

Introduction: European universities meet the market

Marino Regini

This volume focuses on the changes in the ‘degree of openness’ of European Higher Education (HE) systems to their economic context, on the one hand, and in the ‘degree of attention’ to HE by economic actors, on the other, as regards several areas of potential interaction: namely, the organization of curricula, research, services to students, funding, assessment and governance. More specifically, it focuses on variation in size, timing and forms of such changes between HE systems and between specific HE institutions.

The guiding principle to interpret both variation and changes is the different degree (and different forms) to which a market logic of action, as well as entrepreneurial and managerial concepts, have penetrated the actual working of European HE systems and institutions, as a consequence of processes whose relevance will be discussed below.

UNDER WHAT CONDITIONS CAN A MARKET LOGIC OF ACTION UNDERMINE THE ‘IVORY TOWERS’?

We must first clarify what we mean by a ‘market logic of action’ in HE systems and which actors and market behaviour we refer to. Let us start with the ambiguities inherent in the often-cited Clark’s (1983) typology, which, obviously drawing on Polanyi (1944), distinguished between HE systems depending on the predominance of the state, academic communities or the market.

Actually, the state and the (academic) community can be seen not just as regulatory institutions which shape the functioning of an HE system, in which actors behave according to the criteria of action typical of such institutions (authority or redistribution versus reciprocity or shared norms). They can be (and often are) seen also as the actors themselves of an HE system, with their relative power resources. The market, on the other

hand, can never be seen as an actor, but rather as an arena in which some HE actors may behave following a different logic of action than those typical of either the state or the academic communities: namely, a logic based on their convenience to enter an exchange relationship and on the consistency between instruments and goals.

Although both states and academic communities are exposed to this different logic of action and may occasionally be led to adopt it, they will nonetheless have to reconcile it with their constitutive principles. Hence, a market logic of action is likely to become predominant (or at least relevant) in an HE system only to the extent that actors other than the two traditional ones acquire influence and power in it, having been recognized as legitimate actors of such a system.

In simpler terms, in the traditional type of university that characterized continental European countries up to 20–30 years ago, the concept of ‘market’ had no actual room for application. This was not because universities in Europe were (and in large measure still are) public, but because the market can only operate where the supply of goods or services is oriented towards a demand, and exchanges are based on prices determined by the interaction of such supply and demand. This was not the case in the traditional European university.

In that institution, the ‘goods supplied’ were the production of culture and knowledge through research, and the transmission of this culture – and the values and lifestyles which accompanied it – to the national elites who could access it and who had been socialized to it. The almost exclusive ‘producers’ of this particular type of goods were (academic) communities which acted on the basis of norms and values shared among themselves. They were regulated by the state, which set the rules and standards for their recognition but delegated the definition of their objectives to them. The organization of the supply of such goods was thus left to the self-regulation of the academic communities, within limits and at ‘prices’ fixed by the state.

Recalling the classic Polanyi’s typology of the forms of regulation, we can say that the traditional European university was regulated by the criteria typical of communities and the state, while the market and exchange criteria played no role.

Furthermore, not only was the supply not organized in such a way to be oriented towards a demand; actually, no real demand existed, or at least it would be difficult to identify who the bearers were of such a demand, capable of orienting the supply and influencing the terms of trade.

First, a diffuse demand for higher education in the sense that is understood today did not exist. The very limited segment of the youth population who enrolled in the universities (usually less than 10–15 per cent of

the relevant age cohort) wanted to acquire the credentials to access the professions or the technical and managerial positions which required that level of education, and had little reason to worry about the consistency between the content of their studies and their future occupational roles. The families, like the enterprises, the public administrations and the professional associations focused on the credentials and thus on the status which could be acquired within the social stratification system, more than on the content and methods of education, set by the academic communities within a general regulatory framework provided by the state. Only in countries with a binary system – in which a vocational track existed alongside the academic track – was the situation a little different, in as much as the families and the enterprises were more attentive to the content and methods at least of the vocational track.

Second, such a limited student population and the little attention paid to the labour market did not help a specific demand for services to the students or to the enterprises to emerge. Internships were a limited reality in only some vocational sectors and were poorly regulated, while orientation, placement and occupational monitoring services were almost unknown.

Third, the demand for ‘social appropriation’ of the results of research carried out in the universities was also very weak and dispersed. A Fordist production system like that prevailing in Europe based its competitiveness on the mass production of standard goods and on low labour costs, rather than on constant product and process innovation that depended in a crucial way on research. The laboratories of the large enterprises were mostly sufficient for their own needs, while university research did not respond, except in particular cases, to specific demands advanced by the production system. To summarize, in the traditional HE systems, education and research were not quite conceived as specific goods ‘supplied’ by an organization (the university) in response to an articulated ‘demand’, but rather as public goods whose production was financed and regulated by the state but entirely delegated to academic communities, which alone were the depositories of the know-how necessary to decide how to organize this production.

From this also derived the traditional governance models of the universities of continental Europe, aptly described as sets of lecturers organized into faculties headed by a minister. Sharply distinct from this model were the governance systems of the English universities. Although these differed considerably from each other, they were nevertheless characterized by substantial autonomy, and therefore by the lesser weight of governments and the greater influence of external stakeholders.

Also the differentiations internal to the European HE systems were more the outcomes of the ways in which these systems had historically

stratified themselves, and less the results of different responses to composite demand. The distinctive nature of the 'old universities' in England was the result of a centuries-long history. A legacy from history, too, was the existence of the French *grandes écoles*, introduced by Napoleon to furnish a centralizing and pervasive state with an administrative elite endowed with advanced technical and professional skills. Only in the cases of Germany and Holland was the 'binarization' of the HE system a response to demand raised by production systems closely interested in higher technical training uncoupled from the logic of academic education. But, in a certain sense, the existence of *Fachhochschulen* and *Hogescholen* clearly restricted the influence of firms, which was very high in the vocational sector but did not interfere with the management of universities.

THE ENTRY OF NEW ACTORS AND ITS CONSEQUENCES

A market logic may become relevant in an HE system only to the extent that other actors besides the two traditional ones (the state and the academic community) are recognized as legitimate actors by the latter and hence acquire some degree of power or influence. The first of such actors is the individual university (or other institute of HE), as an organization endowed with its own interests distinct from those of the academic communities within it, and at the same time with enough autonomy from the state to pursue such interests, even in competition with each other. This condition, which appears to be taken for granted today, was what differentiated the HE systems of the Anglo-American world from those of continental Europe up to not very long ago. In the latter, it was only in the 1980s to 1990s that the granting by the state of some managerial autonomy – though often limited and partial – to the universities enabled them to become subjects with interests distinct from the academic corporations and from the state that financed and controlled them. This has made possible (though not necessarily effective) the adoption by their administrations of a logic of action different from the previous one, which was limited to agreements between the academic corporations and to the bureaucratic management of the funds provided and the rules dictated by the state. It is only at that point that a market logic has made its appearance in some universities, favoured by governments that cut public funding and encouraged universities to compete for resources, that introduced the practice of external assessment of the results achieved, and that tried, more generally, to impose a market ideology in an academic world largely hostile to it.

Actually, reference is sometimes made to a 'market' of the professorial

appointments which characterizes the academic oligarchy, too, to indicate the presence of mechanisms of competition and exchange (for example Musselin 2009). No doubt competition and exchange were modes of action that involved even those ‘aggregations of academic corporations headed by a minister’ that, according to an effective representation, were the traditional European universities. But this notion is too broad to be useful to grasp the most relevant changes that have taken place in HE systems. For a market logic to become potentially relevant in an HE system, universities must, in the first place, acquire an identity and the ability to pursue their organizational interests autonomously.

However, this is not sufficient. It is also necessary that external actors are involved in an exchange relationship with universities and at the same time require of them an efficient and transparent resource management, that is, aimed at satisfying their demand as users rather than the interests of internal actors (accountability).

The two main external actors that may acquire awareness of their collective identity as legitimate actors in an HE system, or that may be recognized in such a role by the state in its attempt to introduce a market logic (the latter being more often the case, as we shall see), are the potential students and their families, on one hand, and enterprises, on the other. Obviously, these external actors have always existed. But it is only when they start being conceived as bearers of interests (stakeholders) in an HE system, when they are invited to elaborate and articulate a coherent ‘demand’ for the products and the functioning of such an HE system, that universities may be induced to enter an exchange relationship with them. It is in these situations that a market logic can, at least theoretically, become dominant in both the reorganization of the traditional functions of universities (teaching and research) and their modes of operation and management (supplying services to students and enterprises, management of their funds, assessment mechanisms and governance structures).

THE DIFFERENCES BETWEEN NATIONAL SYSTEMS

Studying to what extent and in what ways a market logic emerges alongside the traditional logics of action of the state and the academic community, in each of these aspects of operation of a particular HE system, is a way to build up a map of institutional changes. However, this does not solve the problem of explaining the wide variation in the extent, the mode and the timing with which such a market logic penetrates the different HE systems and individual universities. To answer this problem we must turn

our attention to the specific actors of an HE system and the dynamics of their interaction.

To deal with the questions above, this volume draws on a comparative research project carried out in six countries (the UK, Germany, France, Italy, Spain and the Netherlands) by a research team directed by this author. To reduce the influence of external variables on explanation, we decided to compare tertiary institutions in relatively similar areas of these countries from the point of view of both their economic systems and the structure of their HE systems. England's North West, Hesse, Rhône-Alpes, Lombardy and Catalonia are among the most economically advanced and diversified regions of their respective countries, they are large and contain a major European city that is not, however, a national capital (respectively Manchester, Frankfurt, Lyon, Milan and Barcelona). The Netherlands conversely, given its smaller size, was considered in its entirety and compared with these regions. Also from the point of view of the structure of their HE systems, these regions are relatively similar to each other, having diversified systems that include large multi-disciplinary universities and other smaller specialized ones.

The sample of tertiary institutions studied in each of these regions or countries includes both universities and other tertiary institutions where a vocational track is significant (Germany, the Netherlands, France), and both public and private universities where this distinction is relevant (Spain, Italy).¹

To make our comparison more meaningful, we focused on the following five fields of study within these institutions, whether such fields are organized in departments or in faculties, schools or other structures: economics, law, humanities, natural sciences and engineering. The study was thus conducted at three levels: macro (national HE systems), meso (local–regional) and micro (case studies of individual tertiary institutions and fields of study within them). The methodology for all the levels was the same: review of the existing literature, collection of data (where possible in historical series) from administrative sources and from surveys, and especially in-depth interviews of several key participants, both at the national level and in the individual tertiary institutions. The analysis offered above of how a market logic can become relevant in an HE system, alongside the constitutive logic of action of its traditional actors, leaves two principal hypotheses open to explain differences in the timing, modes and the extent of institutional change, that is, in the restructuring of relationships between the HE and the economic systems.

The first hypothesis focuses on the role of the demand and, hence, on the timing and ways in which the bearers of this demand or 'stakeholders'

(potential students and enterprises) become aware of their interests relative to an HE system and are able to define such demand and the actions needed to meet it, get organized to exert their influence and harness their power resources to this end. In this way they also force the internal actors of an HE system to reorganize to take account of this demand, and more generally to be aware of the influence of the new actors and the market logic that they introduce.

The second hypothesis underlines instead variability in the degree of cohesion, of dependence on the traditional logic, and therefore of the ability and willingness to resist or instead accept change, of the internal actors of an HE system on which the organization of the supply depends. In other words, the extent to which a market logic can find its way inside the academic community and the public institutions traditionally responsible for the HE system.

It is not easy to test these two hypotheses rigorously, but the case studies that we have conducted in the tertiary institutions of the various countries have allowed us at least to probe their respective plausibility. As will be seen below, analysing the behaviour of the different actors in the various HE systems, their internal differentiations and the opinions and values that they express, we may conclude that the second hypothesis is a great deal more convincing than the first. We will return to this general point in the concluding chapter.

Besides this first pair of alternative hypotheses, it appeared worthwhile to investigate, through the empirical fieldwork, a second. We wanted to understand whether the change in the ability of external demand to influence the operation of an HE system, or in the readiness of internal actors to accept a market logic in the reorganization of the supply, is a process that happens primarily in a top-down or bottom-up way. Business demand can either be driven and organized by the representative associations (or by governments), or start spontaneously from below and in a non-coordinated way. On the other hand, the availability of the internal actors of an HE system to accept a market logic can be decided at the centre and strongly coordinated, at least at the level of the individual university, or be revealed through a plurality of decentralized initiatives. Also in this case, the limited number of tertiary institutions studied does not allow us to provide a rigorous answer. Nevertheless, the first hypothesis (change that primarily happens in a top-down way) appears more reasonable on the basis of the data collected – although the greater probability of this process of change does not necessarily imply that it is more effective, as the chapter on redesigning curricula shows (see Chapter 1).

NOTE

1. The universities and other tertiary institutions on which this study was conducted were the following:
 - In North West England, two civic universities (University of Manchester and University of Liverpool) and two ex-polytechnics (Manchester Metropolitan University and Liverpool John Moores University).
 - In Germany, three universities in Hesse (Technische Universität Darmstadt, Universität Gesamthochschule Kassel and Goethe Universität Frankfurt) and two *Fachhochschulen* (FH Wiesbaden and FH Fresenius).
 - In France Rhône-Alpes, the universities of Lyon (Claude Bernard, Louis Lumière and Jean Moulin) and Grenoble (Joseph Fourier, Pierre-Mendès-France and Stendhal) and a few *grandes écoles* in these two cities.
 - In Spain, five Catalan universities (Barcelona, Pompeu Fabra, Autònoma de Barcelona, Girona and Politècnica de Catalunya).
 - In the Netherlands, four tertiary institutions (University of Amsterdam, University of Leiden, Delft Polytechnic and Amsterdam Hogeschool).
 - In Lombardy, the three state universities (Università degli studi di Milano, Università di Milano-Bicocca and Politecnico) and the four private ones (Cattolica, Bocconi, IULM and S. Raffaele) in the Milan area, which were the object of a previous study (Ballarino and Regini 2005) that we used for comparison.