddling from government agencies.

Before I bring my remarks to a conclusion, I want to make a general observation about the way universities are commonly perceived in my country and possibly your own. They are often treated on the basis of a mix of ignorance and prejudice, as hide-bound by tradition, given far too much autonomy with public funds, wasteful, and as I said earlier, filled with featherbedding “dead wood.” This is not the reality in fact. The reason why universities have been the most durable institutions in history, practically speaking from the thirteenth century on, is that their unique combination of autonomy and decentralization creates exactly the modern type of institution which is able to innovate, which is able to manage change, in a far more effective way than either government bureaucracy or corporate hierarchy. In fact, corporate hierarchies are moving to flatter and more decentralized models of organization which mimic the university rather than vice versa.

It also should be pointed out there are very serious limits to the capacity of government. Governments obviously are not well placed to choose how to teach modern theoretical physics. Likewise they have a poor record of predicting what is required in the labour market and therefore should not choose and

target the kinds of programs and enrolments we ought to be making. In my view, governments are less sensitive and less adaptive to market changes than good universities and it is wrong to encourage them in any way to believe otherwise. Moreover, their predilection for moving to quality assurance mechanisms modeled on the United Kingdom is another mistake: government quality assurance mechanisms are typically over-bureaucratic and costly, for very little result. Indeed, most measurable results you will see out of such impositions on university systems are actually perverse in their consequence. In the case of research assessment mechanisms in the United Kingdom, they create mobility among star performing research faculty who move from institution to institution, lured to improve their rankings for larger compensation, which means that for the same output you are paying more. Different institutions get different scores, but the net social advantage of such a system is zero or negative.

To conclude, the long history of universities built on a culture of autonomy has produced a great deal in the history of the western world and increasingly in the history of the world entire. I believe there is no reason to doubt that our universities will continue to make significant contributions if they are able by the means I have suggested to defend their autonomy and to avoid becoming victims of repoliticization and control.

Thank you very much.

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