New trends in higher education

Reforming higher education in the Nordic countries – studies of change in Denmark, Finland, Iceland, Norway and Sweden

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International Institute for Educational Planning

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LIST OF ABBREVIATIONS

AMK	Ammattikorkeakoulu (polytechnics)
BA	Bachelor of Arts
BS	Bachelor of Science
CVU	(Centre for medium-cycle higher education)
DS	Diploma Supplements
ECTS	European Credit Transfer System
EU	European Union
EVA	(Danish Evaluation Institute)
FINHEEC	Finnish Higher Education Evaluation Council
FRP	(Nordic Science Policy Council)
GNP	Gross national product
IAA	Icelandic Academy of the Arts
ISCED	International Standard Classification of Education
IUE	Iceland University of Education
MBO	Management by Objectives
NOKUT	Norwegian Agency for Quality Assurance in Education
NorFa	Nordic Academy for Advanced Studies
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
R&D	Research and development
SweSAT	Swedish Scholastic Aptitude Test
UI	University of Iceland
UNESCO	United Nations Educational, Scientific and Cultural Organization

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PREFACE

Higher education systems in most countries have been affected in recent years by technology, globalization and competition. Changes concern not only the shape and mode of operation but also the purpose of higher education. This book reviews changes in the higher education sectors in the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) over the past 15 years. The 'Nordics' have a tradition of state control of higher education, and participation has been free of charge due to the view of higher education as a social good.

New technology has had a powerful impact on the functioning of institutions in the marketplace and it has reshaped pedagogy and teaching. Globalization concerns the free flow of ideas, capital, people, and goods around the world but it can also imply a domination by wealthy countries, and a risk of losing national identity and culture. At the same time, English has become increasingly important in higher education and research. Consequently, the Nordic countries, where people are used to communicating in English, have benefited and become more active as international players. Institutions of higher education have been internationalized in all the Nordic countries, as a consequence of various international agreements concerning mutual recognition as well as their taking part in EU-sponsored programmes such as ERASMUS and SOCRATES. Internationalization has influenced both practice and policy, and international, intercultural, and global dimensions have been integrated into the purpose, functions and delivery of post-secondary education.

Quality assurance, accreditation, recognition of studies abroad, mobility and standards were addressed in all the countries studied, in order to embrace the new internationalized policy. Restructuring of the public sectors in the Nordic countries, brought about by increasingly market-oriented thinking, similar to developments in many other Western European nations, strongly influenced their higher education systems. In spite of many similarities in the development of higher education in the five Nordic countries, each of them has met the new demands in different ways and following different strategies. In Finland, for example, there has been less emphasis on maintaining uniformity of the system as it has expanded. Instead, Finland has diversified and developed advanced vocational education programmes, offered in new types of polytechnic institutions. As a result, a higher percentage of young people in Finland are in tertiary education than in the other countries studied.

In this book, each author had the freedom to focus on what they considered to be the key aspects of national higher education systems in the reform and transformation process. This means, of course, that the country studies are different, although the accounts emanate from thorough background discussions about the nature of recent reforms and their manifestations.

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I. HIGHER EDUCATION REFORM IN THE GLOBAL CONTEXT – WHAT EVER HAPPENED TO THE NORDIC MODEL?

Ingemar Fägerlind and Görel Strömqvist

1. Background

The Nordic countries have much in common, historically, culturally and linguistically. They have had a common labour market and strong co-operation in many areas for many years. The Nordic welfare state model is based on the rights of individuals to a decent life and equal opportunities for social promotion, often achieved through education. Higher education is a part of their large public sectors and has been influenced by a powerful nation-state in which regional policy considerations and the social thesis of equal educational opportunity have played an important role. During the last two decades there have been several changes in the Nordic tertiary education systems. The high level of unemployment in the Nordic countries in the early 1990s brought the issue of how economic growth and unemployment could be promoted to the top of the political agenda. There has been a general understanding that knowledge-intensive production is crucial for employment and welfare. Knowledge-based production is dependent on a highly educated work force; the creation of an adequate supply of well-educated persons for the future therefore became the focus, together with the attention to immediate demands. Expansion of educational programmes, according to this analysis, would be necessary primarily within certain fields with perceived importance for future economic growth. Thus, higher education and research have been regarded as important political tools in the development of national and regional

economies more than being valued *per se* for developing new knowledge and educating critically-thinking individuals. In this publication, descriptions and analyses of recent changes in the systems of higher education in Denmark, Finland, Iceland, Norway and Sweden in light of global and European developments will be made. The concluding chapter presents a comparative analysis of the current models of higher education in the Nordic countries, their similarities and differences. Are these models an example of convergence or divergence in Nordic higher education systems and/or systems in other countries?

2. Theoretical perspectives on higher education

Research on higher education and institutions of higher education has been heavily influenced by scientific paradigms such as the human capital theory. The theoretical concept of human capital developed by Schultz (1961) began a new era in the development of national educational systems. One of his main points was that education, rather than being looked upon exclusively as consumption, should be looked upon as an investment for the individual as well as for society. The human capital theory influenced investments in education as well as educational policy and planning discourse. However, in the late 1960s and early 1970s the theory was heavily criticized, not only by university students but also by researchers in education. Teaching at the university had to be more relevant to the real world in order to contribute to economic development. During the economic recession of the 1980s and 1990s, the human capital theory was referred to when educational systems were expanded. The theory experienced a renaissance resulting in political rhetoric on the important role of investment in education throughout the life span of citizens and in all kinds of contexts, including so called lifelong and life-wide learning.

At the beginning of the twenty-first century, mass higher education is becoming the norm in industrialized countries. Educational changes in a society are to an increasing extent a result of tight links to world systems, with diffusion of ideas and cultural values (Meyer, Boli, Thomas and Ramirez, 1997; Boli and Thomas, 1999). Globalization of the world economy has influenced tertiary education institutions throughout the world. In Europe, training and education are regarded as crucial to EU employment and growth policies. The complex process of change taking place in European higher education systems includes educational differentiation ensuring lifelong learning, equality of opportunities, close co-operation with industry, broadened use of new information technologies and increased attention to questions of quality, evaluation, assessment and monitoring. Demands from the surrounding world must be met, be they from supranational, national, regional or business communities. Unrestricted mobility of goods, services and capital within the European Union requires a mobile workforce. The qualification and education systems in the member states are in competition with each other more than ever before. Despite the pressure for comparable systems of education in the EU, member states are reluctant to give up their own autonomy (Ertl, 2000).

According to institution theory, the driving force behind the rapid diffusion of modern, standardized institutions are the nation-states with their similar traits and identities. World society is organized along the lines of these common traits and standardized ideas on education travel rapidly. Institutions have become larger, considerably more complex and resourceful and more important to collective life. Educational institutions are far more homogeneous across the nations than would be expected considering the variation between national societies and cultures (March and Olsen, 1989).

The university is indeed an international organization. Universities are also durable institutions. They have played an important role in serving the nation-state (Neave, 1997), which in turn has supported them, and, according to Nybom (1997), protected them. An important feature of universities both in the past and today is the fact that they are built on disciplines. Academic production, however, takes place in smaller units that are strongly centralized. Faculties are sometimes regarded merely as a collection of individuals who are kept together because they draw on common resources and support services, but who otherwise wish to be left alone. Therefore, universities or higher education institutions could be considered *loosely coupled systems* with diffuse authority. Since medieval times, the underlying value of professional autonomy has been another important feature of universities. Modern universities perform several functions, but research and graduate study remain central as the generation of knowledge and training of academic teachers and researchers represent the basis of their educational activities.

Mission statements of universities are usually quite vague and ambiguous. There is also ambiguity in terms of the variety of institutional preferences in the organization of higher institutions according to Middlehurst (1993). The collegial perspective of university organization builds on old traditions and continues to influences academic culture, at least on a symbolic level. Consensus, academic autonomy, democracy and cohesion, with limited hierarchies, are included in this culture. Governance takes place primarily in committees. Thus, universities can be seen as extreme cases of professional organizations, creating and transmitting specialized knowledge and skills. Members have a great deal of autonomy as long as they possess the required competence and qualifications.

Internal differences of interest and battles for status and power, however, can create conflicts, particularly when resources are scarce. A model of organizational reality in higher education which could be useful when studying administration, is, of course, the bureaucratic model. Systems perspectives are frequently applied, as the patterns of contacts inside and outside are taken into account as institutions are restructured in order to better achieve their goals. Increased external contacts and demands increase the necessity of common institutional goals, objectives and priorities. However, it is important not to forget the perceptions and behaviours of individuals within the organization (Cohen and March, 1986).

The images of the university as entrepreneurial, innovative and adaptive – as well as the cybernetic view – are recent perspectives (Morgan, 1997; Clark, 1998). The central idea of the entrepreneurial (adaptive and innovative) university is the way it adjusts activities and operations to take advantage of external developments.

A seminal work in the field of higher education research was Burton Clark's *The Higher Education System* (1983). His framework for the analysis of higher education systems included a consideration of *work, belief* and *authority* structures, as well as the means of *integration* whereby these structures are related, to yield a more thorough characterization of the system. Clark (1998) shows that universities are not in balance with their environments. They are overloaded with demands from many stakeholders and badly equipped to respond to them. Traditional models of university governance characterized by collegial decision-making are seen as less suitable in rapidly-changing environments. New lines of authority have been created within universities modelled upon those that are to be found in corporate structures, mixing traditional academic values with managerial ones.

In most parts of the world, higher education was limited in size and scope until the 1960s. Trow (1973) divided the world's academic systems in terms of elite (under 5 per cent of the relevant age group participating in post-secondary education), mass (between 20 and 30 per cent) or universal (above 30 per cent) access and argued that higher education was inevitably moving toward universal access. This argument has been referred to in analyses of national systems, and at the beginning of the twenty-first century the United States and Canada are enrolling slightly more than half of the relevant age group while all of the larger western European nations enrol 40 per cent or more of the age cohort (Altbach, 1999).

3. Expansion and diversification for economic growth

A modern university of reasonable international standing performs a whole set of functions, with research and graduate study emerging as central. Building competitive institutions of research takes several years. Forming research groups and establishing international contacts is part of this process. The more a university department is oriented towards disciplines, the more likely is conflict with other tasks included among the functions of today's universities. There is also a great risk of conflict within strictly vocational systems of undergraduate education. In short, universities must carry out many conflicting functions in contemporary society and these functions are not always easy to combine. Thus, they must provide undergraduate education, pursue the search for new knowledge, train researchers and participate in official investigations in society through consultations and contracted research (Strömqvist, 1998).

Theories of innovation and economic growth form the basis for the development of many policies in higher education and research. Politicians in many countries claim that in order to maintain a

prominent position internationally, it is necessary to concentrate resources more on natural science, technology and medicine, as these disciplines are considered more important for growth than humanities and social sciences. However, innovations and economic growth are not developed in a social and cultural vacuum; other factors must be considered, such as inclusion in a democratic society, the cultural climate and the general level of education of the population (Svedberg and Sandström, 2000).

The growth of higher education in the 1990s was youth-driven and represents both an achievement and a challenge to the systems. Students who have passed their early twenties have also increased, in part because studies take longer to complete (OECD, 1999). In addition, a growing number are entering higher education as mature-age students for the first time ('second chancers') or returning for more education as lifelong learners ('second biters'). As much as 8 per cent of qualified adults in OECD countries are enrolled in full time or part-time courses for qualifications and up to 18 per cent take some course within a tertiary institution each year. The necessity for tertiary education to become more inclusive, not only by raising student numbers but also by catering to more heterogeneous needs, is being underlined. The assumption that tertiary education is primarily for the young is being seriously questioned.

There is pressure for wider recruitment and equal access to higher education in most countries through government incentives. In addition, programmes are being prolonged in response to the demand for knowledge and professional upgrading. Examples of the opposite, such as the introduction of shorter programmes (part of the non-university sector in some countries) are sometimes prompted by professions in search of a higher status (Salmi, 1992; 2000). Diversification has been a way to cope with different demands for

higher education emanating from society today. Lower-cost institutions operating in the neighbourhood or through distance-learning as well as various programmes geared specifically to adult learning are examples of the growing number of alternative types of tertiary institutions.

4. Financial pressure

Financial pressure has become a typical component of higher education in many countries, along with expansion and diversification of enrolments, participation rates, types and numbers of institutions. This has resulted in low and declining per-student resources, overcrowding, low-paid, part-time or unpaid faculty, lack of equipment or libraries and run-down buildings. Higher education institutions have experienced pressures for increased market orientation, to compete for students and obtain additional non-governmental resources. Students, employers and taxpayers demand accountability of institutions, faculty and other staff. Quality and efficiency in higher education is sought by trying to make programmes and curricula more relevant and bringing about more and better learning.

International organizations, national governments, university teachers' associations and not least the higher education institutions themselves have claimed that higher education is in crisis because of lack of resources. Several factors have led to this widespread condition. Enrolment pressures and rising unit costs in higher education, partly due to the expansion of the more expensive programmes as a result of government policies and public demand at a time of diminishing public revenue, are some such factors. Budget constraints are faced by governments all over the world, coupled with competition between the various public sector needs such as

health and the environment. Moreover, there are political reasons behind stringency measures and demands for accountability in a public sector criticized for its inefficiency, with a growing interest in market solutions or privatization (Johnstone, 1999).

5. Market ideology

In Europe, in contrast to the United States, market forces have had a fairly limited influence on the development of higher education. Indeed, higher education was seen as a component of state-led social policies and largely built on state funding. Trow (1989) argued that Europeans tried to maintain higher education in the hands of the elite, which was not the case in America.

Neave (1997) notes that market ideology is spreading and is the reason for many changes in higher education. Competition between universities and institutions nationally and internationally, exemplified by both increased sensitivity to consumer demands from students, governments, industry, research contractors etc. and increased competition for funding are the results of this ideology.

The market orientation of higher education is due, in part, to the worldwide panacea of market capitalism and the principles of neo-liberal economics. Some researchers, however, question whether or not higher education ought to be considered a public good. Indeed, in many ways it fulfils the criteria of a private good. It is in limited supply, often available at a price and not demanded by all. Consumers are usually well informed and the providers less well informed. In short, the conditions for a functioning market are good. Therefore student fees, by shifting the burden from taxes to parents and the students themselves, have become more common in Western as well as in Eastern Europe. The various market solutions have repercussions on the decision-making power of governments but also on the

institutions and the faculty as the focus moves to the client or the consumer of higher education. In discussing the financial situation of an ever-expanding higher education system, the OECD somewhat cautiously stresses the importance of "diversifying the funding base" (OECD, 1998).

There are other features of contemporary higher education systems that look like those found in the private sector in business and industry, including competition for market positions through more diversified provisions and managerial rather than collegial decision-making. In addition to the introduction of student fees in some European countries, a market orientation in higher education is characterized by contract research for business and industry and the sale of educational programmes and courses. A growing for-profit and non-profit private sector in the field of education and research is increasing pressure to become entrepreneurial (Johnstone, 1999).

6. Autonomy and governance

Autonomy, applied to higher education, concerns the relative ability of an institution to govern itself without outside control. Autonomy can be granted by law or through the financing system. Academic freedom and autonomy, particularly *vis-à-vis* the state, will continue to be an overriding issue. The relationship is delicate and in discussing it a distinction must be made between 'dependency' and 'intervention' (Husén, 1991).

There are diverse ideas in different countries as to what constitutes autonomy in universities. Berdahl (1990) makes a distinction between academic freedom on the one hand and substantive and procedural autonomy on the other. Academic freedom is defined as the freedom of the individual scholar in her/his teaching and research to pursue truth wherever it may lead,

without fear of punishment or termination of employment. The power of the university or college to determine its own goals and programmes is substantive autonomy. Procedural autonomy is the power of the university or college to determine the means by which its goals and programmes will be pursued (Goedegbuure, 1993).

The recent reform agenda for management and financing of higher education institutions has been similar worldwide and, as a result, very similar patterns seem to be appearing across countries regardless of their political-economic system, traditions and level of development. These similarities are to be found in most higher education systems, be they public and private, elite or universal, well-financed or poor (Johnstone, 1999).

In short, during the 1990s the institutional set-up of university governance underwent substantial change in many European countries. European universities have become more autonomous from the state in many ways, at least in terms of governance and management. Increasing pressure for social responsibility and accountability, or good value for tax money, has brought about another type of state control exercised in new ways through the financing system and quality audits or assessments (Sporn, 2000). Management by objectives and lump sum budgeting coupled with various types of production indicators have been introduced in many European countries, following at least in part developments in the UK.

Decentralization, or devolution of authority from the central government directly to institutions with a higher level of autonomy, is another aspect of restructuring within the public sector. In some countries in Europe regional or other intermediate bodies have been granted decision-making power, previously the prerogative of the central national government. 'Buffer agencies' with the role of

allocating resources or exercising other types of authority in that capacity have disappeared and been replaced by more direct links and contracts between the ministries and higher education institutions. New agencies or councils have been created for the purpose of quality control and co-ordination.

Pressure to expand is related to the issues discussed earlier, namely widespread current interest in educational investments for the good of society and increasing numbers of secondary school graduates, labour market demand, tradition and urbanization.

7. Accountability

The quality issue is closely tied to the present quest for more cost-efficient solutions. Better productivity, both as to number of degrees and student learning, requires better input in teaching through the introduction of improved learning techniques with accompanying learning resources such as laboratories, libraries, equipment and modern information and technology facilities, as well as relevant curricula and teaching content. The focus is shifting gradually from teaching to learning, using the rhetoric commonly found in the policy documents of international organizations. Missions and goals of higher education institutions are being developed in order to support this process, together with the introduction of new managerial and administrative structures.

There has been growing concern about the quality of higher education in the Nordic countries, emanating from the massification of the systems combined with demands for efficiency and relevance as public budgets are tightened (Nordic Council of Ministers, 2000). A focus on the quality of education has led to the establishment of systems of quality assurance and assessment in all the Nordic countries. A report published in 1996 concludes that these systems

or national initiatives were quite different in each country. Nevertheless, it was possible to find a common trait as they were all based on a relationship of trust with the higher education institutions (Smeby, 1996). Improvement-oriented, often experimental and based on dialogue, these national systems have led to a great diversity in quality initiatives at institutional level and are able to take local conditions into account.

The focus on improving teaching and learning is to a great extent a local initiative, increasingly involving students and staff and supported by the national quality assurance agencies. Elements of control are also more or less emphasized as the quality concept is multidimensional and contingent on context and perspective (Green, 1993). Thus, national quality assurance agencies not only support quality processes, but may also impose sanctions such as the withdrawal of the right to grant degrees if quality standards are not met.

8. Globalization

Internationalization became one of the most important themes in the 1990s in higher education debates as well as in research on higher education (Scott, 1998; Teichler, 1999). The question is often raised as to whether internationalization and globalization are two different terms describing the same phenomenon or process, or two entirely different or even opposed processes (Löfstedt, 2001). According to Scott, all universities are not necessarily international, but all are influenced by the same processes of globalization. These processes can not only be attributed to changes in world markets or technology; instead, the impacts are much wider and deeper culturally, socially and politically. Universities can be objects, subjects or sometimes even key players in globalization.

Slaughter (1998) links changes in the global economy to higher education by using globalization theories to explain why some nations are more successful economically. In her analysis, globalization theory points to the increased centrality of higher education systems in national strategies for securing shares of global markets. She examined the forces driving restructuring of higher education and research in the 1980s and 1990s and how these forces were manifested in national policies in Australia, Canada, the United Kingdom and the United States, focusing primarily on the UK and the US. She found that all four countries introduced policies that encouraged commercial research and development and business-oriented or vocational curricula. All of these policies underlined the value of higher education for the national economy and showed a preference for market and market-like activity of faculty and institutions. They all wished to raise enrolments, but at a lower cost. There was a shift from reliance on grants to loans and student fees.

National policies exhibited a preference for departments and colleges with curricula relevant to the market. All countries examined had moved away from basic research towards more applied research. Higher education, without exception, was integrated into broad governmental planning processes and focused primarily on economic growth. Slaughter concludes by summarizing these policy changes as moves toward academic capitalism, as universities approach the market through commercial arms and links to industry in order to secure funds, exploit intellectual capital and generate new funds for the university. The pathways of transformation in response to globalization in these countries were unique, however the powerful forces of globalization brought about convergence of higher education policies in some areas, namely access, curricula, research and autonomy for faculties and institutions.

Although higher education policy and practice in the Nordic countries remains predominantly shaped at national level, changes in the institutions of higher education are related to the impact of globalization, knowledge-based economic growth and the information and communication revolution (Salmi, 2000). Internationally comparative approaches are common in preparing curricula and research plans, however there is also a trend towards regionalization of the substance and functions of higher education. The European Commission uses the term *the European dimension* when referring to the 'Europeanization' of higher education systems in general or curricula (van der Wende, 2001).

A lifelong learning perspective has been promoted by international organizations such as UNESCO, the OECD and the EU, and many countries have introduced new educational programmes – new bachelor or masters degrees – in order to facilitate the return for new qualifications after a period of work. Open education study programmes, in evening courses or through distance provision, are other ways to cope with these new demands.

The need for co-ordination between different areas of public policy is underlined in several recent government reports. In order to cope with the increased competition facing industry and business due to globalization and rapid technological growth, there is a need for flexibility and increased competence. New structures in business and industry demand new policies focused on international competition and the promotion of the knowledge-based economy, including education and labour market policies. Education and research policies are thus important parts of such growth policies, resulting in new and increasing demands on universities to act nationally, contribute to regional development and compete internationally.

The Swedish Minister of Education in the early 1990s, Per Unckel, was responsible for a very active reform policy in higher education and research. He incorporated research policy into other policy areas, primarily industrial and economic growth policies. University research was considered crucial both for structural economic change and for reshaping the old welfare society. Universities were to act as driving forces in the creation of the new knowledge society through the massive expansion of research training and greater cross-fertilization between research and industry (interview with the author, 1994). This view can be compared with the findings reported by Slaughter discussed above.

Universities have a wide range of roles to play in the advancement of social and public policy. Some functions are a result of internal dynamics while others come as a response to external demands or interactions between these different forces. All these external demands are not to be reconciled with the inner dynamics of the academic world. The academy must have its private life, according to Trow, but higher education has social obligations to fulfil: to teach, promote learning, test knowledge and work with values and groups outside the university (Kogan, 1999).

According to Marginson (2000), there are four dimensions in the transformation of universities and academic work in the globalization process, some of which overlap:

- the problem of strategic response to pressures and opportunities created in a global environment;
- the decline of government commitment and funding;
- the crisis of values and identity in an era of corporate thinking and professional management, coupled with decreasing collegial influence; and
- new tendencies towards deconstruction of the academic profession.

Marginson claims that the forces of globalization are often overemphasized but warns against the opposite, that is to say not recognizing the special character of current trends. Another mistake is the narrow focus on economic relationships which leaves out changes in culture, technology and politics and, more importantly, changes in human and interpersonal behaviour. He stresses the difference between internationalization and globalization. Internationalization refers to the increase in relations between nations and national cultures and as such is not new. Globalization is a concept more related to the growing role of world systems, located beyond the nation-state. Traces of national cultures are still present in these systems, particularly in dominating cultures such as the American. Global systems influence the policies and functioning of nation-states as well as the daily lives of their citizens (Marginson, 2000).

The key words *more* and *faster* have been used to describe this process of compression of time and space caused by better, cheaper and more intense communications as well as improved means of transport. World financial markets trade in currencies, options and bonds through instant computer transactions. Global markets in other sectors are emerging as well, such as markets in information and education. There is more interaction between countries and across regions, more movement of people, knowledge and ideas with effects on many sectors of society, not the least of which is higher education. Universities across the world play an important role in this knowledge exchange, developing communications and preparing people for the global context.

It may be too early to assess the real consequences of economic globalization in the field of higher education and research, however the proliferation of market models throughout the public sector,

coupled with the growing transnational market for educational services, point in that direction (Salmi, 2000, Scott, 1998).

9. International policies and perspectives

The period of rapid expansion in higher education, particularly during the 1960s, was followed by an increasing interest in the study of higher education policies in a comparative perspective. Examples of international comparative studies are: Neave & Van Vught (1991), in't Veld (1996), De Groof (1998) and Geodegebuure (1993). Learning from the experiences of others prior to launching new reforms became increasingly relevant during the ongoing process of internationalization and globalization (Eurydice, 2000).

During the late 1950s, UNESCO organized the European Higher Education Convention focusing on the recognition of studies, degrees and diplomas in higher education in Western Europe. This was a time of diversification in which new types of institutions emerged, some of them of a non-traditional, non-university character. In some countries, private institutions were also established. International comparability became an important issue on the agenda of European as well as national education policy. At the Lisbon Convention in 1997, the Council of Europe proposed some rules for comparative assessments, the introduction of a credit system and the establishment of an organization for accreditation and quality assessment. However, the EC had agreed on several frameworks for European higher education policies from as early as 1976. These policies were somewhat fragmented, but three main priority areas could be identified: co-operation between institutions of higher education in Europe, stimulating exchange of students and faculty and increasingly trying to acknowledge diplomas and courses or study periods abroad. The responsibility for these programmes, however,

rested with the national governments and there were no particular resources set aside for this purpose initially, so it was not until later that concrete action was taken towards these priorities (Beverwijk and van der Maat, 1999).

The work of the OECD has been of great importance for national policies in various ways. With the focus on economic development, questions of quality and relevance of higher education inevitably come to the fore. In 1998, the OECD submitted a report, *Redefining tertiary education*, in which significant trends and issues in this sector of remarkable growth are analyzed in a comparative perspective. Themes of common concern were identified in an effort to improve OECD policy reviews and further policy development. Demand, both individual and social, is regarded as the driving force of the economy. Individuals look for education to match their personal and professional needs in a complex world, while the *OECD Jobs study* (1994) and the Ministers of Education in *Lifelong learning for all* (1996) place increased value on the skills and flexibility of individuals as a key to reducing unemployment and improving economic performance. Provision of higher education must be diversified and responsive to a more diverse group of students. There are also pressures to be more attuned to changing occupational structures and labour markets through industry-education partnerships in curricula, delivery and work experience for students.

According to the OECD, three traditions and accompanying values are firmly rooted and recognizable in higher education institutional policy and practice: intellectual inquiry, high-level professional preparation and service as well as vocationally-oriented programmes to meet the requirements of business and industry. Across these traditions and values, two main orientations of the policy discourse can be identified, the first with a focus on utility in the market place

and the second on the independent or 'free' advancement of knowledge. There is a tension between this more general or holistic value attached to education and the very specific requirements of professions and individuals. The OECD points out the need for more flexible organizations within higher education and emphasizes the inclusion of competencies and skills across the curriculum. Strategic resource allocation and the responsibility of decision-makers, educational leaders, and managers in overcoming these dichotomies are identified. After devolution and decentralization, strengthened institutional management and governance is called for as well as rigorous procedures for quality assessment. The expansion of the educational system means greater demands for resources. Therefore, if quality standards are to be met, systems must become more efficient and also, according to the OECD, try to mobilize resources on a community-wide basis. Sponsors of the expansion of higher education may be central or local government, the institutions themselves, individual academic departments, private bodies, industry and professions and particular administrations inside or outside the education sector. Increased student fees, however, are not considered the best solution (OECD, 1998).

10. Moving towards supranational agreements

In the 1980s, with the legal basis set by the European Court of Justice, several mobility programmes in higher education such as the Erasmus programme (now part of Socrates) were introduced, thereby contributing to internationalization within Europe. A uniform system for measuring study programmes called the European Credit Transfer System (ECTS) was created in order to make study results comparable and transferable. A European pilot study of quality in higher education was also initiated. As a result, the mobility of students increased during that time. Another important initiative, the system for mutual

recognition of professional qualifications, led to changes in and upgrading of higher education programmes in some countries. In 1991, the European Commission published a *Memorandum on higher education in the European Community,* identifying five critical areas for the future development of higher education: participation and access, partnership with business and industry, continuing education, open and distance learning and the European dimension in higher education. Student mobility, the international role of higher education, strategic management of institutions and financial and quality issues were also brought up in this document. The memorandum received much attention, thereby contributing to new European initiatives in the field (Ertl, 2000).

In the 1992 Maastricht agreement, the European Community's authority was extended to new domains, with existing programmes consolidated and new initiatives taken in the field of higher education. The principle of subsidiarity, however, was to be respected and the European authority limited. The responsibility, therefore, rested with the national governments, which officially rejected European policies leading towards harmonization. The Lisbon Convention mentioned above established a number of basic requirements as well as frameworks and obligations for states and higher education institutions regarding academic recognition and transparency of qualifications.

11. The Sorbonne Declaration

In May 1998, on the occasion of the eight hundredth anniversary of the founding of the Sorbonne University in Paris, the ministers of education from France, Italy, Germany and the United Kingdom signed the *Joint Declaration on Harmonisation of the Architecture of the European Higher Education System.* Harmonization of content,

curricula or teaching methods is not included in this Declaration. Rather the need for diversity and respect for national differences is emphasized. The Ministers stressed the need to develop European higher education in line with and in support for the markets in the economic sphere of the European Union. A two-cycle higher education system of undergraduate-graduate degrees was to be developed in order to promote comparability. The Ministers committed themselves to improving student mobility and graduate employability through mutual recognition of previous studies in other countries. The first degree was to serve as the entrance requirement for the masters or doctoral programmes. However, the numbers of years of study at each level were not specified in this document.

12. The UNESCO World Conference on higher education

In October 1998, UNESCO organized a World Conference on Higher Education with the participation of 183 member countries and 115 Ministers of Education or higher education leading the national delegations. This event marked a shift in the emphasis of this UN organization, previously more associated with work in the field of schools and culture. As stated by the chairman of the organization committee, Professor Georges Haddad: "It is now clear to all that the future of universities is a question of great international dimensions [and] that co-operation within higher education and research is a basic requirement for world development during the next century". Other topics brought forward at this conference were the role of higher education in service to society and solidarity between developed and developing countries in education and research. The Sorbonne Declaration was also referred to in this context, as European harmonization was seen as an important step in promoting international mobility and recognition (Kälvemark, 1998). The effects on national systems and institutions of higher

education across the world and the emerging and rapidly growing global phenomenon of transnational education, organized in partnerships or consortia with several higher education institutions and sometimes in co-operation with or operated by business, was another topic debated at the conference.

13. The Bologna Declaration

The meeting in Bologna in 1999 was organized as a follow-up to the Paris meeting the year before, with the aim of bringing developments suggested in the Sorbonne Declaration one step further. The impact of the Sorbonne Declaration was discussed with the purpose of identifying existing areas of convergence in European higher education as well as possible routes towards better future convergence. The final outcome of this meeting was a new, more detailed declaration, signed by 29 countries in total. Concrete measures were necessary in order to achieve the goals of comparability and compatibility of the systems, ultimately for the purpose of making European higher education more competitive internationally.

The so-called Bologna process meant that national policies had to be shaped according to certain objectives in order to create a *European area of higher education* in the next decade. These objectives included the introduction of a system based on two main cycles, transparency and comparability of degrees, the introduction of credits, the promotion of mobility, co-operation in quality assurance and finally promotion of the European dimensions of higher education. This was to be achieved with full respect for cultural and linguistic diversities in the national systems diversities as well as the autonomy of university institutions. The guarantee of independence and the autonomy of universities builds on the

principles laid down in the Bologna *Magna Charta Universitatum* in 1988. Respect for autonomy also involves respect for diversity. It is interesting to note that in the Bologna Declaration the primary focus is on knowledge as crucial for social and human growth. Economic growth, is not mentioned directly, rather only indirectly through the use of the term 'employability'. The term 'competitiveness', frequently used in EU White Papers, is mostly used in the sense of cultural attractiveness.

14. National responses to European Union policies

We recognize without difficulty that in spite of the principles of subsidiarity expressed in European policies, these policies – as well as those of other international or world organizations – have had considerable impact on the development of national reform policies in education. This is particularly true for higher education, partly because of its international character and partly because of its perceived importance for competitiveness and economic growth. One of many examples of these responses is from Sweden, where the study programme in nursing has been upgraded by prolonging the duration of studies to 3 years and making it more 'university-like'. In this way, the goals of making the programme comparable to programmes in other European countries and the qualification recognized for work elsewhere in the European Union were achieved. In the following reports of recent change in higher education in the Nordic countries, there are many examples of changes that could, at least in part, be attributed to the ongoing processes of trying to achieve convergence and transparency in European higher education.

Nation-states and their education systems are in many ways intertwined and interdependent. Does this mean that the process of globalization, internationalization and 'Europeanization' will threaten the nation-state and make national systems vanish in the

pursuit of economic development, as global markets for goods and services and increasingly internationalized labour markets call for international standards in education? In many countries, legislators have made international standards a matter of law. Devolution and decentralization within countries' higher education systems, with greater autonomy of institutions and where the primary functions of ministries are to set the frames and supervise, have led to increased diversification. However, at the same time institutions remain dependent on the national economies, their constraints and uncertainties (in't Veld, 1996).

15. Structures of higher education in Europe

Traditionally, higher education in European countries has been divided between a university and a non-university sector, each awarding its own type of qualification at the end of the studies. This dichotomy in higher education structures is sometimes referred to as the binary divide. In some countries, university and non-university sectors are moving closer to each other; in other countries, they have been brought into the same system. There are also examples of the upgrading of programmes to university status, a process called 'academic drift'. In Spain, for example, the *Escuelas Técnicas Superiores* now award university-level degrees; in Germany, the *Fachhochschulen* and several other specialized tertiary institutions do the same. In Austria, some of the specialized institutions award university qualifications while others, *Kollegs* and *Akademien*, are considered non-university institutions. All courses are considered to be of university level in Sweden, Liechtenstein and Norway, regardless of where they are provided. Norwegian students may begin their studies in a *Høgskole* and then move on to a university and vice versa.

Another sign of the diminishing barriers between university and non-university institutions in EU countries is that students may be admitted to further graduate studies up to the doctoral level after studies at institutions that are not classified as universities but still considered of comparable level. In addition, the distinction between non-university vocational education and upper secondary education is fading in some countries such as France and Spain, thereby creating new pathways for post-secondary studies (Eurydice, 1999).

In most EU/EEA countries, the longest first-degree courses are expected to take 6 years of full-time study. The shortest courses, not always leading to a university level qualification, are for 2 years in all countries except the Netherlands, Finland and Norway, where they require at least 3 or 4 years. In most countries, three-year courses are seen as the minimum for some kind of university-level qualification (Eurydice, 1999). Part-time higher education courses are available in most European countries, many of them delivered by distance learning systems. In some countries, such as Denmark, some higher education courses for mature-aged or employed students are offered in the evenings and fees charged.

16. Nordic policies and agreements

The Nordic countries have a long tradition of co-operation in many areas, including the education sector. Only three years founding of the Council of Europe, the Nordic Council was formed in 1952 in order to promote co-operation among governments and parliaments in Denmark, Iceland, Norway and Sweden. Finland joined the Nordic Council in 1955. At sessions held by the Council, which consists of 87 elected members, representatives from the Faeroe Islands and Greenland join the Danish delegation. Åland is represented in the Finnish delegation. The Nordic Council takes political initiatives and monitors Nordic co-operation.

The Nordic Council of Ministers was established in 1971. This Council submits proposals for Nordic co-operation to the Nordic Council and implements its recommendations, reports results and directs work. The Nordic Prime Ministers assume the overall responsibility, while measures and activities are co-ordinated by the Ministers for Co-operation and the Nordic Co-operation committee. The goal of the Nordic Council of Ministers is to maintain and develop a Nordic area for education. Contacts and mobility within the region are facilitated through mobility programmes and stipends, joint agreements, ICT and further language co-operation. Action programmes and projects are designed to build new networks in the education sector. The Ministers of Education bear overall responsibility for this co-operation. The secretariats of the Nordic Council and the Nordic Council of Ministers are located in Copenhagen.

An agreement defining the rules for the validity of examinations in the Nordic countries was signed in 1976 in Sigtuna, Sweden. Its purpose was to encourage student mobility in the region by making it possible to combine studies in two or more Nordic countries. The duration of studies has been the basis for recognition rather than the actual content. Since spring 1995, the whole Nordic region is considered a joint community for higher education. A division of labour and better use of common resources have been considered important goals for Nordic co-operation in higher education and research. An agreement on admission to higher education in the Nordic countries was concluded in 1996. It is now possible for prospective students from throughout the region to apply for admission at any higher education institution in the Nordic countries on the same conditions as students from the country concerned. Through their policies and programmes, the Nordic Council of Ministers is attempting to eliminate all barriers to Nordic mobility

within higher education, be they economic or attitudinal. The NORDPLUS student and faculty exchange programme has contributed to increased mobility within the Nordic region and the various research training and co-operation schemes financed by the Nordic Academy for Advanced Studies (NorFa) have furthered inter-Nordic research activities. The Baltic States, our Nordic neighbours, are able to join some of these programmes (The Nordic Council/The Nordic Council of Ministers, 1994, 1996, 2000).

Universities and institutions of higher education in the Nordic countries are, with a few exceptions, state-financed and state-regulated institutions. University education, however, is not defined equally in these countries. Whereas in Sweden all post-secondary education belongs to the higher education system, other Nordic countries define the concept more narrowly. Thus, at the other end of the scale Denmark counts only institutions with teaching, including post-graduate studies for the Ph.D.. degree, and research as higher education institutions. Norway, Finland and Iceland are between these extremes.

Being primarily state-financed, annual parliamentary appropriations make up the major part of higher education funding in the Nordic countries and are expected to finance the institutions' core activities. Increasingly, other resources for their activities come from research councils, industry, agencies of the state and regional or municipal sources through contract teaching or research. Donations, by private persons or foundations, or historical rights and privileges are other sources of income. In general, student fees are not charged. In all the Nordic countries, national parliaments establish and regulate universities. In Sweden, however, a few non-state institutions have been established. Most universities are under the responsibility of the ministries of education, but a few professional

schools in areas such as agriculture are under the jurisdiction of other ministries. University teachers and other staff are therefore civil servants. This is typical of many European countries on the continent, but has never been the case in the UK.

Nordic research co-operation is extensive and has a long history. FRP, The Nordic Science Policy Council, was established in 1983 and since then formal research co-operation has increased rapidly. Joint Nordic research and development programmes have been established and Nordic participation in major international programmes increased. Since 1990, research training in the Nordic countries has been supported by the NorFa (Nordic Council of Ministers, 1998).

17. The Nordic model

In the Nordic countries, the higher education model has been influenced by a powerful nation-state in which regional policy considerations and the social thesis of equal educational opportunity have played an important role. The Nordic Model implied that the elected representatives of the people would better govern higher education than the market. The Nordic institutions of higher education have been characterized by:

- small size, creating restricted markets;
- strict centralization of control of resources;
- formal institutional uniformity, with no hierarchy ostensibly recognized;
- restricted competition, exercised with respect not to markets, students or business but to state-controlled resources;
- low institutional initiative, since conditions of strict centralization inhibit the taking of initiatives, the challenge of bureaucratic rule in the universities or the development of an entrepreneurial spirit (Kivinen and Rinne, 1990).

A high proportion of young people in the Nordic countries participate in higher education. The highest participation rate is found in Finland, regardless of sex and age. The total number of new students in tertiary education in the Nordic region was approximately 200,000 in 1996-1997. This represents more than 10 per cent in relation to the total population in the 19-24 age range. Finland had a higher proportion of new students than the Nordic average, while Norway had a level close to 10 per cent. Denmark, Sweden and Iceland had lower levels. The figure for Iceland is probably underestimated due to large numbers of young people studying in other countries and not included in the statistics. It is more common for Icelandic students who go abroad for their studies to go to another Nordic country than for Swedish students. The countries with the greatest number of Nordic students outside the region are Great Britain, the USA, France and Germany (Befring and Nordin, 1999). The age range in the Nordic universities differs among institutions. In some institutions of higher learning, more than 50 per cent of students are more than 25 years old.

Evaluation and assessments conducted in the Nordic institutions of higher learning have some special characteristics influenced by policy traditions in the region (Stensaker, 1999). Quality evaluations have been closely associated with the political rhetoric of decentralization and the delegation of responsibility from the state to higher education institutions (Smeby, 1996). National evaluations have been implemented with the goal of auditing and accreditation but also for the purpose of improving higher education. The relationship between the state and the institutions has been characterized by dialogue and trust and self-evaluations have been used together with external evaluations. The state was responsible for following up reforms in the institutions of higher learning. However, the focus on evaluation as a tool for control has been toned

down in the Nordic countries. Trust is highly valued by national authorities and their agencies in the region. Universities are developing more autonomy at the same time as there is an increasing emphasis on the professional role of university staff. Self-regulation is becoming important for continual internal development. Universities are expected to follow up and evaluate their own activities and take action on the basis of the results (Massy, 1999).

In the Nordic countries it is possible to observe the effects of policies and reforms introduced for the purpose of increasing democracy. These effects are often paradoxical in reducing the power and influence of academic faculty in favour of students and administrative and technical staff. In addition, external influence or even majority membership or chairmanship in university boards is viewed as an important measure for making the universities more democratic and increasing social accountability. However, this in turn reduces the opportunities for the independent social critique that is so important to a democratic society (Tjeldvoll, 1998).

In short, typical concepts present in recent Nordic higher education policies and rhetoric are: quality, equality (in terms of social class, gender and ethnic background), freedom (of institutions to govern and manage), student choice and influence and finally accountability towards society. The latter is to be exercised through external representatives in the boards of the 'free' institutions alongside centrally-controlled quality assessments and monitoring procedures.

The following five chapters are descriptions and analyses of recent changes in the systems of higher education in the Nordic countries of Denmark, Finland, Iceland, Norway and Sweden. The contributors were free to raise important questions relating to reforms of higher education in their own countries. Topics discussed include historical

developments, the legal structure, growth, geographical distribution, administration, state control, financing and regulations, evaluation, monitoring and quality assurance, lifelong learning and higher education. In the concluding chapter, similarities and differences in the development of higher education in the Nordic countries are highlighted. Are higher education systems in the Nordic countries today more or less similar compared to ten years ago? Are changes in the Nordic countries following a European or a US/UK model? These topical questions are also addressed in the following chapters.

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II. TOWARDS FLEXIBLE DIFFERENTIATION IN HIGHER EDUCATION? RECENT CHANGES IN DANISH HIGHER EDUCATION

Palle Rasmussen

1. Segmentation and its discontents

The perception of higher education as a sector distinct from other sectors of the educational system is a relatively recent phenomenon in Denmark. It was only introduced in the late 1960s when Denmark, like many other countries, tried to introduce comprehensive educational planning in response to rising numbers of students in universities and colleges. Until then, neither policymakers nor the institutions themselves saw the few universities and higher professional schools (or single-faculty universities) and the many post-secondary schools providing professional education at different levels as belonging to the same category.

Higher education was in fact strongly segmented. The universities (of which there were two until 1966, three more being created during the following decade) and higher professional schools (covering areas such as engineering, business studies, veterinary science and dentistry) had more or less the same admission criteria and held the right and obligation to carry out research as well as teaching. However, there were also strong differences between the two types of institutions, not the least being that the universities saw themselves as serving a higher purpose than the higher professional schools. Apart from these institutions, most of higher education consisted of specialized schools and colleges dispensing education in areas such as engineering, teacher training, nursing, social work, physiotherapy

and library science. These institutions had study programmes of varying duration, but did not carry out research. Their admission criteria were generally lower than those of the universities, but differed from area to area. In some cases, the admission criteria included previous work experience and some schools (such as the teacher training colleges) had their own preparatory classes. There was almost no common structural or administrative framework for these schools, but each of them had strong links to their respective labour markets and organizations. Some of the schools were run by the Ministry of Education but others by other ministries or regional authorities. In terms of geographical distribution, universities were located in the cities (one in each) and higher professional schools generally in the capital, while specialized schools were located all over the country. This was particularly true for the teacher training colleges, which had often been established by local initiatives linked to religious and cultural movements (Kampmann, 1989).

This institutional segmentation was linked to the economic and social structure of Danish society. Access to university study was sought mostly by children of the wealthy and the well-educated parts of the urban population, while specialized schools recruited students from broader segments of the population. There was some room for mobility, which became necessary as the level of education rose and the public sector expanded. A study of the origins of Danish university students in the 1940s (Geiger, 1950) showed that new groups were often recruited to the universities in two stages: Sons or daughters of farmers entered teacher training colleges and sons (less frequently daughters) of teachers entered university.

As mentioned above, some of the problems of this segmented structure were recognized in the 1960s and 1970s. The main cause was most likely the dramatically rising social demand for higher education. Between 1960 and 1975, the yearly intake of students in

Danish universities and higher professional schools rose from 3,900 to 13,800 (Rasmussen and Jakobsen, 1997: 8). Enrolments in specialized professional schools also rose but less rapidly, partly because access to some of these schools was restricted by admission quotas. This led to fear among politicians and administrators of an uncontrollable rise in the costs of higher education. Furthermore, while the public sector was also growing rapidly and the level of employment was generally high, there was also fear of massive unemployment among university graduates. The Ministry of Education tried to counter these problems through a comprehensive planning of higher education (Planlægningsrådet, 1974; Christensen, 1982). This was also part of a general drive to direct and control public activities and expenditure through planning, provoked by the development of the welfare state. In this process, the Ministry of Education adopted for the first time the view of Danish higher education as a distinct sector, a 'system' whose parts were to fit together in a division of labour, and in which there would be some degree of correspondence between the parts.

The reforms of higher education developed by Danish policy-makers in the early 1970s had several interrelated aims (Sørensen, 1977):

- to expand the capacity of the higher education system as a whole;
- to balance growth by directing part of the student stream from universities to the shorter study programmes at the professional schools and colleges;
- to make the higher education system flexible by establishing study programmes at several levels and areas in comprehensive institutions of higher education (called 'university centres'); and
- meet a demand for new skills (less academic, but also less vocationally specialized) through a reform of curricula and teaching and learning methods.

The reforms of the 1970s therefore attempted to abolish the old segmented structure of Danish higher education and in its place establish a system based on rational and flexible differentiation. Such a system demands a grid of educational levels and areas into which individual study programmes and institutions can be mapped, making it possible for students to compare different educational possibilities. It demands permeable borders between institutions, so that students can move through the system without encountering blind alleys. And it demands some instruments of control to make it possible to prevent too-damaging mismatches between the areas of study chosen by students and the skills demanded in the labour market for graduates.

The educational planning of the 1970s was ambitious and in many ways failed. A system of restricted access to higher education was introduced after much controversy, but little progress was made in connecting the different types of universities and schools into a common framework. Two new university centres were established, but few of the shorter professional study programmes were integrated into them and the model was not adopted by the existing universities. Some isolated pockets of innovative higher education were created, but most of the old segmentation remained. Some of the reasons for this were of a general nature; From 1973 onwards Danish politics shifted clearly towards the right and there was an economic recession with rising levels of unemployment. However, the educational planning of the 1970s can also be characterized as abstract and schematic, with too little grasp of the historical roots and the cultural contexts of the different types of higher education.

During the two following decades, Danish higher education retained much of its segmented character. However, there was also some movement towards strengthening the common framework and the division of labour in the system. From the early 1980s onwards,

decentralized control and performance-based budgeting was introduced in most of the public sector and this moved higher education institutions from their specific traditions towards a more common model. The system of co-ordinated (and restricted) access to higher education was gradually widened from the universities to most institutions of higher education. A common descriptive framework for secondary education was developed, leading to a more comparable description of admission requirements to the different types of higher education. Bachelor level degrees were introduced in university study programmes, comparable in length if not in content to the programmes at professional schools and colleges.

Such changes paved the way for more decisive steps towards a differentiated system of higher education. In the last few years there have been attempts to take some of these steps. However, before I discuss this further, I will present some general trends in the social context of higher education.

2. Higher education in society

Throughout most of the twentieth century Western societies have been portrayed, with some justification, as industrial societies with a predominant capitalistic organisation of production and distribution. Today, however, as the majority of employed people do various types of service-related work, it is difficult to insist on industrial production as the key characteristic. Some social theorists have suggested giving contemporary Western society the label *knowledge society*. This originated with Daniel Bell's early 1970s analysis of post-industrialism (Bell, 1973), in which he claimed that knowledge will replace energy as the primary resource of the new society. In this perspective, higher education and especially universities can be accorded the rank of a key institution as they are central producers and renewers of human

and cultural capital. Seen in this light, the expansion of higher education is a sign that higher education has replaced earlier forms of socialization to elite positions in public life and that the university has established itself as the leading scientific institution of its time, the cognitive patterns of which (with the stress on impartial, universalistic understanding) have won sweeping recognition.

The English historian Harold Perkin, who has focused in particular on the forms of power and interests that influenced developments, has suggested a related yet somewhat different perspective. He describes post-industrial society as a *society of professions* (Perkin, 1996) dominated by professional experts whose power lies in their specialized knowledge, acquired through education and work experience and rendered visible through competition in the labour market. The difference between professional groups and the previous elites is that the expertise of the former is theoretically attainable by large sections of the population, as distinct from scarce goods such as land and capital. This means, among other things, that a large number of women have been able to join the ranks of the professions, but it also means that hierarchies and career trajectories can structure society and become the point of orientation for many people's strategies and assessments. Higher education enables admission to professional elites for many people and builds heavily on the meritocratic perspective which increasingly shapes society. However, this also means that the institutions of higher education are playing an increasingly more important role in the mutual power struggles of the elites and their attempts to regulate admission to power.

The universities and other institutions of higher education therefore play a key role in contemporary Western society. However, they function in other arenas and under other conditions than a few decades ago. Some important changes include the following:

The concepts of knowledge and research are becoming more and more complex. Some of the most theoretical research takes place at levels of abstraction that are light years away from the application of knowledge in everyday life. At the same time, more and more research aimed at practical application and fitted to distinct user needs from the start is being carried out. This is what some analysts have called 'mode 2' knowledge production (Nowotny, 2001).

Universities are being drawn into complicated collaborative and competitive combinations with other knowledge institutions both within and outside the education sector. The traditional borders separating universities from other institutions of higher education and research institutions are becoming less clear; but, simultaneously, new hierarchies and differences in prestige rankings are emerging.

Internal organization and cultures in institutions of higher education are also undergoing change. The 'core tasks' of the institutions are increasingly supplemented by 'peripheral tasks' such as development, consultancy and in-service training. These new tasks often lack roots in common norms, making it difficult to maintain collegial management systems.

These developments increasingly challenge the traditional segmented organisation of higher education in Denmark. The universities are more and more involved in 'peripheral' tasks, both in teaching and research. This makes it difficult to uphold the borders which traditionally separate the university sector (a relatively small number of institutions which teach and carry out research at the highest level) from, on one hand, the specialized professional schools and colleges and, on the other hand, institutes and organizations providing applied research and knowledge services. Some of the recent reforms can be seen as attempts to soften these traditional boundaries within Danish higher education.

3. Educational structures

Today, Danish higher education programmes are divided into levels according to duration and admission requirements (Ministry of Education, 1997). There are short-cycle higher education programmes and medium-cycle higher education programmes as well as the bachelor programmes and long-cycle *candidatus* programmes of the universities. The Ministry of Education has the authority to restrict access to given areas of study if it finds it necessary because of a limited demand for graduates or for other reasons. In fact there is free intake to most higher education programmes, at least on a national basis. However, students in the most popular areas of study will often have to move to other parts of the country to be admitted.

The short-cycle higher technical education programmes often enhance a vocational education and training programme. They also comprise programmes leading to qualifications as a market economist, bilingual secretary and laboratory assistant, and for which the admission requirement is normally a general upper secondary qualification.

Medium-cycle higher education programmes normally last three or four years. Examples of these types of programmes are those leading to qualifications as a diploma engineer (BS in Engineering), librarian, primary school teacher, journalist, educator, social worker, nurse, occupational therapist and physiotherapist, midwife and business economist. The admission requirement is normally a completed examination at general upper-secondary level, but it is possible to transfer credits from other programmes as well as to be awarded credit for occupational experience, for instance in connection with admission to the educator and social worker programmes.

The bachelor degree programmes are formally at the same level as the medium-cycle higher education programmes. Their officially-stipulated duration is three years. Such programmes exist within the social sciences, the humanities, the natural sciences, etc.

Almost all university programmes have both a bachelor level and a *candidatus* level. The admission requirement for the bachelor programmes is normally a qualification at general upper-secondary level. The main criterion for selection is the average grade in the upper-secondary diploma. Although the bachelor programme leads to a BA, most students still continue in a *candidatus* programme.

The *candidatus* programmes are normally of two years duration after the bachelor level, making the prescribed study time a total of five years. There are *candidatus* programmes within the normal university study areas and also in some professional areas such as veterinary science, food science and forestry. University study programmes, as well as research and institutional governance, are regulated by the university Act introduced in 1993.

The geographical distribution of higher education has little changed since the 1970s. Of the five universities, two are located in the Copenhagen area and the rest in major cities in other parts of the country: Aarhus, Odense, and Aalborg. Most of the higher professional schools are also located in the Copenhagen area. The institutions of short-cycle and medium-cycle higher education are located in towns throughout the country (Undervisningsministeriet, 1998). The number of young people wanting to enter university study is greatest in the Copenhagen area, as the educational level here is generally higher, much graduate employment is concentrated here and the urban lifestyle is attractive to young people from other parts of Denmark. This means that the average grade levels required for entry into popular study programmes (such as media and communication

studies) are highest in the Copenhagen area and that there are considerable differences in the academic quality of students admitted in different parts of the country.

The educational structure outlined here was established through a series of reforms implemented during the 1990s (Hansen, 2000). An important step was the introduction, after several years of heated controversy, of the *bachelor degree* in 1993. Prior to that time, almost all university programmes consisted of one unbroken course up to the *candidatus* degree. Some of the main arguments behind this reform were:

- the possibility of reducing drop-out levels by awarding a degree after fewer years of study;
- the need to adjust Danish higher education to the structures existing in most other countries;
- a demand from business for younger and more flexible graduates;
- the necessity for universities to compete for students with the institutions offering medium-cycle vocational education;
- the need to reduce educational expenditure by limiting the number of students in *candidatus* programmes.

In the same year, a new framework for postgraduate research training was introduced. It strengthened the universities' responsibility for teaching and supervision during the Ph.D and emphasized the training element in the Ph.D.

Taken together, these two Acts established the new educational levels in Danish university study: bachelor, masters and Ph.D.

In recent years, much effort has been put into creating a common framework for the study programmes in the professional schools and colleges. A new *Act on short-cycle higher education* came into force in 1998. The common designation is now 'vocational academy

programmes'. Access routes have become broader and more transparent, with better opportunities for students to be awarded credits when they continue in a medium- or long-cycle higher education programme.

In the summer of 2000, parliament passed two Acts which together create a new legal and institutional framework for *medium-cycle higher education*. In the preceding years, several problems in relation to these programmes and institutions had been mapped and discussed. One such problem was the tension between the university bachelor degrees, which are awarded in general academic subjects, and the degrees awarded by medium-cycle higher education institutions which aim at vocational qualifications in an area of professional practice. Ever since the introduction of bachelor degrees in universities, both the professional groups and the institutions running medium-cycle programmes have demanded that 'their' degrees be recognized as bachelor degrees. The universities have strongly resisted this and government policy has been hesitant. Another problem is the complex institutional structure of medium-cycle higher education When each professional sector normally has its own specialized type of school and schools are located in many regions, the educational structure is not very flexible and does not encourage co-operation between the different types of school. In addition, many schools are small and thus vulnerable to fluctuations in budgets, staff and student intake. This complex structure is also a barrier for expanding the volume and accessibility of the short-cycle and medium-cycle study programmes. Like several other governments, countries, the Danish government has laid down the policy that half of the population should receive a degree from a higher education programme. To achieve this, short-cycle and medium-cycle higher education will have to be expanded.

These problems, which have existed since the 1970s, reflect the continued segmentation of Danish higher education. The new legislation contains partial answers to some of these problems, answers that have gradually matured and gained political acceptance.

The Act on medium-cycle higher education empowers the Minister of Education to lay down rules for institutions and study programmes in medium-cycle higher education and, as part of this, rules for obtaining the 'professional bachelor' degree. The Act indicates that important criteria for this new degree will be the qualifications of teaching staff and the links from study programmes to research and development in the area. This probably means that it will be necessary for institutions in medium-cycle higher education to establish co-operation with universities and other research-based institutions.

The Act on the establishment of centres of higher education enables existing institutions and study programmes to merge more or less fully into new centres for medium-cycle higher education (CVUs). The scope of co-operation is not fixed, but one activity which the CVUs are expected to take up, is regional provision of continuing education and development for professional groups. The Act was surrounded by much controversy as professional groups and local interests feared for the independence of 'their' educational institutions. The first CVUs are now being established.

In my opinion, there are good reasons for the creation of centres of higher education. The present structure of vocational higher education is ill-suited to provide the flexible, co-operative and innovative competencies demanded in the knowledge-based economy. If the institutions of higher education are to play an important role in developing 'learning regions', they have to learn to work together. Whether the 'professional bachelor' degree will be equal to the university bachelor degrees remains to be seen.

Government policy in this issue is still hesitant. The universities fear that recognition of the degree will undermine the quality of the bachelor degree; but I believe there is little doubt that it will improve the quality of medium-cycle higher education.

4. Provision for lifelong learning

Higher education caters mainly to young full-time students who have recently finished upper-secondary school. This is particularly the case in the university sector; some of the short-cycle and medium-cycle programmes (such as engineering, teacher training and social work) have traditionally attracted a great deal of mature-aged students. In general, however, mature-aged students have not been recognized as a group with special needs and potentials and the idea of part-time study has had little impact on higher education institutions.

Denmark has a strong tradition of liberal adult education which has long involved higher education institutions and teachers (Ministry of Education, 1997*a*). An example is the 'Folk University', a system of extension courses established in the first decade of the 20th century and based on lectures by established university professors. However, these activities have generally not aimed at providing high-level academic or professional qualifications. This has changed during the last two decades.

Denmark's system of 'open education' was established in 1989 (Rasmussen, 1998: 223 ff.). It did not introduce new study programmes or degrees, but created the legal and financial basis for offering existing study programmes (more or less subdivided into modules) to adults on a part-time basis. Students pay some of the costs of study, but most of the costs are covered by the state. Courses take place outside normal working hours. The system applies to secondary

vocational education and all kinds of higher education. Since the introduction of 'open education', activity under this scheme has risen steadily.

In the summer of 2000, a new Act on continuing adult education was introduced (Undervisningsministeriet, 2000). The new Act builds on the existing system of open education but introduces some new principles. Where the main idea in open education was to offer existing study programmes to new groups of students, the new Act creates a system of educational levels and degrees which are parallel to, but different from, the ordinary system of vocational and higher education. The Act on continuing adult education creates a framework for study programmes and degrees at three levels:

1. Continuing adult education level (which is parallel to secondary vocational education);
2. Diploma level (which is parallel to the bachelor or professional bachelor level in the ordinary system);
3. Masters level (which is parallel to the *candidatus* level in the ordinary system).

Several reasons were given for the introduction of this system. It was argued that the existing programmes, especially in higher education, have a strongly-defined curriculum linked to scientific and (to a lesser degree) professional fields. This curriculum makes it difficult to recognize and accredit students' professional experience; and educational institutions are not very willing to do so. In response to this, policy-makers attempted to develop a system of adult education in which relevant work experience is a regular element. It was also felt that many existing *candidatus* degrees in universities are not very relevant to professional work in business or in public organizations. The new system allows for creation of programmes and degrees which are not bound by existing divisions between scientific disciplines and which try to combine theory and practice.

Yet another reason for the parallel system was the need to expand lifelong education. Although activity under the system of open education has risen, the government considers that it is still too limited to meet the new demands for skills and competencies. The university sector in particular is criticized for lack of initiative in the areas of adult education and in-service training for graduates. The new system is to be an incentive for the expansion of vocational adult education.

5. Governance and finance

Probably the most controversial reform in higher education in the seventies was the Act on University Governance introduced in 1970 (Hansen, 1990; Pedersen, 1977). The act laid down rules for decision-making at different levels and gave considerable power to both students and administrative staff. The main change was that power passed from the senior professors to a broader group of scientific and teaching staff (tenured professors). The Act on University Governance represented an attempt both to clarify the relationship between state authority and university autonomy and to democratize the university power structure. It became and remained an object of controversy. Critics maintained that involving students and administrative staff in decision-making wasted time and undermined the capacity for strong and strategic leadership. The debate was and remains a mainly ideological one; although many Danish and international experts gave opinions over the years, little empirical evidence on the functioning and impact of the Act was ever provided and at the political level criticism generally came from the right-wing parties.

The 1970 Act applied only to the universities; In other institutions of higher education leadership was not elective. Many of these

institutions were independent and led by a rector or director appointed by a board. The teaching staff often had considerable (if not formalized) influence, but there was little room for student influence.

The introduction of a New University Act in 1993 (Rasmussen, 1996) signalled a movement away from participatory institutional democracy to legitimate leadership in the governance of higher education. The liberal-conservative government introduced the reform after several abortive attempts. The system of elected leadership was preserved, but modified in several ways. Election periods were extended and authority placed more clearly on individual leaders at different levels, while commissions with employee and student representatives were to have a mainly advisory role. The overall authority of the rector was also strengthened. External stakeholders were granted a few seats in the senates and faculty boards. The new system has only gradually taken hold in Danish universities and it is not easy to assess the consequences. Rectors and deans no doubt have more possibilities to act on their own; but in universities as in other institutions leaders can only act successfully if they interact with and take account of the major stakeholders, among which academics, other types of staff and students are still prominent.

The voices demanding stronger leadership in universities were by no means silenced by the 1993 University Act and new initiatives have been forthcoming. One initiative is the introduction of 'development contracts' as a means to regulate the activities and budgets of universities (Ministry of Research and Information Technology, 1999). This was announced by the Ministry of Education in autumn 1998 and has since been implemented. Under this system, the institutions must state the aims and intentions of their activities and also the criteria for their success. A contract with the ministry is

then negotiated and the finished contract contains approved guidelines for the university's educational and research activities as well as a budget. Before the contract is re-negotiated (after a few years), independent assessments of the results will be carried out. The development contracts will cover both the educational and research tasks of a university.

Development contracts can be seen as a way to strengthen strategic thinking in universities (Rasmussen, 1999). Universities are free to make their own priorities; but to keep or increase their funds, they will probably focus considerable efforts on activities – such as internationalization or co-operation with business – which they know the ministries consider important. The contract is negotiated by the central leaders of the institutions and due to this the leaders are becoming much more active proponents of strategic thinking at all levels of the universities. Development contracts for most universities were approved during 2000. The results remain to be seen. It also remains to be seen whether development contracts will be introduced in other parts of higher education.

There has also been continuing pressure for the introduction of professional (in the sense of un-elected) leaders combined with boards representing important external stakeholders. This pressure signals the advent of new actors in the debate on university leadership. Criticism during the 1970s and 1980s pointed mainly towards restoring the power of an elite group of full professors; but criticism during the 1990s has increasingly pointed towards giving external stakeholders – and among them business in particular – stronger direct influence in the universities. This is partly a logical consequence of the fact that the development of the knowledge society involves universities much more with other users and producers of knowledge; but it is also a consequence of a cultural

and political climate in which the interests of business are given greater status. In this climate the Social Democratic party, which previously supported participatory democracy in universities, appears to be revising its position. During the year 2000, two of the higher professional schools, the Technical University (Øllegaard, 2001) and the new Pedagogical University were lifted out of the framework of the University Act. They were instead made into independent institutions with rectors selected by the state and advisory boards. In the summer of 2001, an influential group of social democrats published a discussion paper in which they called for professional university leadership and stronger representation of external stakeholders. The new liberal-conservative government which took office in late autumn 2001 has announced its intention to revise the University Act along similar lines.

While the area of university governance has seen decisive change during the last decade, the area of university financing has seen relatively little change. In the early 1980s a centralized *educational budget system* was introduced in the university sector. This made the educational grants of institutions of higher education dependent on the number of students enrolled and the number of exams passed by these students. The 'prices' from which the grants were generated depended on the scientific area (they were highest in science and technology) but were the same for all institutions. This budget system tended to channel grants directly to faculties, thus minimising the role of central institutional leadership.

The centralized resource system was often criticized by the universities on the grounds that it left little room for institutional priorities and strategies and made institutions vulnerable to budgetary cuts dictated by fiscal policy. It has also been argued that efficiency is not the same as quality. Indeed, some years ago internal

memos from a department head at the Technical University of Denmark caused a public debate on this issue. The memos could be interpreted as suggesting that teachers should lower demands on students in order to have more students pass exams and thus secure more resources for the university. Criticism such as that stemming from this incident has led to some changes in the procedures for allotment of resources. While institutions were previously required to follow centrally-decided norms in the distribution of resources (e.g. national resource standards for different study areas and balance between resources for research and for teaching), institutions are now given a much freer hand in the use of grants. However, little redistribution really seems to be taking place. The different units (faculties, departments, study boards) in the institutions know how much their activities contribute to the university's educational grant and of course they demand their rightful share.

The educational budget system introduced in the university sector in the early 1980s was ahead of its time, at least in the Danish context. It was very much in line with measures taken to modernize the public sector in general during the same decade and later similar systems of performance-based budgeting have been introduced in other parts of the educational system (Undervisningsministeriet, 1998). This is a main reason for the relative stability of the system.

However, there have been attempts to introduce real changes in one area. Performance-based budgeting is generally not used in generating *university research funds* (Hansen, 2000). The size of the research funds has more or less followed the size of the teaching funds, although this has not been an explicit principle. In the institutions, the overwhelming part of research funds have been distributed more or less evenly to individual professors, following the principle that all professors should both teach and do research.

It had been planned that the new budget system introduced *circa* 1980 would gradually be extended to the university research funds, but this was abandoned due to resistance and technical difficulties. However, the emergence of strategic research policy in Denmark led to renewed pressure on university research budgets. From the mid-1990s onwards, the Ministry of Education attempted to make the university sector accept a system in which part of the university research budget would be redistributed between institutions on the basis of quality assessments carried out every four years. Such systems are common in other countries, notably Great Britain, but in the suggested Danish scheme there were relatively narrow limits on the amount of redistribution that could take place each year. Nevertheless, the scheme met with resistance and sharp criticism from institutions and professors (Jensen, 1997). It was withdrawn to be reformulated, but nothing more happened for some years. It seems, however, that the elected liberal-conservative government will again try to implement performance-based research budgeting in Danish universities.

6. Staffing higher education

In accordance with the traditionally segmented structure of Danish higher education, there is a clear distinction between the career paths and the qualifications required of teaching staff in the university sector and in other parts of higher education. In the university sector – the small group of institutions regulated by the University Act – academic staff must not only teach students at the highest educational levels (long-cycle study programmes) but also carry out research, and the recruitment path normally involves considerable periods of training for and practising of academic research (Hansen, 2000). The present career structure was established in 1984 and involves four levels. After the university degree, graduates may enter doctoral study,

most often through obtaining a three-year scholarship. After obtaining qualifications at the Ph.D. level, persons may be hired as assistant professors, three-year temporary positions involving both research and teaching obligations. The next level is that of associate professor, which is a tenured position also involving both research and teaching but also administrative responsibilities. The final level, at present reached only by a minority, is that of full professor, a tenured position requiring academic qualifications at the highest level. Recent changes in the formal description of these positions have tended to increase the leadership responsibilities of full professors, but except for the prestige and salary, their work is not very different from that of associate professors. Positions at all four levels are advertised publicly and must be applied for in open competition. Career paths are often complex, partly because of the many levels but also because employment prospects differ from area to area and change over time. During the 1990s, for instance, there were an increasing number of highly-qualified graduates in the humanities but very few positions open above the Ph.D. level. In engineering sciences, the situation was quite different: There were many open positions but it was not easy to recruit for them, partly because industry offered higher salaries and less insecure career paths.

The group of full professors remains relatively small in Denmark (Ståhle, 1999). The origins of this situation lie in the 1970s, when universities responded to the massive intake of students by expanding the staff of assistant and associate professors (and also part-time teaching assistants) while full professors were often seen as an unnecessary luxury. Since the 1980s, however, there has been a renewed focus on full professorships, not least because of career aspirations among the associate professors. Some initiatives were taken in the late eighties, such as the creation of a pool of promotional 'associate professorships with special qualifications'. Schemes for

promotion to the status of full professor (similar to those implemented in Norway and Sweden) have been suggested but have not gained support in Denmark. However, the discussions resulted in 1999 in the creation of a pool of new full professorships, which have been allotted to the universities for use over some years. These are to be advertised in the normal way, but the grant for each position only covers the difference between the salaries of associate and full professors, which of course suggests that they should in some way be reserved for applicants from the institutions' own staffs.

Academic staff in the university sector are characterized by considerable gender differences (Jensen, 1997; Ståhle, 1998). In science and engineering the proportion of female staff is predictably small, but in areas such as the humanities, law and medical science, where the majority of students are now women, men continue to dominate the teaching staff, especially at the tenured levels. This has been an object of debate – including at the political level – during the last two decades, but initiatives taken have been weak and the situation is only changing slowly.

In other institutions of higher education, the conditions for employment are different. The schools and colleges running the short-cycle and medium-cycle study programmes are not expected to carry out research, so appointment requires no qualifications in this field. Historically, teaching staff in these institutions have training and experience in the professional field rather than common levels of formal qualifications. Today, most higher education study programmes require teachers to have qualifications equivalent to a *candidatus* degree, although many older teachers still do not have this. The current implementation of the professional bachelor degree will no doubt increase the demand for university degrees among teaching staff. However, the Ph.D, which defines the entrance level

to positions in the university sector, is also gaining some acceptance as a qualification in other parts of higher education (Ministry of Research and Information Technology, 2000). One reason for this is the growth of new types of jobs. Although the professional colleges are not given research funds, many of them establish development and research units based partly on external funding and such environments often encourage and reward the acquisition of research skills. The establishment of CVUs will strengthen this trend.

7. Quality assessment

Quality assessment was not an issue in Danish education prior to 1980. Educational institutions at all levels were governed by fairly detailed official regulations and this, in combination with the professional judgement of the teaching staff, was expected to uphold quality. The need to expand the capacity of secondary and higher education to meet social demand appeared far more urgent than any concerns about quality. This changed in the early 1980s in Denmark as in other European countries. The change towards what Guy Neave once called the 'evaluative state' (Neave, 1988) was part of a general transformation of public management including measures such as decentralization, performance-based budgeting and a focus on output control. In Denmark, educational quality was put firmly on the political agenda by the liberal-conservative government of the 1980s and its efforts to introduce systems of quality assessment concentrated on higher education.

After some pilot projects and several years of debate, the Minister of Education announced in 1990 his intention to establish a national centre for quality assessment in higher education. Although the universities fought against the idea, it was implemented in 1992 with the establishment of the Danish Centre for Quality Development and

Assessment. This centre was to undertake recurrent quality assessment of all study programmes in higher education (Thune, 1997).

The evaluation centre was established as an independent agency funded by the Ministry of Education. The purpose of the centre was:

- to initiate evaluation of higher education in Denmark;
- to develop appropriate evaluation methods;
- to inspire and guide institutions in matters of evaluation and quality development; and
- to compile national and international experiences on evaluation and quality development in higher education.

The institutions of higher education were obliged to submit their activities to evaluation. However, the evaluation centre itself had no authority to request evaluations. This authority was given to the ministry and especially the advisory councils of the different areas of education. The councils pursued a policy to evaluate all study programmes in long-cycle higher education at regular intervals, aiming at a five-year cycle. The centre rarely evaluated whole institutions. Evaluation activities focused on all study programmes within a specific discipline, across institutions. This meant that evaluations often had a strong element of comparing practice at different institutions.

The evaluations of the Danish centre followed (with some minor variations) a standard method which attempted to draw on various kinds of documentation and assessment. For each evaluation task a steering committee was established, comprising normally four or five persons with professional credibility within the field to be assessed. Members were not to be directly involved with any of the institutions being assessed, and as most of the evaluations covered all national

study programmes within a given subject, recruiting members was not always easy. The steering committee was responsible for setting the agenda, planning and co-ordinating the work and drawing conclusions. Assessment work usually included three main elements:

1. A self-assessment by each study programme. The self-assessment report tried to answer a series of questions, both descriptive and evaluative, formulated in dialogue between the educational institution and the centre.
2. Surveys of the experiences and opinions of different groups of users, for instance students, graduates or employers.
3. Visits to the educational institutions, usually done by members of the steering group. Visits usually lasted one day for each institution and consisted of meetings with groups of students, teachers and decision-makers.

As can be seen, the method followed by the Danish centre was a fairly robust combination of peer review and empirical documentation. The conclusions could often be accepted by many of the partners involved (except in some cases where steering committees seemed to pursue particular institutional interests). However, it can be questioned whether the assessment exercises provided the different stakeholders with knowledge that could justify the considerable costs involved. Another problem is that having assessments done by an independent (but officially authorized) unit such as the Danish centre does not encourage educational institutions to take responsibility for quality assessment themselves (Rasmussen, 1997). An alternative approach would have been to make the institutions themselves responsible for quality assessment and then to monitor their assessment procedures. In 1999, after having completed most of the first cycle of evaluations, the Danish Centre for Quality Development and Assessment was transformed into the

Danish Evaluation Institute (EVA). The organization and methodology remained essentially the same, but the new institute has a broader mission: to undertake quality assessment and development in all areas and at all levels of the Danish educational system and act as the Danish government's knowledge centre in the field of educational evaluation. The idea of recurrent quality assessment of all study programmes has given way to the idea of undertaking exemplary evaluations of varying scope at all levels of the educational system. Naturally, much of the work carried out since the establishment of EVA has focused on projects outside higher education, for instance in primary schools and adult education.

8. Providing knowledge

In the traditional view, universities and other institutions of higher education transfer knowledge (sometime research-based knowledge) to the surrounding society in two ways. First, and most important, by educating and certifying knowledgeable and competent graduates who can serve society in appropriate jobs and second by communicating knowledge to the general public, for instance through writing in the press or giving lectures to the public. In reality, more versatile and complex forms of knowledge transfer have always taken place. For instance, teachers and researchers from institutions of higher education have been members of numerous official commissions and company boards and have used their specialized knowledge in these contexts.

The development of a knowledge society means that the educational role of higher education is becoming more and more important. Graduates from higher education play increasingly crucial roles in all parts of Danish society, and employers and users are increasingly telling the educational institutions what they expect of

graduates. At the same time, however, other forms of knowledge transfer become more visible and important. The trend towards 'mode 2' knowledge production means that new centres of knowledge production are emerging in business as well as in the public sector. While product development in most industries was previously an experience-based process done by the company's own craftspeople, it is now increasingly scientific and thus more able to draw on research-based knowledge. Likewise, political decision-making in municipalities was earlier a question of experience and tradition, but now it is increasingly based on analyses and evaluations drawing on scientific methods and data, often provided by public or private analysts. These are examples of contextual, user-oriented and market-driven knowledge production which competes and communicates with knowledge in universities and other institutions of higher education.

These developments impact on higher education at two levels. At one level, we find the policies of the knowledge society, policies designed by the state and other stakeholders to support and develop co-operation between public institutions of higher education and research (particularly the universities) and other developers and users of knowledge (particularly business). An example of this is the 'centre contract' scheme developed by the Ministry of Business. The scheme calls for the establishment of consortia with three types of participants: private companies, publicly licensed technological service institutes and universities or other public research institutions. Such consortia may obtain supplementary public funding for innovation and development activities. Funding is linked to the establishment of co-operative efforts rather than to the specific content of the projects. Schemes such as the 'centre contracts' have flourished in recent years. Another example of initiatives at the policy level is the drive (mentioned earlier) to include representatives from

business and other external stakeholders in the governing bodies. The liberal-conservative government elected in late 2001 has announced its intention to strengthen such policies.

At a second level we find the actual forms of interaction with knowledge centres in the private and the public sector. These are growing and expanding but are still limited to certain areas and actors. For instance, a recent analysis of the innovation system in Denmark indicated that of Danish companies involved in co-operation on product development, only 17 per cent (mainly larger companies) co-operated with universities and other public research institutes (Lundvall, 2001). This implies less contact between universities and innovative companies than in comparable nations such as Norway and Austria, but it may be explained by the fact that Denmark has a well-developed system of technological service institutes which mediate much of the knowledge transfer. Talking about co-operation between the universities and business in general is imprecise and misleading, but at the department and research group level, universities are becoming increasingly involved in mode 2 knowledge production, through interaction with many types of external partners.

One such type of partner consists of the professional schools in other parts of higher education. As mentioned above, many of these are increasingly interested in research, development and evaluation activities, and are establishing centres for such activities. There is no doubt that the establishment of CVUs will strengthen this trend, although the Ministry of Education has shown no indication of allowing CVUs to use their funds for research. However, further education and development work are the areas in which most CVUs will focus their initial efforts and this should produce considerable new activity.

9. The ambiguities of differentiation

This paper began with the assertion that Danish higher education has traditionally been strongly segmented. This is especially visible in the division between the university sector and the rest of higher education, but also in the limited interaction between professional schools and colleges in different areas. This structure has had its strong points, notably in supporting strong professional identities in medium-cycle higher education, but when confronted with the needs of the knowledge society it is clearly inadequate.

The many reforms introduced in Danish higher education during the last decade can be seen as attempts to soften the segmented structure and move gradually towards a principle of flexible differentiation. In my view this finds clear expression in the new system of continuing adult education. The higher levels in this system are linked both to universities and to professional schools and colleges, and the system thus defines new common ground. Other reforms are far more hesitant and cautious. Although the establishment of the new centres of higher education can probably mobilize considerable enthusiasm among staff and users, there are so many escape options in the formal framework that building them up may take a long time. Moreover, the 'professional bachelor' degree is still not a clear link between the professional medium-cycle programmes and the long-cycle programmes in universities. This caution may be interpreted as an attempt to prevent the academic drift that has clearly occurred in other higher education systems.

If the reforms do in fact establish some degree of flexible differentiation, this will also have consequences for the social roles of higher education. However the nature of these consequences is difficult to predict. One possible development is that the universities will 'cream off' the best graduates from professional schools; instead

of entering professional work, they will enter *candidatus* programmes in universities. This will tend to undermine the status and quality of professions such as primary school teaching, nursing and social work and widen the social gap between these professions and the occupations of university graduates. However, the gap may be seen as legitimate as it is upheld through the differentiated educational system. Other developments are also possible. Changes in the higher education system and its practices will always be linked to changes in the society in which education is embedded.

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III. SEARCHING FOR THE RAINBOW: CHANGING THE COURSE OF FINNISH HIGHER EDUCATION

Risto Rinne

1. The north-eastern corner of Europe

Finland is a country of five and a half million inhabitants in the northern-most periphery of Europe, with Russia as its neighbour. Its social, cultural and geopolitical history is strongly linked to Sweden (until the year 1809), and after that to Russia (until 1917) as a Grand Duchy or autonomous province with its own legislation. In addition, Finland's tradition of governance has taken many models from the old centralized and bureaucratic governance systems of the two neighbour countries.

In general terms, Finland closely exemplifies the Scandinavian or Nordic welfare system and educational system. In the fields of higher learning, the first university, the Academy of Turku, was established under Swedish rule in 1640. However, the basic educational system involving the whole population of the country was founded much later, during the period of close links with Russia. In the 1860s, elementary schools were established in addition to teacher training colleges and the school inspectorate. During Russian rule, the university as well as the capital of Finland were transferred from Turku in the south-west to Helsinki in the east and closer to St Petersburg, then the capital of Russia. The university was reopened in 1828 in Helsinki as the Imperial Alexander University of Finland. In 1917, Finland attained independence. Legislation introducing compulsory

education was passed in the early 1920s and in the very early days of independence new universities were also founded outside the region of Helsinki, including in Turku once again.

For most of the years since independence, Finland has based its cultural and political position upon Nordic neutrality between the power blocs of the east and the west. Due to its good political and commercial relations with the USSR, it was occasionally accused of 'Finlandizierung' by western commentators. It was only after the fall of the Berlin Wall and the dissolution of the Soviet Union in the 1990s that Finland sought membership in the European Union and rapidly strengthened its ties to Western Europe. Until the 1990s, Finnish welfare policy was part of the so-called Nordic or social democratic model, which strongly stresses comprehensive social security free of charge, strong state control, significant income transfers, full employment and a high level of equality. Educational policy is considered one of the most important spearheads in the removal of all types of social inequality.

Comparing the Nordic countries with other European Union countries, the differences continued to stand out very clearly until the 1980s. In the name of a Keynesian policy of 'full employment', unemployment was kept low (at 4 per cent) in the Nordic countries as against the EU countries (where it stood at 10 per cent); more Nordic women were employed outside the home (more than 70 per cent of women of working age) compared to EU countries (50 per cent); and the level of public sector employment was higher in the Nordic countries (more than 26 per cent) compared with the EU countries (less than 18 per cent) (Kosonen, 1992: 17; Rinne and Kivinen, 2000).

In Finland, the state has traditionally played a prominent role. With the assistance of large corps of state officials, central authorities have

seriously set out to steer and control their citizens. The social elite and its associated professional groups are trained in public institutions of higher education and employed in the service of the state. There is a very strong belief in the importance of education in building the nation. Since the Second World War, a particularly strong emphasis has been placed on a social democratic concept of citizenship and the ideal of the egalitarian 'citizen worker' (Hernes, 1988; Kivinen and Rinne, 1990*b*, 1992). This is not only the case in Finland, but is a wider Scandinavian model which has relied on corporatism, a strong public sector and symbiosis between social movements and political parties. State professionals, educated by the institutions of higher learning, have been entrusted with an especially vital role (Kivinen and Rinne, 1990*a*).

As a member of the Nordic family, Finland has invested heavily and systematically in education. The general level of education has risen rapidly, especially in the latter half of the twentieth century, and is nowadays among the highest in OECD countries. Whereas only a tenth of those born in Finland before independence (1917) completed more than a basic education, as much as half of the baby boom generation born after the Second World War has acquired at least a vocational qualification. Of those born in the early 1960s, only a fifth entered working life with no more than the basic nine-year education behind them and among those born in the late 1970s the share has dropped to less than one in ten (Kivinen and Rinne, 1998; Pöntinen, 1990; OECD, 1996, 1998; 2000; Antikainen, Rinne and Koski, 2000).

2. Getting rid of the past – changing education policy and higher education doctrines in the 1990s

The history of Finland led to higher education and educational research being strongly influenced by a powerful nation-state until the late 1980s. A comparative study of higher education and research in the USA and Western Europe concluded that higher education systems in the Nordic countries have in many ways been the inverted image of those in the US. Finnish higher education has long been characterized by:

- relatively small size and restricted markets;
- strict centralization and control of resources;
- formal institutional uniformity with no hierarchy ostensibly recognized;
- restricted competition, exercised with respect not to markets, students, nor business but to state-controlled resources;
- low institutional initiative, as conditions of strict centralization inhibited the taking of initiatives, the challenge of bureaucratic rule in the universities or the development of an entrepreneurial spirit;
- the right to study in higher education free of charge;
- strong belief in fostering social equality by removing the obstacles preventing equality of educational opportunities in higher education.

It took a considerable time for the Finnish university to be grafted onto the educational system and become part of wider social, economic and educational policy. For a long time, it remained an ivory tower dominated by the professorial body and the elite itself. It was only in the 1960s that the growing welfare state, through the rising Ministry of Education, began to legislate, regulate and plan more powerfully the of 'massification' of the higher education system. Until

then, and even during the state's 'development doctrine' regime, it was literally forbidden for the surrounding economic life to make any efforts whatsoever to influence the decisions of autonomous and state-driven universities. Even private donations, for example, were almost forbidden in Finland as irrelevant interference in academic freedom.

The decades from the 1960s until the late 1980s may be seen as the period of state development doctrine and a kind of watershed between the 'traditional academic' doctrine and the 'management by results and competition' doctrine.

In the 1980s and especially since the 1990s, Finland has stepped into a totally new kind of 'managing by results and competitions' doctrine in its higher education. This has entailed the birth of the 'entrepreneurial university' (Clark, 1998) and/or university enterprises. In this article, we will describe and analyze the changes wrought during this latest doctrine.

The recession of the first half of the 1990s treated Finland much less kindly than many other countries. Although this recession was more dramatic than any other which had occurred since the Second World War in terms of unemployment rates even in the rest of Europe, Finland was driven into an especially difficult situation because of, among other things, its poorly handled economic policy and the collapse of trade with the Soviet Union. The recession reached its deepest point in Finland in 1993, when the unemployment rate was at approximately 20 per cent, the interest rate at 15 per cent and the GNP decreasing for many consecutive years. Suddenly, Finland was with Spain and Ireland at the top of the unemployment statistics in Europe, leaving behind the old days of almost full employment (Blom, 1999: 16).

We can quite legitimately divide the history of Finnish higher education into these three doctrines and the corresponding periods (*Table 3.1*).

Table 3.1 Finnish doctrines of higher education in the 20th century

POLICY DIMENSIONS	DOCTRINES OF FINNISH HIGHER EDUCATION		
	'Traditional academic' doctrine, until the 1960s	**'State development' doctrine**, late 1960s to late 1980's	**'Managing by results and competition' doctrine**, late 1980s and 1990s onwards
Teaching and research	• Freedom of teaching and research • Focus on provision of elite education • Professional power	• Production of adequate supply of trained manpower • Allocation of training quotas by labour market needs • Science as a factor of production	• Flexible response to demand from many sources • Focus on productivity
Politics and relations with the State	• University autonomy	• Subordination of education to social policy • State control of education	• Flexible and innovative service of societal needs • University steered on basis of achieved results
Economics	• No expectations of immediate economic benefit but an awareness of long-term benefits	• Education as one crucial factor in economic development	• Promotion of international competitiveness and industrial diversification • Market-driven
Equality	• Training students for leading positions in society especially in civil service	• Full utilization of potential talent requiring egalitarian educational access • Rapid expansion leading to levelling out of social and regional inequality	• Observance of gender and regional equality • Promotion of free competition
University type	ELITE UNIVERSITY	MASS UNIVERSITY	UNIVERSAL ENTEPRISE UNIVERSITY

Source: Kivinen, Rinne and Ketonen, 1993.

It was the downswing of the 1990s, the rapid increase in unemployment, joining the European Union and the increasingly right-wing bias of government policy that forced the welfare state to trim

its sails. Rationalization was demanded even in everyday practical education policy. Welfare utopias resting on the virtues of education have, belatedly compared with the rest of Europe, been forced to give way to the debate on efficiency and results and their continuous assessment.

Today, the trend in Finland is to promote all kinds of competitiveness and effectiveness. An increasingly unequal division of resources has become more than a rule as it is considered desirable to favour 'diversity' and 'giftedness' and to open up new pathways for the best human capital and centres of excellence, i.e. for those with special gifts and inclinations. The universities are marching in the front ranks of the new 'policy of assessment'. Following closely in their footsteps are all the educational levels, from primary school up to adult education (Rinne and Kivinen, 2000; Rinne and Vanttaja, 1999; SA, 1999; Rinne and Vanttaja, 2000; Vanttaja and Rinne, 2001; Jauhiainen, Rinne and Tähtinen, 2001; Simola, Rinne and Kivirauma, 2002; Rinne, Kivirauma, Hirvenoja and Simola, 2000).

Finland joined the European Union with Sweden in 1995. Finland, in particular, was still at that time struggling heavily with the deep economic recession. In a rapidly and radically changing political climate, the traditional state-centred welfare policy collided sharply with the more market-driven policies of the rest of Europe. Finland has changed its track in social and education policy astonishingly quickly. Indeed, the opposition might now criticize the present official policies for listening no longer to Moscow, but rather to Brussels. This criticism of the new 'Euro-Finlandizierung' means that small nations like Finland are once again in a situation in which they are not fully able to carry out their own independent foreign, domestic or even educational policy (Rinne, 2000).

Indeed Finland, at the remote, small, northern periphery of Europe, is easily influenced by its more central and populous fellow Union members. The former egalitarian policy, designed to safeguard the welfare and equality of all citizens by means of education in the name of social justice and highlighting the bureaucratic elements of the social welfare state guaranteeing safety, has given way in the 1990s to a very different set of values and practices. A neo-liberal educational policy is being favoured in the name of competitiveness in the international market – a policy which is inevitably also increasing competition between individuals, schools, enterprises and higher education institutions in the international as well as the domestic market (Simola, Rinne and Kivirauma, 1998, 1999). It is astonishing how little discussion and political debate the sudden change of the course of educational policy has given rise to. However, there are several social, political, economic and global reasons for this:

> "The Soviet Union lost its hold on Finland when the popular front and right front got into the government, and then this, you really couldn't call it truly right-wing but perhaps some kind of western European liberalism starts to have an influence in Finland, about ten years later than in the rest of Europe. So, there you have it; it's anyway gone through dreadfully easily on the administration side and with the service system, if we compare it to this casino economy..." (A representative of the Ministry of Education describing the rapid education policy change in Finland in the 1990s.[1])

In addition to the collapse of the Soviet Union and changes in domestic political power and the political climate, the other causes of the strong new orientation and the attempt to get rid of the old come from the world market:

1. Quotes are taken from a comparative research project studying changes in education policy in eight European countries, including Finland (Rinne and Kivirauma, 1999).

"The internal market areas of the EU – as a small country the only hope we have is to get by with high-tech know-how, 'cause we can't produce anything in bulk. The strength of Nokia, Nokia too, is the idea of Kairamo that they raise the level of know-how, and the fact that Ollila (the CEO of Nokia) and his buddies raised it and have actively gone on to invest in research, product development gets a lot of resources in one country, although in the absolute sense the sum is very small, but in relation to the GNP of Finland it's quite good, and, and I think that this trend will continue, and, well, it has to continue if we're planning to get by at all." (A representative of the Employers' Union.)

Among the clear minority, some are a little worried about what will happen to our country, to equity and to all the good principles of the old Nordic welfare state:

"... a major social trend that, will Finland become a country of divisions, and will there be a new class division: the Euro survivors, these symbol workers, group 1; group 2, those who get by somehow, those with short-term jobs, those who shuttle between workplaces, the eternal students; and thirdly the 10-15% who make up the excluded group, who survive from day to day, but who have limited social contacts, participation and only surface-level interests outside themselves, by this I mean that, sure, they know what Mika Häkkinen is doing and follow the hockey leagues, but don't take part in study classes in the adult education centres or participate in local amateur theatres or anything else, much less participate in civil movements; no, this group won't do anything like that. They somehow ensure their sustenance, the safety net still takes care of that, but the idea that they would be an active group, well, no, they're not found in this third category." (A representative of the National Board of Education.)

3. Constructing the very massive binary system in Finnish higher education

There have not only been changes in the doctrines of Finnish higher education, but also profound changes in the size, structure, status and steering mechanisms of higher education. In this chapter we will concentrate on one of the most important changes in the recent history of Finnish higher education policy: the reform of the whole higher education system. This reform is celebrated its ten-year anniversary in 2002. As a result of it, Finland has abandoned the old unitary higher education system and built up a new binary higher education system with two equal but different branches: universities and polytechnics (*Fachhochschulen – Ammattikorkeakoulu*, AMK).

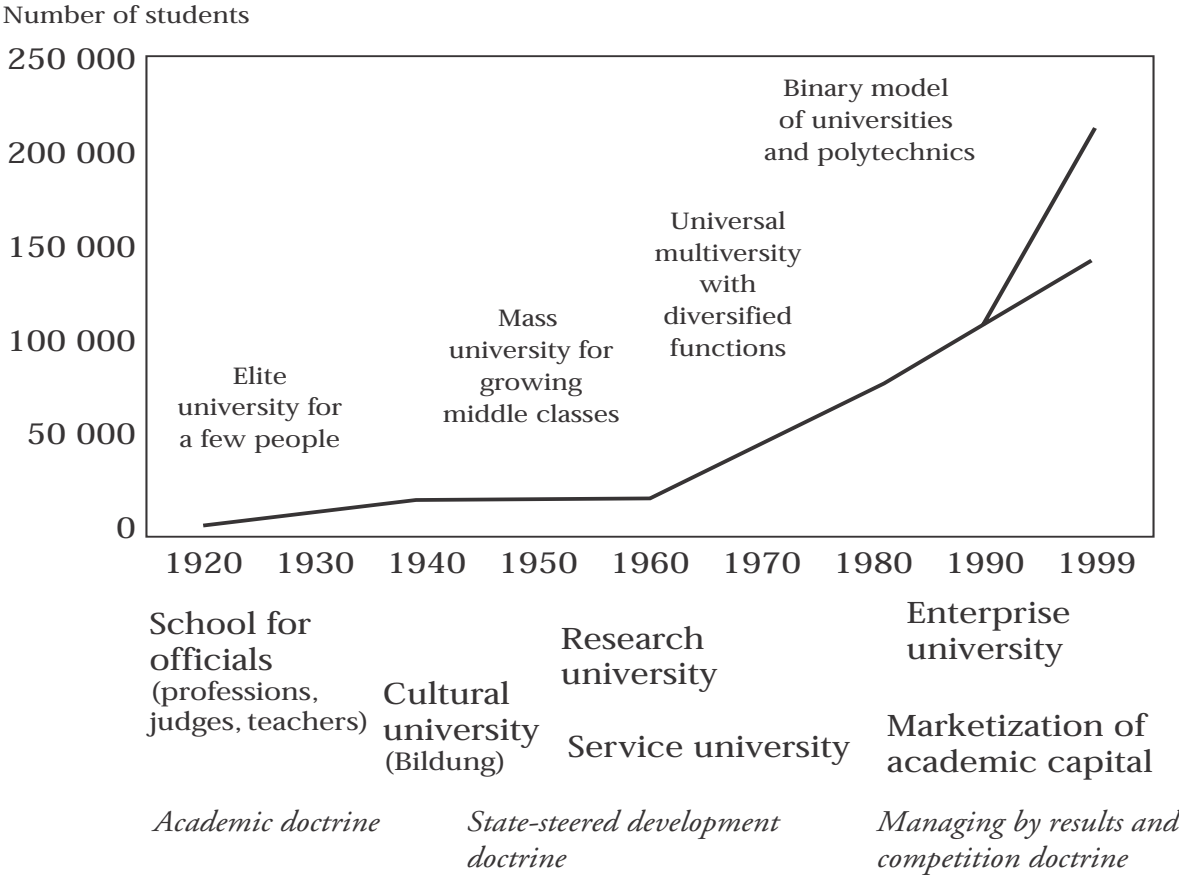
In Finland in the 1990s and early third millennium, it has still been possible to consider education the ultimate and indisputable spearhead of national progress, although the aims and rhetoric of 'equality' have given way to new kinds of ambitions. Belief in investing in human capital has given legitimacy to publishing educational visions proposing new concepts of youth and higher vocational education and of the wide expansion of higher and adult education. Educational policy decision-makers and planners envisage two-thirds of the age group attaining a higher education degree, which would enable the country to beat Japan and the USA as the most highly educated countries of 'universal higher education' (Trow, 1974) in the world. In 1998, Finland was already number one among OECD countries in respect to expected years of tertiary education among young people (*Committee Report*, 1990; Kivinen and Rinne, 2000; OECD, 2000: 153; Rinne and Vanttaja, 2000).

The reasons behind the quite radical historical change of establishing the binary system in Finnish higher education come from different directions. There were, for example, pressures deriving from the massification process; from EU policies; from

competition for status of higher education degrees among professions and institutions; from labour market allocation and recruiting needs; and from the new role, status and functions of higher education in society (Rinne, 2002).

Change in higher education is not specific to Finland. At least in terms of massification it appears to be following the more universal 'rules' of the global history of higher education. The following graph (*Figure 3.1*) illustrates the transformation of Finnish higher education within a longer historical perspective in order to make recent changes more understandable. The terms used in this graph come from the wider literature of research on higher education.

Figure 3.1 The formation of higher education in Finland during 1920-2000 and historical change in the forms and status of the university institution



Source: Williams, 1978; Wittrock, 1985; Flexner, 1930; Clark, 1983; Slaughter and Leslie, 1997; Ritzer, 1993, 1999; Rinne, 1999, 2002; Antikainen, Rinne and Koski, 2000.

Figure 3.1 clearly shows two particular divides: strong growth at the beginning of the 1960s and an even more radical growth beginning in the 1990s. The growing number of undergraduates in the 1960s and 1970s had been guided towards higher education studies at that time. The network for higher education was expanded to eastern and northern Finland, new occupational fields were included in the range of higher education programmes and first-year places were increased by the thousand. (Kivinen, Rinne and Ahola, 1989). In the 1980s, however, it became however, painfully evident that these measures were not enough. Ignoring state educational planning, young people took matriculation exams in increasing numbers and wished to continue to higher education institutes. The old higher education system was unable to swallow up all of them.

The amount of students in higher education has grown vastly since the breakthrough of the binary model. Since 1980, the amount has grown by about 200 per cent and in 2000 there were a total of 248,000 Finnish higher education students.

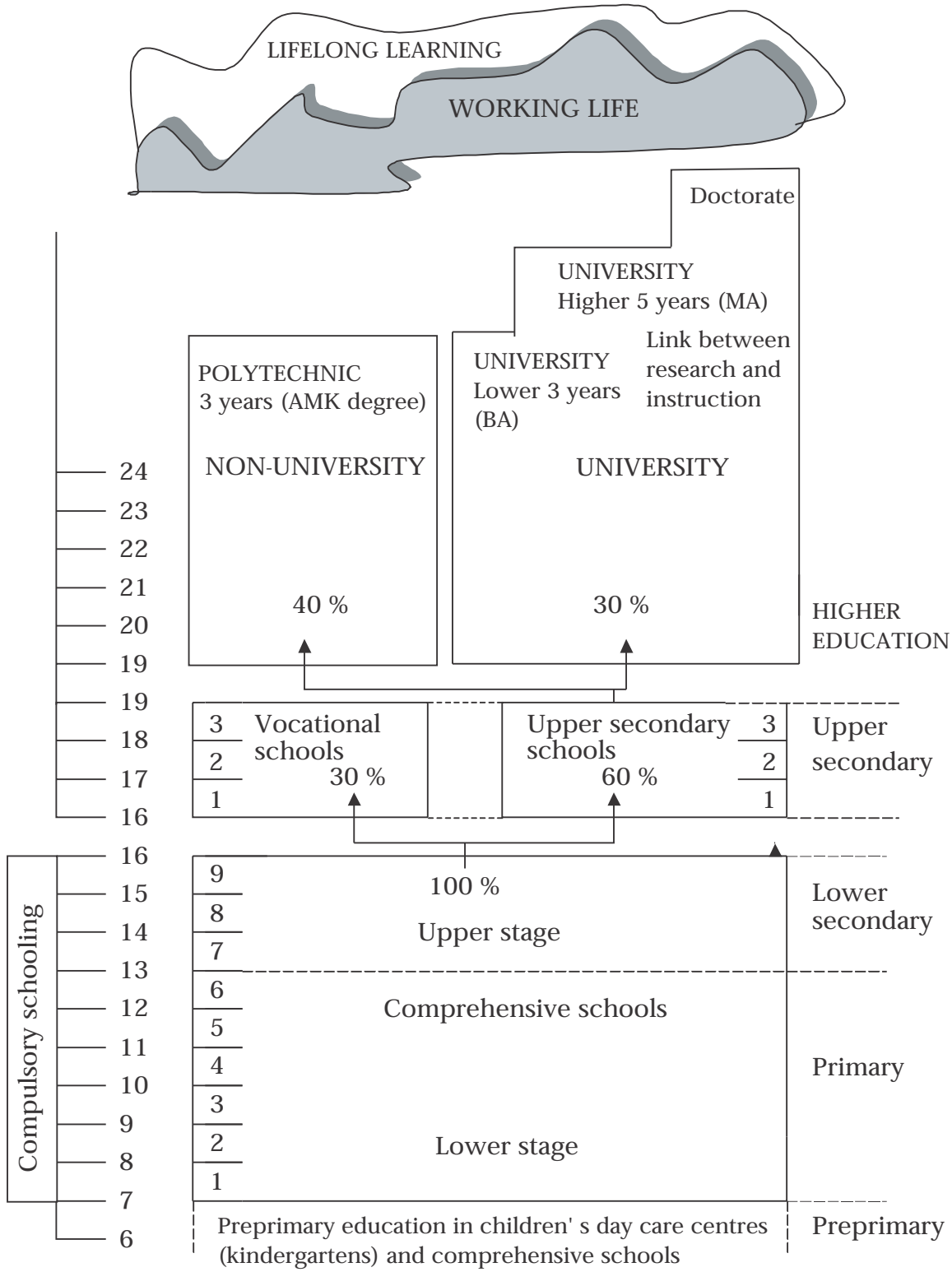
In order to clear the jam of tens of thousands of undergraduates who had gathered, in the course of years, at the gates of higher education institutions, a radically new system of vocational higher training was urgently needed. This would simultaneously help to enhance the attraction of the vocational channel and moderate the demand for education of the young population, too oriented towards the theoretical direction laid down by the traditional university. The recent development of higher education can, in terms of the university establishment but also in a wider sense, also be described also as a transition to an 'entrepreneurial university', a 'service university' or a 'McDonald's university'. All of these terms depict strong historical change in the social position of higher education and the twist of the

tasks and functions of higher education towards production and the markets.

The introduction of the new binary system of higher education in the 1990s was almost the opposite reform from those generally carried out in other countries at that time, for example in Great Britain. In Finland, a brand new Polytechnics branch (AMK) was added to the old monolithically-organized university. Educational plans hoped to make higher education available for some 70 per cent of the age group and this has already become true. *Figure 3.2* shows the Finnish educational system as well as student flows in the third millennium.

The construction of the new binary model also produced quite a new state of affairs and competition in the field of higher education. When the old vocationally-oriented upper secondary institutions were reformed and merged with the new institutions of higher education, their status was heavily strengthened. One can see this reform as a classic example of 'academic drift' implemented within a short period. Although in their political rhetoric the Finnish Government and Ministry of Education emphasized that the new AMK-polytechnic branch was by its character and social functions completely different from the old university branch, it soon became clear that in reality they were competing with one another in many common fields. The new higher education sector gained many new benefits and status factors.

Figure 3.2 The Finnish educational system in 2000



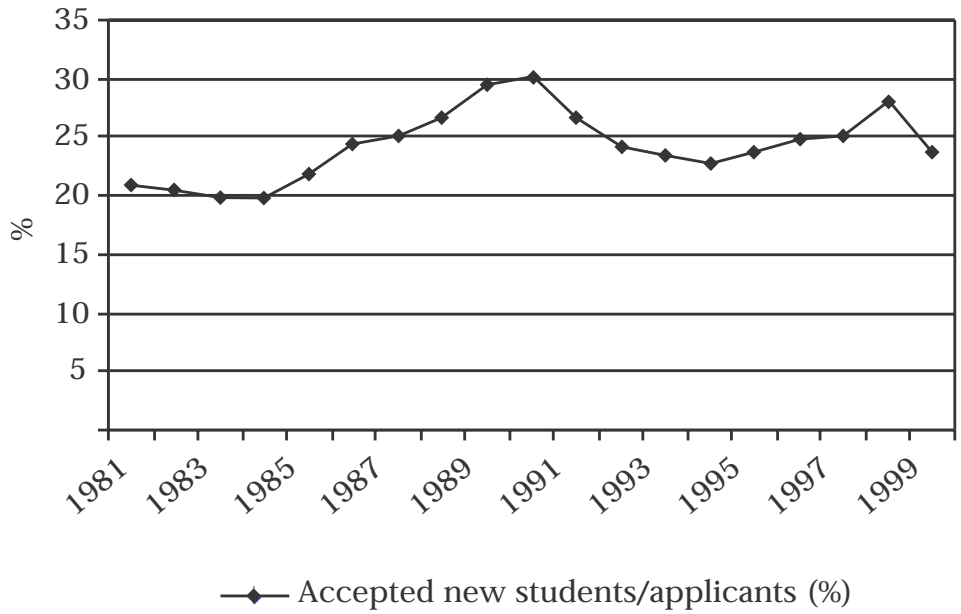
Source: Ministry of Education.

Admissions: percentage of age group

In 2002, another process in the restructuring of Finnish higher education degrees began. This new restructuring was the consequence of the so-called Bologna treaty, in which process the ministers of education in the EU are trying to formulate the special 'region of European higher education' where degrees will be comparable across national boarders. In line with harmonization, Finland is also developing the degree model of 3-4 years (BA) + 2 years (MA) + 4 years (doctor) (Rinne, 2002).

Since the Second World War, a *numerus clausus* has been used in more and more university fields. There have always been more applicants than places in higher education. Although the trend in recent years of policy has been to increase the number of places in higher education quite rapidly, it has not become easier for applicants to enter universities. Approximately one in four applicants was accepted to Finnish universities in the 1980s and 1990s. Recently, it seems that in spite of the massification of higher education, the possibility of entering a university has remained at least as difficult as in the early 1980s. The possibilities, of course, vary considerably depending on the field of study and the university region.

Figure 3.3 Percentage of applicants accepted in universities in Finland, 1981-1999



Source: KOTA, 1982-2000[2].

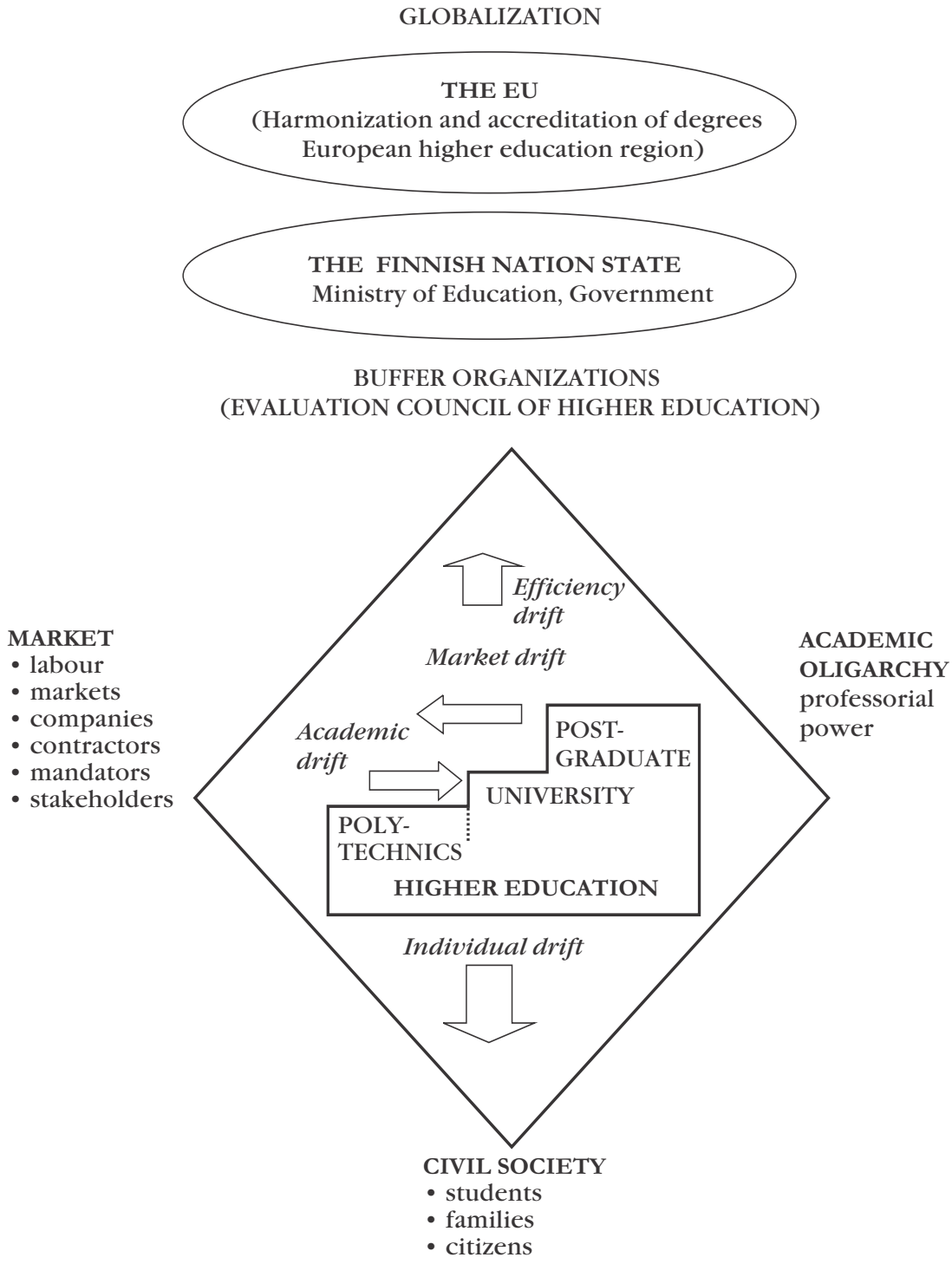
The reform is still quite new and in progress. There are, however, many interesting signs of advancing academic drift. AMK-polytechnics are taking on many of the symbols and the status of the old university system. One of the latest victories was to establish the continuing degrees of AMK-polytechnics in 2002. And vice versa: Is it the new mode of the university to act as an 'enterprise university' or a 'service university'? In order to attract demand from the market, universities have been caught up in a kind of 'market drift', in which they must sell their products and themselves and compete with AMK-polytechnics for market, recruits and money. We can describe the new situation in Finnish higher education and the confronting drifts of both branches by applying the classic triangle of co-ordination (Clark, 1983) and its modifications (Neave, 1988) and combining them with ideas of academic drift and market drift.

The new situation of the massified 'universal higher education' might be illustrated as in *Figure 3.4*. It is not merely a question of

2. Among the applicants there may be also applicants who apply for numerous fields of study.

national or academic or market drift, but of global tendencies, global drifts.

Figure 3.4 The Finnish binary system of higher education in the field of steering pools and confronting drifts



Sources: Clark, 1983; Neave, 1988.

The higher education system as a whole lives its life in the contemporary world of the global economy, in which the social function of higher learning is completely different from that in the old world. Old steering pools such as the academic oligarchy have undoubtedly lost their power, while the market has stepped into power. The role of the state is unclear, but undoubtedly it is working under the pressure of supranational communities. Indeed, we may call it the main producer of the global 'efficiency drift' by virtue of the fact that it has set up the doctrine of 'management by results' and enormous assessment mechanisms in both branches of higher education.

The new binary system of higher education has also had its own strong impact and consequences for the labour market and working life through the redefinition and renaming of the qualifications of manpower and the new ordering of the division of labour. Those consequences have in turn forced both branches of the Finnish higher education system to search for their own changed position and compete heavily with one another for status, funding and students and customers, in common fields. One way to name this new situation is by describing the dimensions of the drifts of both branches. The work of AMK-polytechnics is heavily influenced by the 'academic drift' and the work of universities by the 'market drift'. These higher education drifts in their Finnish form can be concretized and summarized in the following lists of trends given in *Table 3.2*.

Table 3.2 Examples of academic and labour market drifts in the Finnish binary higher education system

I. ACADEMIC DRIFT (Polytechnics versus distinction strategies of universities)	II. MARKET DRIFT (Universities searching for their power versus good partnership between polytechnics and the market)
1. Lengthening of education	1. Shortening and intensifying education
2. Further studies	2. Swelling the volume of degrees and credits, masters, doctors, research
3. Widening of research, not only applied research	3. Strong growth of payment service (‘sell or die’) More emphasis on applied short-cycled research
4. Attracting the best students	4. Competition for the best students
5. Marketing and visibility in the media	5. Acceleration of marketing and advertising / visibility in the media
6. Internationalization and 'dynamics', such as character-building	6. Building of a dynamic public image
7. High compensation and accreditation of degrees/studies	7. Emphasis on immediate advantage and suitability
8. Opening and occupying of labour markets, particularly withdrawal of academic degree locks in the public sector	8. Internationalization as competition trump
9. Title games (professors, licenciates, etc.)	9. Actual limitation of autonomy in new outcome negotiations
10. Building of new public images	10. Opening administration for those outside the university
11. Continuous development projects	11. Higher education pedagogy/teaching merits/ ‘schoolization’ of higher education
12. Growing volume and occupying a central position	12. Recruitment centres
13. Evaluation systems	13. Centres for continuing education
14. Upgrading the qualification demands of teachers	14. Centres of technology, science parks
	15. Penetrating evaluation systems "as indicators of productivity" and proving themselves as centres of excellence

4. Deregulating legislation and re-organizing governance in higher education institutions

In the latest Finnish school legislation of 1999, there are only a few remnants of the old Nordic social democratic educational ideology. What is perhaps most visible is that the position of the public ownership and control of education at all educational levels is still alive. There are almost no private higher education institutions or enterprises and at the beginning of the new millennium educational services are still free of charge for all Finnish children and young people to use. Finland and Sweden may be among the only OECD countries in which studying within higher education is totally free of charge (OECD, 2000).

The deregulation of legislation has been carried out in Finnish education policy and also in the field of higher education. In 1998, the new Universities Act and decree were approved in Finland (SA, 1999). The aim of the legislative reform was to improve the efficiency of universities and give them more freedom and decision-making power as well as responsibility for results. Behind this reform, there was ongoing wider change in the whole Finnish system of public governance. The buzzwords were decentralization and deregulation.

The Finnish Constitution guarantees the highest level of teaching as well as freedom of the arts and sciences. To implement these principles, the new Universities Act was introduced to ensure the autonomy of the universities and to prescribe their functions, operation and objectives in general terms only. Within these limits, each university decides on the detailed organization of its administration and the decision-making power of its administrative bodies. The declared aim was to strengthen the autonomy of each university. In the new legislation, regulations are limited only to the broad strategic lines of governing. Each university is supposed to make its own rules about the more detailed lines in accordance with the spirit of the new legislation.

The position of the university senate was reinforced and the position of the vice-chancellors in particular. The old 'administrative office' was even renamed the 'vice-chancellor's office' in many universities. Along these lines, the status of deans was also strengthened and management principles were carried out at all levels. Opportunities to co-operate more closely with the surrounding world and the market were also enhanced. The President of the Republic no longer appoints professors as used to be the case in Finland, but rather the universities themselves. It is possible to elect representatives of the business world to the university senate. It is possible to decide, within the university, on the establishment of

tenures and offices. It is possible to make almost any kind of contracts with enterprises etc. Most of the detailed enactments in the old university laws were abolished and decision-making power was given to the universities themselves. The new legislation, however, upholds the older principle that the various groups of people within the university must have representation on its multimember administrative bodies. In order to enhance co-operation between universities, businesses and the rest of society, universities were allowed to accept representatives of parties outside the institution as full members of these bodies in the new legislation. The highest decision-making body of a university, the senate, promotes the university's activities, approves its operating plans and budget as well as other important plans, decides on guidelines for the use of appropriations, and approves university regulations and other general by-laws. In most cases, the senate also appoints all professors and other senior officials (Ministry of Education, 1998, 1999).

The vice-principal chairs the senate, whose members comprise representatives of the professors (mostly deans), other teachers and researchers, other staff and students. The representation of any single group must be less than half of the total senate membership. No more than one-third may be members from outside the university. According to the new law, the vice-principal holds more power than previously. He or she is responsible for the operative management of the university and decides on matters of general administration. The vice-chancellor may also place important issues or significant matters of principle before the senate for a decision. The university's electoral college appoints vice-chancellors for a five-year term. To be eligible for appointment, a candidate must hold a doctorate or a university professorship. Deputy vice-chancellors may also be appointed from outside the university. There may be one or more vice-rectors, as decided by the state.

The universities decide independently how their teaching and research are organized and on the structure of faculties and other teaching and research units. Faculties and other such units have a multimember administrative body with a membership representing the same groups as in the senate. External members cannot make up more than a third of the total membership. A dean or some other director, elected by the unit's multimember administrative body from among its professors, heads the faculties and similar units (Ministry of Education, 1998: 30-31).

5. 'Managerialism' everywhere

In the 1990s there were also several other changes linked to the reform of legislation and affecting the functions and activities of Finnish higher education. One very central modification was the radical change in the funding and steering mechanisms of universities. In analyzing the recent changes in Finnish higher education, understanding the changes as having taken place under the umbrella of the 'new public management' approach and the over-surging ideology of managerialism is almost inevitable (Ball, 2001; Slaughter, 2001; Rinne, 2001; Välimaa, 2002).

In some 10 years, strategic steering has formed an increasingly important part of the guidance of Finnish public administration, in addition to regulatory and information-based control. This has involved the enhancement of political guidance and improvements in administrative structures and management systems. Management by results now plays the absolutely key role.

The Ministry of Education has steered universities towards management by results since the late 1980s. Assessment of part of the university budget on the basis of performance budgeting by result and result agreements was introduced in all universities in 1994.

The new mechanism of management by results is based on 'result negotiations' held between the Ministry of Education and the universities, in which objectives are set and the required funds agreed upon. The universities receive mostly lump sum funding and decide themselves on how to allocate it. Management by results emphasizes the assessment of activities and rewards for performance. An increasingly important factor in allocating the money in negotiations is the number of doctoral and master's degrees.

The steering role performed by the Ministry of Education is largely a strategic one. Power has been at least in principle delegated to the universities and the importance of their internal management has been underlined. The result agreements negotiated between the Ministry and the institutions concern only key objectives and focus the educational and science policies of the government-approved plan on developing education and university research (Ministry of Education, 1998; 1999). Adopting a three-year agreement term as of 2001/2003 or 2004/2006 has strengthened management. The result agreement sets the objectives for the term and the appropriations of the operating funds. The three-year agreements are revised annually by an annex agreement affecting the following year's budget.

The funding system has been developed to support management by results by means of a better link between objectives and appropriations. Budget items have been combined and special funding has been transferred to the universities' operating expenditure. Assessment of basic funding is gradually becoming estimate-based, improving the transparency and predictability of budgets (Ministry of Education, 1998, 1999).

The management by results process is a continuous one, in that it involves several meetings and joint seminars throughout the year for the Ministry and the leadership of universities. The leadership of

universities in their turn hold similar negotiations with faculties on the basis of which they draw up university-faculty agreements. Reporting plays an important role in management by result. Faculties report their results to university leaders, who report on the attainment of their objectives in their operating reviews and by entering the relevant statistics into the Ministry of Education's KOTA database. The Ministry then reports to Parliament (Ministry of Education, 1998, 1999).

The new 'funding by results' system has meant that university budgetary funds are increasingly being calculated on the basis of the goals and achievements that it produces. There are certain result indicators, such as the number of doctoral degrees, the number of master's degrees, the number of credits units taught, the amount of outside funding and the number of research publications. On the basis of these, so-called 'result-money' is first divided by the Ministry of Education and allocated to the universities, and after that to each faculty and department inside each university. When using the funding by results system one must of course assume that there is enough information about every university and every faculty available to be used in the evaluation processes. The whole deregulation of legislation in Finnish higher education has been compensated for by huge and totally new systems and mechanisms of evaluation. Every university, faculty and department is obliged to maintain a massive information bank of empirical indicators of its resources and results and to practice its own evaluation procedures. What has disappeared from the university level is not state control, but normative legislation. It is possible to say that control in the new form of evaluation and funding by results is even stronger than in the old system of more centralized steering and detailed legislation. The consequences of the new system are also that departments must begin new courses and develop projects in their continuing effort to

guarantee basic funding and survival in the roughening competition for diminished state funding.

6. The rise of the evaluative state in Finnish higher education

Universities are nowadays expected to show results: creative, productive scientific work; scientific discoveries and breakthroughs; and the training of professionals with a state-of-the-art command of their fields. In order to ensure that universities fulfil their goals in terms of efficiency, creativity and productivity, European governments are increasingly resorting to a new strategy of self-regulation under which universities are given increased autonomy in order to create a fertile basis for creative and productive operations (Neave, 1990).

The rise of the evaluative state is both a type of 'crisis management' but also as the rather longer-term outcome of a series of tensions embedded within the drive in Western Europe towards mass higher education. In essence, the evaluative state reflects an attempt to go beyond historic modes of evaluation to enforce more precise and rapid responses from institutions of higher education by devising a highly elaborated and more widely-ranging instrumentality of judgement than existed previously. This instrumentality, if regularly applied, is dynamic and grounded upon a principle of contractualization fundamentally different from the implicit ideas of contractualism that bound state and university together in Europe for the best part of the nineteenth and twentieth centuries. However, the evaluative state remains in a situation of high uncertainty. Remote steering, self-regulation and a high degree of *a posteriori* control are not incompatible in the evaluative state. They coexist as functions located at different operating levels from government to institution. Their rationalization and redistribution between different administrative levels, agencies and bodies, which took place over the period beginning in 1985, does not mean that this configuration is

not able to be further revised. What form that revision will take – whether it might not involve further limitations on self-regulation – depends very much on how governments assess the way the evaluative state has, so far, fulfilled its tasks. From the standpoint of external interests, the thrust of the argument tends to maximize the degree of accountability (Neave, 1990; 2001).

In Finland, the rise of the evaluative state in the field of higher education has proceeded along the lines shown in *Table 3.3*.

Table 3.3 The most crucial events since the 1980s in the field of higher education evaluation and university policy

Evaluation of Finnish educational policy by the OECD	**1982**	The first development law for higher education 1967-1986
First evaluation for a field of science made by the Academy of Finland	**1983**	
KOTA-reporting mechanism established between universities and the Ministry of Education	**1985**	Development law for the years 1987-1996
	1986	• 'Inflation protection' Decision of the government to develop higher education, 1988-1991 • Demand for more efficiency and better results • 15% growth during 1988-1991 for some central subsections
First funds by result are distributed to the universities		First job duty experiments are launched in 1988
Report on the group of science indicators published	**1988**	
Total assessment experiments launched by assessing the first universities and the fields of humanities and the natural science		First universities are transferred to the budget of 'slump money'
	1991	First polytechnic experiments are launched
	1992	Turning point in financing: zero growth budget for the year 1992 The Ministry of Education publishes its so-called 'structural development measure programme' to increase efficiency and diminish public funding
Assessment by the Academy of Finland		
First 'top units' chosen Evaluation of whole universities	**1993**	The 'inflation clause' in the development law is not put into practice after the year 1993

OECD assesses the Finnish system of higher education	**1994**	All universities transferred to the budget of 'slump money' at the latest in 1994
Sharpening profiles and improving quality, economy and efficiency Centres of excellence and graduate school systems	**1995**	Government development plan for education and university research for 1995-2000
Establishment of the Assessment Council and unit (FINHEEC)	**1996**	
First evaluation of the state and quality of scientific research in Finland by the Academy of Finland	**1997**	
First three-year agreement period (1998-2000) between the Ministry and universities. Several thematic and university evaluations were carried out continuously	**1998**	The new Act and Decree on Finnish universities comes into force 1 August 1998 • Increase of universities' decision-making power
Stabilized continuing evaluation system for university and AMK-higher education in all fields	**1999**	Government development plan for education and research for 1999-2004
Second three-year agreement period with more emphasis on funding by results	**2000**	Finalization of the AMK-Polytechnic-system (29 AMKs)
	2001	
Widening of top unit policy	**2002**	Extra budget and increase in basic university funding after the funding crisis Emphasis on harmonizing the European higher education region and degree system

Source: Saarinen, 1995.

As can be seen, the massive and thorough arrival of the evaluative state in the field of higher education in Finland took quite a long time, almost two decades. However, accelerated state assessment measures were adopted principally during the 1990s and the deep economic depression of 1991-1993. Nevertheless, this rise of the evaluative state in an atmosphere of astonishing silence across the academic staff was only possible under the rule of the new right-wing government and due to the obligation to publish information in the KOTA database in the mid-1980s. Since then, developments have been straightforward and Finnish higher education has become the most rationalistically and regularly evaluated and steered higher

education system in the world, although there still is some shame about publishing all the ranking lists in public.

The central administration of higher education has also been renewed, as can be seen in *Table 3.3*. A new kind of buffer organization has been built upon the evaluation procedures by which different fields and institutions of higher learning are assessed. One new organization is the Finnish Higher Education Evaluation Council (FINHEEC), which performs most of the systematic evaluation, but there are also other evaluators such as the Academy of Finland, the Ministry of Education and the National Board of Education (Ministry of Education, 1998; 1999).

FINHEEC is a supporting body assisting the universities, AMK-polytechnics and the Ministry of Education in matters of evaluation and the promotion of evaluation as an integral part of institutional operations. FINHEEC is governed by a 12-member Council consisting of representatives of universities, polytechnics, student organisations and business and industry. The Ministry of Education appoints the members of the Council for a four-year term (2000-2003).

The Council organizes evaluations of the quality of education, as well as institutional, programme and thematic evaluations. It also provides advisory and consultancy services in the implementation of evaluations, develops evaluation methodology and disseminates so-called 'good practices' to higher education institutions and the Ministry of Education.

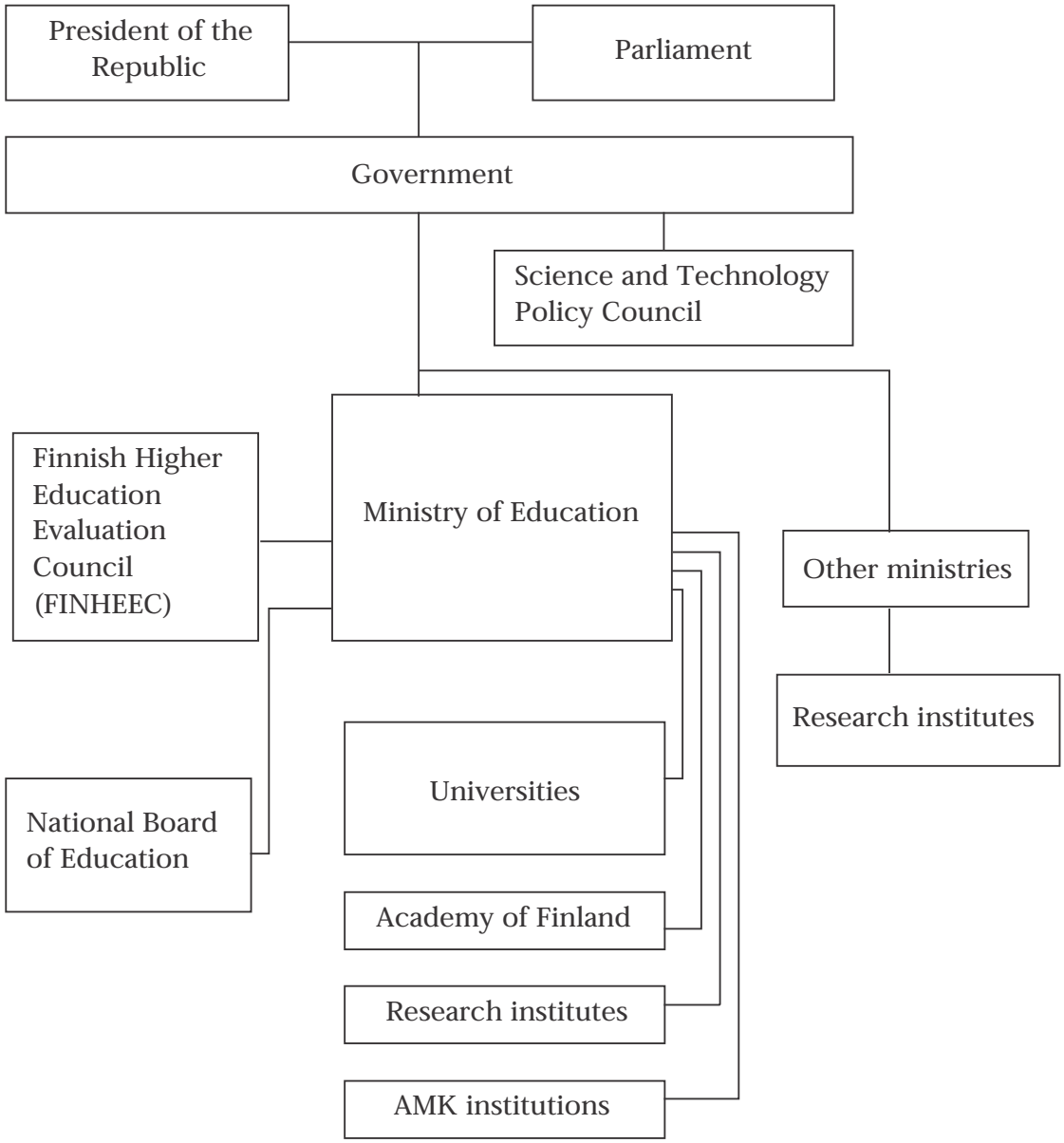
The Council also submits proposals to the Ministry of Education on Centres of Excellence in Education, to be used in determining performance-based appropriations. Institutional evaluations are based on the five-year Development Plans for Education and University Research issued by the government which stated, for

example, that all institutions of higher education were to be evaluated before the year 2000.

Evaluating research and developing methods of evaluation are among the main functions of the Academy of Finland. This includes general evaluation work, evaluation of scientific disciplines and research programmes, developing research indicators and the evaluation of funding. In addition to funding, ex-ante and ex-post evaluation is essential. Both foreign and Finnish experts are involved in the evaluation of quality, effectiveness and efficiency (Ministry of Education, 1998, 1999).

In the new policy, the selection of top quality institutions of higher education and top quality research institutions, which are offered considerable funds to carry their top quality further, is done by the FINHEEC in co-operation with the Ministry of Education.

Figure 3.5 Central administration of higher education and research in Finland



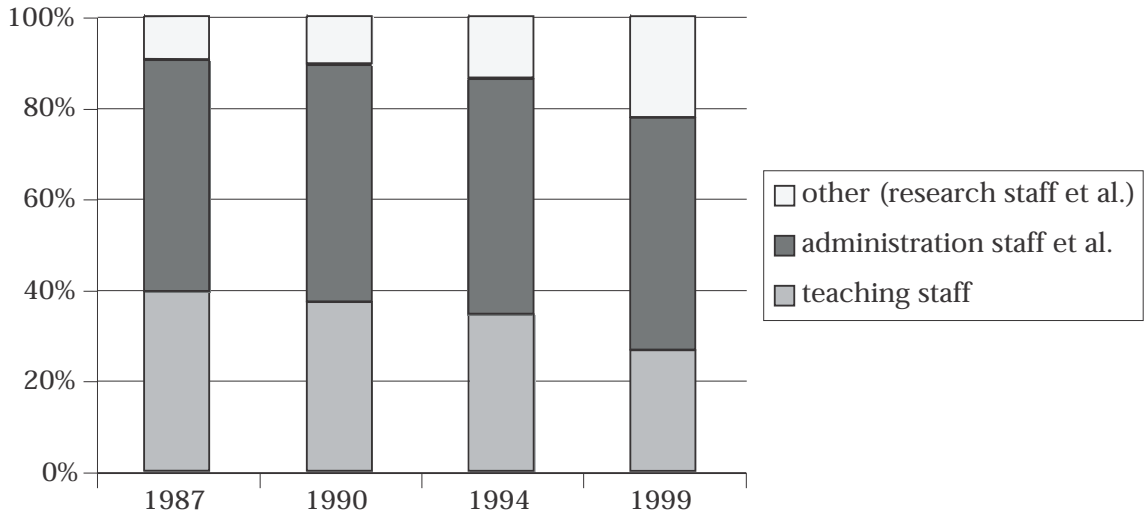
The consequences of the new legislation together with the new funding mechanisms have meant a strong transition towards managerialism and marketization in the field of Finnish higher education. University-regional connections have also become much closer than before.

7. The rise of the administrative estate and growing efficiency

The managerialization of higher education and the rise of the evaluative state have led to the strengthening of administration in the field of Finnish higher education. Administrative power was pioneered in US universities, which have traditionally had a strong executive function in higher education. College and university presidents were appointed by the board of trustees rather than elected by the faculty and senior administrators, such as vice-presidents and deans, were in turn appointed by the President, generally on the recommendation of the relevant faculty. Senior administrators controlled the budget, academic planning mechanisms and the other levels of institutional power. Institutional patterns varied, with the most prestigious universities having a greater degree of professorial power and autonomy than those lower in the academic hierarchy (Altbach, 1999).

As their functions expand and diversify, universities add administrators to deal with them, argues Altbach (1999). As in the United States, one of the growing sectors of the staff of higher education in Finland is academic administration. In 1971 as in 1981, Finnish higher education still involved slightly more teaching staff (approximately 4,500 and 6,000) than administrative staff (4,300 and 4,500). Since then, however, the amount of administrative staff has grown much faster than the amount of teaching staff, overtaking to a great degree the total amount of teaching staff. While in the late 1980s and 1990s the share of research staff increased fairly rapidly and the number of the faculty members remained fairly steady, the proportion of the teaching staff clearly dropped. This can be seen in *Figure 3.6* (Jauhianen, Rinne, 2002).

Figure 3.6 Relative proportions of university administrative staff and university teaching staff in the whole Finnish university system, 1987-1999



Source: Kota, 2001.

The new functions are usually too complex for faculty members to handle on a part-time and non-expert basis. It is claimed that they require full-time attention and specialized expertise in accountancy, law, management, health services, statistics and many other fields in the contemporary university. The demands for accountability have also added to the number of administrators needed to generate the statistics, reports, financial documentation and other evaluative data for government authorities, trustees and accrediting bodies. Legal officers manage the university's legal relationships with external groups as well as with students or professors. The legal staff may also have responsibility for patents and licences produced by university researchers. Administrators have little direct relation to the professoriate and do not owe their jobs to them. They have become a new 'estate' of the university – a self-perpetuating group that is central to the operation of the institution (Altbach, 1999).

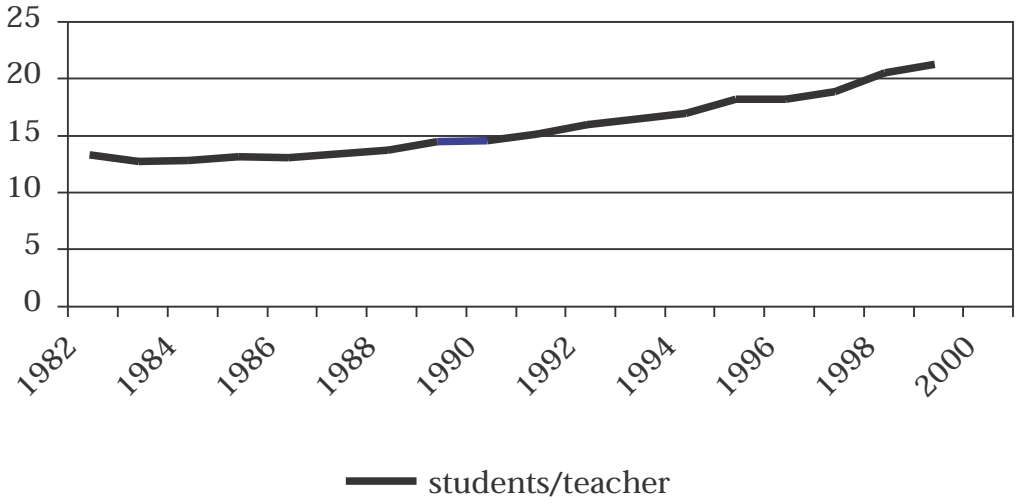
Academic administration has become a profession in Finland as well as in the United States. Things were different before. As Altbach (1999) writes:

> "In the past, universities were controlled by senior professors. This cadre of faculty members elected the top administrators for short terms of office from within their own ranks. Administration was not seen as a career, and rectors or vice-chancellors, once finished with their terms, typically rejoined the faculty. Academic institutions were fairly small, and were exclusively concerned with offering courses and lectures. Universities were simple to administer and did not require complex bureaucracies."

The professoriate has recognized its loss of influence and is resentful of the growing bureaucratization of academia. This is now a permanent facet of higher education. Academic institutions and systems must consider the role of administrators and managers in the new balance of power in higher education. Attention must also be given to the training and career development of the new administrative estate in higher education (Altbach, 1999).

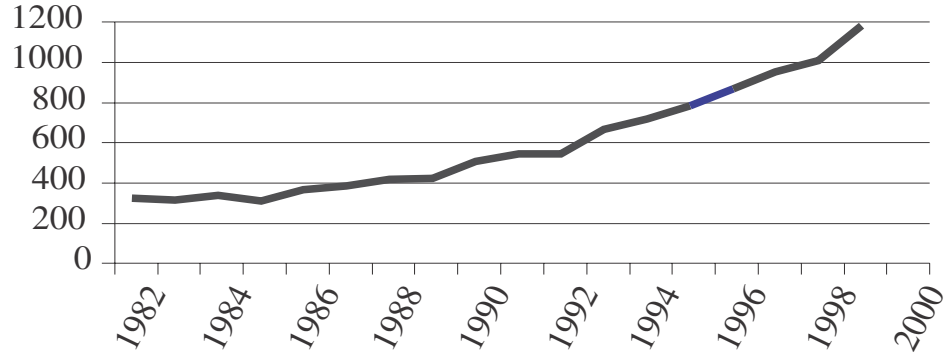
The ultimate goal of all the managerialism, evaluation and strengthening of the governing body at the university level is to bring about more effectiveness inside the university. There are at least two features in recent Finnish higher education history that demonstrate the success story in efficiency. First, there is the fact that the Finnish university system is now able to produce more masters and doctoral degrees than ever before, and at a clearly lower cost per student than ever before.

Figure 3.7 Number of students per teacher in Finnish universities, 1982-2000



In the 1990s, particularly, there were increasing numbers of students per teacher. While there were some 13 students per teacher in the 1980s, the figure is now over 20. This can be explained not only by an intentional higher educational policy that has opened the doors of universities to more and more students, but also by the strong economic depression of the 1990s which led to decreased public funding of basic university studies. When the Ministry diminished resources, it also began allocating them according to the new principle of 'funding by results' and rewarding of 'top quality units' of teaching and research. The consequences are there to be seen. Although the public resources of Finnish universities have diminished, this has not negatively affected numbers of graduates and doctorates.

Figure 3.8 Number of doctors per year, 1982-2000



The rise in the number of doctors per year is astonishing. While in 1990 only some 400 doctors graduated, the number is now clearly over 1,000. One of the main reasons for this is that the degree of doctor is one of the main indicators used in measuring efficiency and allocating money in funding by results.

8. No money, no honey – cutting public resources

The recent trends in funding Finnish higher education can be summarized in the following way:

Due to common budgetary cuts, universities are increasingly seeking external, competition-based sources (e.g. research councils, industry, international programmes) to fund their research activities. In Finland, for instance, 41 per cent of university research is financed by external sources, this share being highest in engineering and lowest in the humanities (Kaukonen, Nieminen, 1999).

Universities are increasingly assuming new economic and entrepreneurial functions which enable them to capitalize on their research-related products and knowledge-intensive services (cf. the 'entrepreneurial university' concept in Clark, 1998). At the same time, however, this tends to make research practices more diverse and often more fragmented (the 'multiversity' concept).

The organizational structure of research may also be affected. In many countries, it is often carried out in research units or centres which have an applied, interdisciplinary or problem-oriented character. Traditionally this was the case, for example, in France, where research is to a large degree carried out in university laboratories and research centres. A similar but more recent trend is visible in Finland, while in the UK and Italy, for example, it is still predominantly carried out in the teaching departments (Kaukonen and Nieminen, 1999).

In Finland, the relative share of private money has continually increased in the field of funding higher education during the past 20 years. This has meant a clear relative decline in public budgetary funding of higher education. In spring 2000 there were demonstrations by academic staff and students due to the enormous cuts to basic funding in Finnish universities. This marching in the streets has also had some influence. In the first budgets of the new millennium basic funding of the universities was increased, although only by some hundred billion Finnish marks.

While the Finnish Ministry of Education has been proud to state that higher education resources almost steadily increased during the 1980s and 1990s and that Finland is at the top in funding of higher education, the story is not that simple. The fact is that university funding has increased in 20 years from approximately 1.2 billion FMK to 8.9 billion FMK. However, this is mostly due to changes in budget categories and the increase of external funding. The Ministry of Education itself is currently obliged to note that 'real development of university funding' decreased quite sharply after the cuts of the depression of the 1990s. If we count funding per masters and doctoral degree, the result is the following (*Table 3.4*):

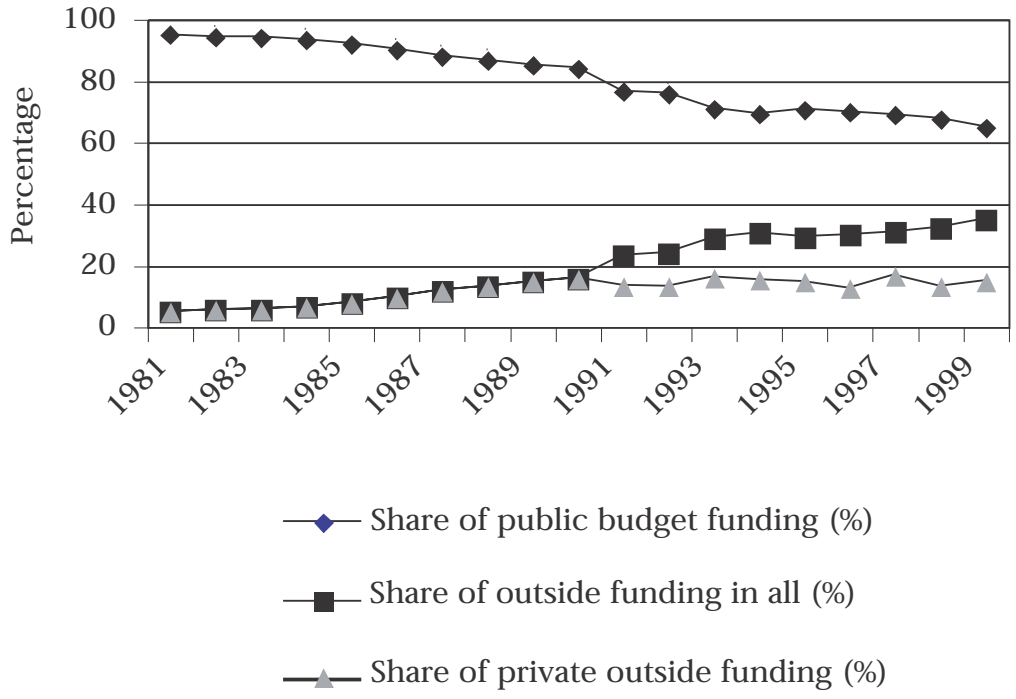
Table 3.4 Real development of university appropriations, 1991-2000

	Financing/student (1000 FMK)	Financing/MA and doctoral degrees (1000 FMK)
1991	42	540
1992	40	529
1993	38	477
1994	35	432
1995	33	427
1996	34	405
1997	33	398
1998	33	392
1999	33	381
2000	33	404

Source: Kota, 2001.

As *Figure 3.9* shows, Finland has coherently moved step by step towards increasing external funding. In 1999, 35 per cent of the funding came from outside the state budget, while in 1991 the share stood at only 23 per cent, and at the beginning of the 1980s at less than 10 per cent. External money comes mostly from various domestic sources (42 per cent in 1999), the Academy of Finland (17 per cent), Technology Development Centres (16 per cent) and domestic enterprises (15 per cent). The decrease in funds has not treated the various fields of the university equally. In some universities of technology and business schools, the share of external money may be some 40 per cent of total funding, while in the fields of the arts, the humanities, educational studies and social studies it is much more difficult to gain external money and this may constitute less than 10 per cent of the total funding.

Figure 3.9 Relative shares of university funding in Finland, 1981-1999



Source: Kota, 2000.

9. Becoming part of the new global policy

In their analysis based on the so-called resource dependence theory, Slaughter and Leslie (1997) claim that changes in academic work which have occurred during the last quarter of the century are at least equal in force to those which took place at the beginning of the industrial era in the late 1800s. Just as the Industrial Revolution gave birth to the wealth which formed the basis of the high-level of education and professionalism of that era, so globalization, political life and the economy are now, at the end of the twentieth century, creating an imbalance in the professional work of the universities which has been taking form for the past 100 years. As a result of globalization, new structures, incentives and rewards are being created for some aspects of an academic career, while simultaneously

barriers and disincentives are being created for other aspects of careers (Rinne, 1999).

Slaughter and Leslie (1997) are not alone when they speak of Academic Capitalism and the advance of the revolution in the world of the university. Rhoades (1997) writes about legal and economic changes that foster increased management prerogatives, upset the academic work of universities and result in loss of power. Gibbons *et al.* (1994, 1985) perceive the university funding system as a way of getting the universities in line with other economic activity. They see the marginal revolution of the universities advancing as a result of the development of a global economy and consider science to have become a consumer commodity. Clark (1993; 1998) contemplates in a serious tone the problems facing innovative European universities as they swear to an increasing degree by the name of 'entrepreneurship'. Williams (1995) ponders changes in the financial base of universities, due to which government funding is decreasing and the importance of outside funding as a condition for survival is increasing (Rinne, 1999).

Finland seems to have become a more tightly grafted part of the global post-industrial society and economy than ever before. It is therefore no wonder that the higher education policy of the country is no longer very national nor very Nordic, but more and more EU- and OECD-like. Universities have become not only an integral part of the evaluative state but also of the Evaluative Globe.

In Finland, the change to the old Nordic higher education policy has been exceptionally rapid and profound. In the past twenty, or perhaps even ten years the old principles and mechanisms have totally collapsed, or should we say turned around. The new principles of enterpreneurialism, managerialism, competition, funding by results, continuous assessment, top unit policy, contracting and fighting for

external funding have totally changed the old landscape. The 'enterprise university' has almost totally occupied the field of higher learning.

The dramatic changes in Finland have occurred partly due to the rapid massification of higher education, the deep economic depression, joining the EU and the radical changes to the right in the political climate as well as in the coalition of the basis of government in the country. More profoundly, they also reflect more global and international changes in the role and functions of the university institution in the nation-state and in international relations.

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IV. HIGHER EDUCATION REFORMS IN ICELAND AT THE TRANSITION INTO THE TWENTY-FIRST CENTURY

Jón Torfi Jónasson[3]

The higher education system in Iceland has received increasing political attention. In 1997, a new law was passed on university education that set up the framework for a variety of developments that had already begun to be instituted. The principal issues in the current and recent debates relate to decentralization, globalization, upgrading of educational programmes and perhaps both unification and diversification. It is also possible that some periods of growth can be discerned and that the analysis of these periods can be used as probes with which the future can be gauged.

1. Signs for the future

Kerr (1994) has argued that higher education cannot escape history, even as it enters the 21st century. With hindsight, it is certainly not difficult to note recurrent changes and developments that appear to characterize university education over long periods. This does not imply historical determinism, but rather that history is alive within the universities and has many guises. The heritage of university tradition or traditions reflects on many facets of university

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This paper originated in a project lead by Ingemar Fägerlind and Görel Strömqvist on current trends in higher education in the Nordic countries. I am grateful for their comments on the paper and also for those made by other members of the group, Lillemor Kim, Palle Rasmussen, Risto Rinne and Tove Kvil. I am also thankful for advice received from several Icelandic colleagues and particularly the extensive comments made by Ólafur Proppé and Þorsteinn Gunnarsson. Konráð Ásgrímsson at Statistics Iceland has always been ready to help me with sorting out the data.

development and has considerable influence on discussion on what a university is or should be. However, there are also the dynamic and often opposing forces that perennially appear to accompany the institutions or even the whole sector of university education. These are the forces of convergence, homogenization or academic drift as opposed to those of differentiation or divergence. There are forces pushing for academic freedom and decentralization and opposing those demanding relevance, accountability and standards. There are the forces of globalization and internationalization but also those of nationalization. There are the forces of enhanced elitism or meritocracy as opposed to those of equality of access or opportunity and enhanced education for all.

Development of higher education in Iceland seems to reflect this tradition of tension. A School of Divinity was established in Iceland in 1847. This was the first institution explicitly at university level in Iceland, yet was established such a long time ago that it might seem outside the purview of the present discussion. However, when we analyze this event more closely it is in so many ways a signal to the future that it is worth our special attention. Prior to the establishment of this school, young men could be ordained even if they had only finished the Latin schools at one of the bishopries or their successor institutions.[4] The new divinity programme in 1847 was a two-year programme, at a time when the corresponding programme in Copenhagen or at other universities was longer. Thus, already at the initial stages of establishing university departments in Iceland precedence was set for short degrees. Another noteworthy feature of the establishment of the School of Divinity was the acknowledgement that the Latin school (the *gymnasium*), which was originally a vocational school, as all the Lutheran *gymnasia* were in their early stages, had now become a general academic preparatory

4. There were two schools for long while, which were then united into one.

school. This event, which was in most respects a very natural development within the education system, is nonetheless noteworthy for a number of reasons. The first is that a university department had now been established in Iceland, which can from the current point of view be classified as a step in the direction of decentralization.[5] The second reason for noting this event is that a vocational programme had been shifted upwards, which was a definitive act of upgrading an educational programme. The third reason for our current interest is that it was thought necessary and reasonable that this practical vocational programme last only two years, while the parental programme in Copenhagen was slightly longer.[6] We therefore did not directly copy our parental system, a sign that we were going our own way in establishing the degree structure and also an expression of the idea that perhaps practical or vocational programmes should be short rather than long. The fourth reason to note this early change in our system is that a previously vocational school, the *gymnasium*, had now become a general preparatory school, a significant version of an academic drift. With hindsight, these are all very important signs to the changes that were to been seen gradually in the centuries ahead. Finally, when these changes were discussed, the issue of the nature of university education was raised. The relationship between scientific and professional training and the question of what should characterize a proper university department or university were discussed with particular fervour. The nature of the university was certainly an issue that has continued to characterize discussion right up to the present moment. Already in the middle of the nineteenth century, at the birth of university education in Iceland, some of the dynamism that has characterized its development in recent decades was therefore already present.

5. Iceland was then a part of the Danish state and it would be natural for Icelandic young men to study at the University of Copenhagen, but also at other European universities.
6. The official study period was not very rigid, with the estimated appropriate completion time of three years plus one preparatory year and two in-service training years, even though for many the study lasted longer (Ellehöj, Grane and Hörby, 1991; Thomsen, 1975).

2. The university system in Iceland

There is a long history of university attendance in Icelandic history, even though the country was fairly isolated and a long way from the nearest university. During the Middle Ages a significant number of Icelandic young men went to Europe, but later primarily to Copenhagen and other universities, to be prepared for their destiny primarily within the church but occasionally as state officials (lawyers).

Table 4.1 Overview of universities in Iceland in 2001

	Established as school	Established as university	Even earlier roots	Upgraded to university status	State / Private	Special law	Research based	BA, BS, BEd	MA, MS, Med	PhD programme	Awards PhD
University of Iceland	1911	**1911**	Yes		S	Yes	Yes	Yes	Yes	Yes	Yes
Iceland University of Education	1908	**1971**	Yes	Yes	S	Yes	Yes	Yes	Yes	Yes	Yes
Icelandic College of Engineering and Technology	1964	**1973**	No	Yes	S	Yes	No	Yes	No	No	No
University of Akureyri	1987	**1987**	No		S	Yes	Yes	Yes	Yes	Yes	No
Bifröst School of Business	1918	**1994**	Yes	Yes	P	No	No	Yes	No	No	No
Reykjavík University			Yes	Yes	P	No	No	Yes	No	No	No
Icelandic Academy of the Arts	1932	**1999**	Yes	Yes	P	No	No	Yes	No	No	No
Agricultural University at Hvanneyri	1947	**1999**	Yes	Yes	S	Yes	Yes	Yes	No	No	No

Fairly early on there were initiatives, however, to transfer at least some of this education to Iceland. In addition to the School of Divinity established in Iceland in 1847, a Medical school was instigated in 1876, a Law school in 1908 and in 1911 the University of Iceland was inaugurated with the faculties of divinity, medicine, law and a new faculty of philosophy (Jónsson, 1961).

Since then, a number of new faculties, departments and universities have been added to the constantly growing flora of tertiary education in Iceland. In 2001 at least eight institutions have the status of a university in Iceland. *Table 4.1* provides an overview of universities in Iceland. It shows when they were established as universities, gives some hint as to their ancestry (which is further developed in *Table 4.2*) and also gives some indication about their formal status as universities.

3. The present legal structure

The 1997 Higher Education Act

In December 1997, the Icelandic parliament adopted a completely new legal structure for the Icelandic higher education system which became operative on 1 January 1998.[7] The new Act signalled significant changes in the definition, organization and governance of the higher education institutions. Among the most noteworthy changes are the following:

Definition. A new stage, the stage characterized by the Icelandic term *háskóli*, was defined. Until then, this term had been used as

7. Previous laws were concerned with individual institutions. In 1946 for the first time there was an attempt to define the Icelandic education system. This was reiterated in a law promulgated in 1974. In both cases a clause from the 1911 Act on the University of Iceland was repeated, which stipulated that in order to be accepted for studies at the university, one had to have passed the university entrance examination, the *stúdentspróf*. This was until 1957 the only definition that formally distinguished the university from other educational institutions and thus in some sense defined it as a university. Thus a university could exist and function quite well without being demarcated or defined by law.

synonymous with the term *university*, so that to many this new stage was the university stage.[8] Perhaps this should be termed simply the stage of *higher education*, or even the stage of tertiary education, which is however not quite correct. This stage seems to be somewhat more elevated than simply a general tertiary stage. What is interesting with the definition given by the Act is that this new level is defined as a unitary system, still with some kind of differentiation implicit, but quite definitely not an explicit binary stage. An institution can now be called a university, *háskóli*,[9] independent of whether it is engaged in research or not and also independent of whether it is essentially a one-faculty institution or specializes in many different fields. It seems that some of the institutions at this higher education level in Iceland are expected to be research-based (and thus akin to a traditional university) but others are allowed to be without substantial research activity and thus at the college or polytechnic level. There is no educational institution remaining in Iceland which is truly post-secondary offers primarily a three-year degree or more which is not classified as a university. Moreover, a non-university tertiary institution would in fact not fit into the system.

Decentralization. Independence of the individual institutions was greatly increased at the formal level. Even though this new Act is a general framework for the system and although most institutions come under separate legal statutes, most internal rules are set by the universities themselves. All administrative ties between the state universities and the Ministry of Education have now been cut, except

8. In the official English translation of the Act, the term university is used for the word *háskóli* without any reservation.
9. The term *háskóli*, literally 'high school', reflects the insistence that major terms be translated into proper (and transparent) Icelandic. A version of the term *university* was considered to be a foreign term and thus not acceptable. The construction of the Icelandic term is reminiscent of the term *höjskole*, as in *folkehöjskole*, and is well known in the Nordic languages but in all cases refers to an institution that would be classified at the secondary stage. Its use in Iceland is debated even today, that is to say more than 200 years since its first recorded usage with explicit reference to a university. The term was first used in the Icelandic language in the seventeenth century and clearly used to refer to a university in the eighteenth century.

by the formal appointment of the rector by the Minister of Education. This was perhaps less of a change in practice, at least for the University of Iceland, as it had gradually become largely independent of the Ministry of Education during the last decades before the law was passed. For the smaller universities, however, this was an important change.

Financing. Financing of state universities can (or should[10]) now be based on a special service contract between the universities and the government. This is, however, not completely new, as a move towards a block grant to the University of Iceland had begun in 1991. Such a contract is now in place between the government and all the institutions classified as universities, as far as their teaching functions go, and a framework for a research contract has been signed between the government and the University of Iceland.[11]

Quality control. An important feature of the new law concomitant to the independence given to the universities are the clauses demanding procedures for both internal and external quality control. Ultimate responsibility for the upkeep of academic standards is now explicitly in the hands of the Ministry of Education.

Administration. The administrative structure of the state universities was changed. The representation of faculties on the university boards was weakened. Two representatives are now appointed by the Minister of Education and control exerted by the rector was strengthened, as was the authority of the deans. At the University of Iceland, a new body was established, composed of 50 to 60 representatives from the faculties, institutes and administration. This body meets twice a year and has a clear policy-making capacity and a fairly well-defined advisory role towards the university board,

10. It is not obligatory, but nonetheless hinted at in the legal text.
11. Similar contracts are being prepared for the other state universities.

but no executive powers. This is probably a rather unique arrangement for university governance.[12]

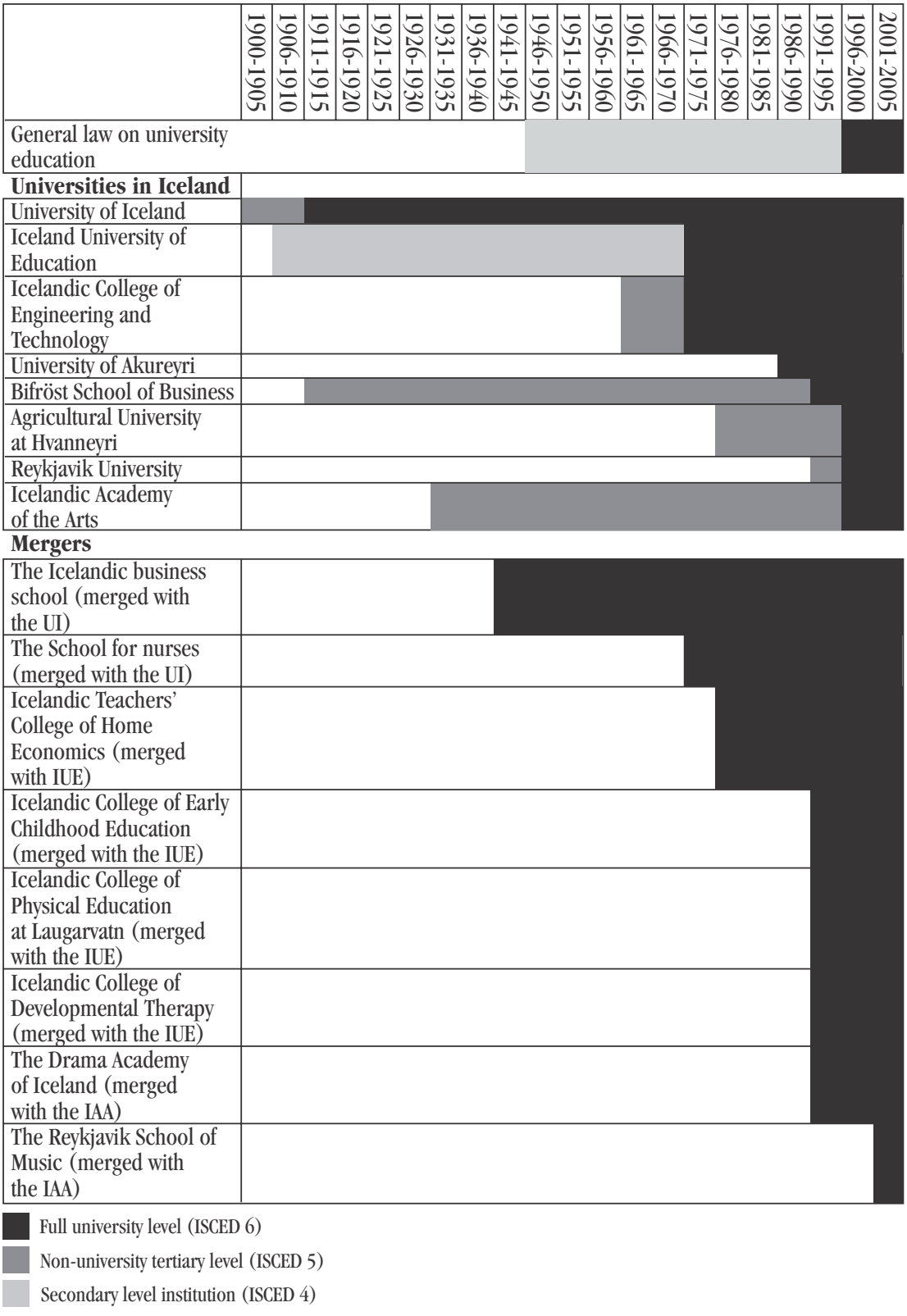
The universities

There are eight institutions that have the status of a university and two additional institutions which offer degrees at university level, but which are not however proper university degrees.

Table 4.2 shows when the different institutions gained university status, but more importantly it gives the impression of a strong trend. There is both an obvious trend towards university status and the acceleration of this drift towards the end of the twentieth century. Professional schools in many fields have been given university status, either by simply upgrading them or merging them with institutions already having that status. All disciplines which may be called academic vocational disciplines[13] can thus be characterized by a very clear academic drift. It would be in keeping with this general trend that in the next two decades, the vocational schools still at the secondary level will be lifted first to the tertiary level and subsequently to the university level. The stronger the previous apprenticeship ties, the later the shift seems to occur. It is of course not too difficult to envisage that the next phase in the development of university education will be the entrenchment of the USA pattern with a clear distinction between undergraduate and graduate schools. The new mass undergraduate stage will then experience similar development patterns and problems to those experienced by the secondary stage during the past 50 years or so.[14]

12. The meeting of this board is different from the yearly obligatory open meeting when the university finances are presented and discussed.
13. These are disciplines in which education was formalized within a school setting, as opposed to the older industrial trades where formal education was originally of the apprentice type but was gradually moved into schools, most of which are still at the secondary level.
14. This fits quite well into the framework Archer (1979) proposes as describing the elaboration of an educational system, even though the terminology used here does not coincide with hers.

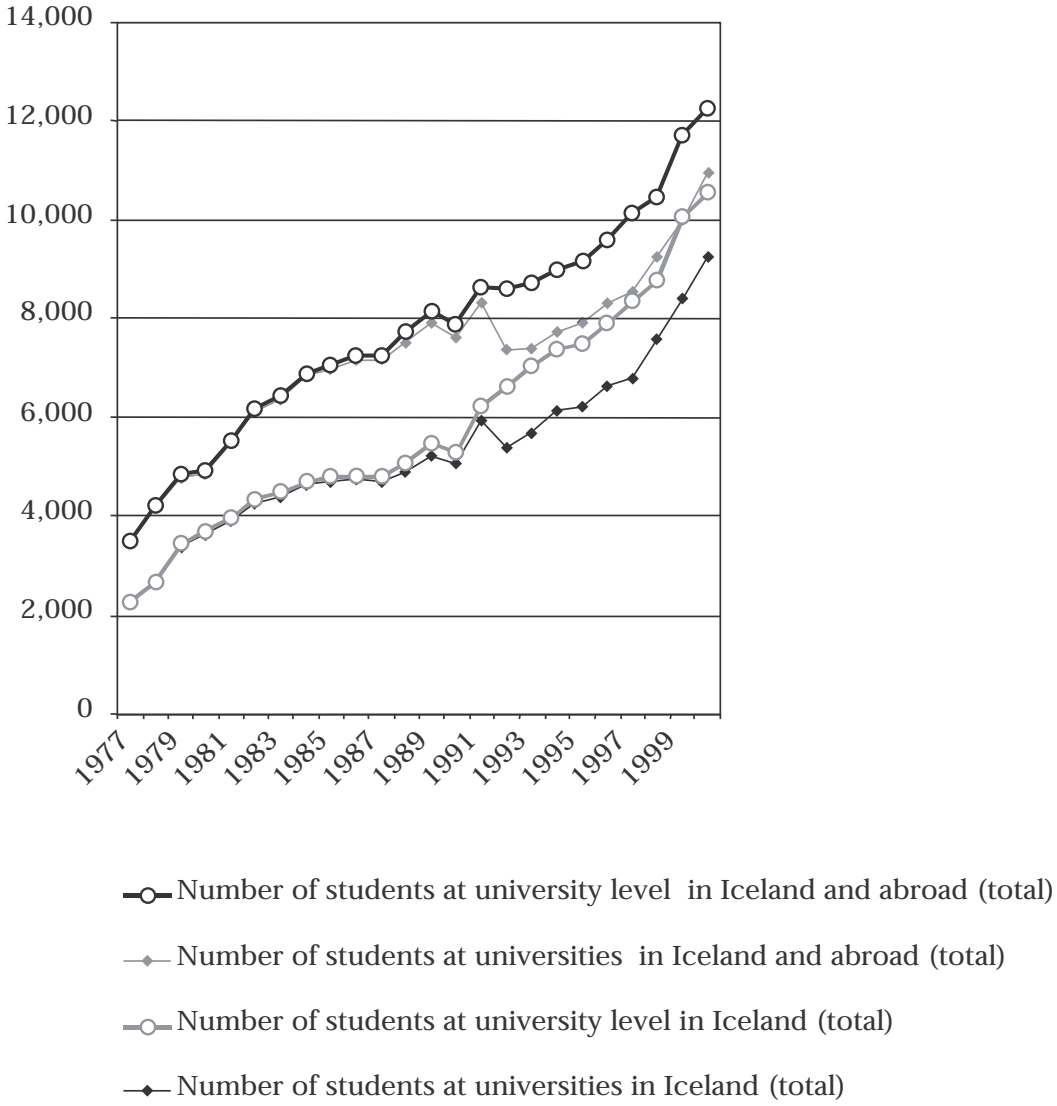
Table 4.2 Timeframe showing when institutions obtained university status in Iceland during the 20th century



The unification (and then generalization) of the secondary system was given impetus by a sequence of Acts related to this stage around 1946. However, this process still has an (albeit short) way to go. A first explicit step in the direction of a kindred unification of the tertiary system was probably taken by the adoption of the 1997 University Act.

Figure 4.1 shows quite clearly that until the 1990s there was no difference between the universities and tertiary education institutions which were not at the university level. The latter category was simply missing from the Icelandic system (and currently does not fit properly anywhere within the current legal framework). The number of students at ISCED level 5 rises as certain institutions at secondary level are moved to the tertiary level and we might therefore assume that a strong tertiary non-university level had been constructed. However, some of these institutions were then moved to the university level, leaving the non-university tertiary level practically void. It will however be of considerable interest to note whether the government idea (not yet a plan) to shorten secondary academic programmes from 4 to 3 years will not result in a number of tertiary non-university colleges being shifted from the secondary (vocational) level.

Figure 4.1 Icelandic students studying in Iceland and abroad.



Source: Hagstofa Islands, April 2002.

4. The nature of a university

There is recurrent debate, especially within the university community, on what a university is or should be. The formal set-up in Iceland is a unitary system, even though it is essentially still a binary system in practice.[15] On this issue, the government has adopted a

15. An overview of the situation in Europe is given by Kirstein (1999).

laissez-faire attitude, in the sense that it left the issue completely open in the 1997 Act. It is also kept more or less open in the institutional Acts, but the government may draw the line when it comes to the contributions to the universities on the basis of research-based contracts. It is not up to the government but to the individual universities to determine whether they can run masters programmes or confer Ph.D.s once they have been given permission by the government to run bachelor programmes.[16]

A 'university' was defined only quite indirectly in the first university Act adopted in 1909. It may be presumed that the effective defining characteristics were that it was expected to confer professional degrees (in divinity, medicine and law), allowed to confer doctoral degrees (by thesis examination) and was open to all students who had obtained *stúdentspróf* (the university matriculation or entrance examination), which was the final examination at the *gymnasia*. In the 1957 Act on the University of Iceland, the term 'scientific' was used for the first time in the principal clause (or in fact in the main body of the law).[17]

In the inauguration speech given in 1911 by the first rector of the University of Iceland, Björn M. Ólsen, the new university was defined as an institution which carried out research (Ólsen, 1912). This is a well-known (and frequently quoted) paragraph which is interesting for a number of reasons. First, the phrasing was incorporated quite literally in the 1957 Act and thus in a sense legitimates the earlier definition. Second, it was also used as a basis for the definition of the new university stage in Iceland as defined by the 1997 Act. Third, it highlights the extent to which a university could, and probably still

16. The exact formal procedure is uncertain as the Ministry is expected to publish a list of all accepted degrees, but the universities are in fact not supposed to apply for a permission to confer particular degrees.
17. To be exact, in the 1909 Act the term was used when referring to the possibility of conferring a doctoral degree, but was not related to any of the main purposes or actions of the university.

can, define its own operation, even though in this instance it was done by fitting it within a strong tradition. Four, this evolution of the idea perhaps underscores the long-term perspective one should adopt when investigating the development of such an important and resilient phenomenon as the university obviously is.

The phrasing in the new law is a natural progression in the evolution of the university stage in Iceland, with the principal defining clause in *Article 2*.

Article 2 (from the 1997 Act)

A university is an educational institution, which also carries out research, if so provided for in the rules applying to the activities of each individual institution. A university shall provide its students with the education to independently pursue scholarly projects, innovation, and fine arts, and to perform various work in society for which higher education is required. Universities shall disseminate knowledge to the general public and provide society with services by means of their knowledge.

This clause is interesting because the research component is a prerequisite for an institution to become a university, but the immediate reservation is then made that the institution might not be given permission to do any research. Thus the new Act prolongs uncertainty concerning what a university is well into the twenty-first century. Perhaps this does not present a problem, as the respective institutions seem to flourish without any more precise definition.

5. Characteristics of growth

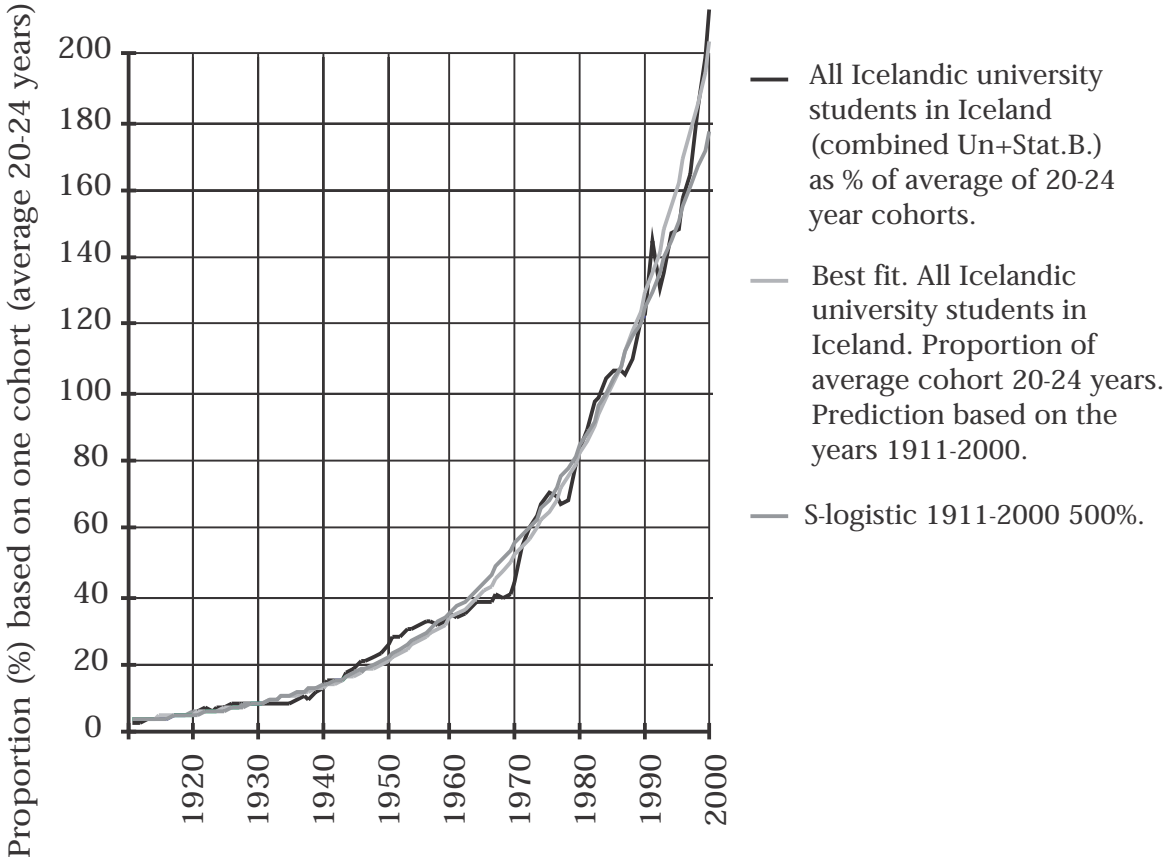
As in other countries, university education has grown very rapidly in Iceland and at times the growth seems explosive, even to the extent of becoming out of hand. It is quite clear that in a relatively short

time we have moved from the elite stage to the mass education stage at the university level as discussed by Trow (1974, 1999) on this issue.

In the following section we will investigate the stability of growth of the university stage in Iceland, explore to what extent we can find signs of an academic drift and speculate to what extent we can characterize different periods in the discourse on university education in Iceland. Finally, we will pose the question of whether the Icelandic system is becoming more diverse or more homogeneous.

Stability or explosive growth?

Figure 4.2 The number of university students in Iceland expressed as a function of the average cohort size (obtained from the 20-24 year cohorts every year)

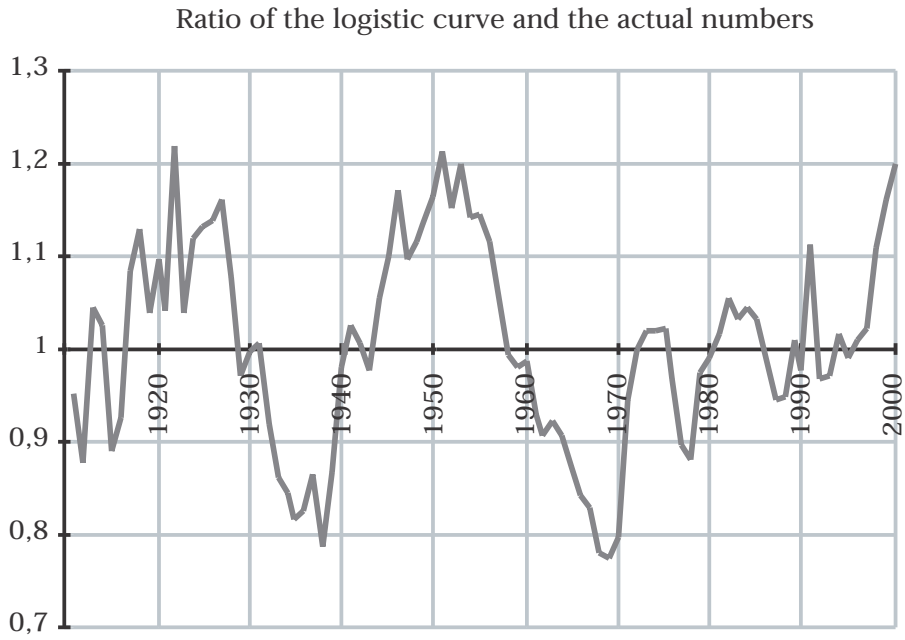


Note: Also shown are the best exponential and logistic fits, the latter assuming a ceiling effect with five complete cohorts attending university (as if on a compulsory basis).

Source: National statistics.

In *Figure 4.2* we see the number of Icelandic students in Iceland expressed in terms of an average cohort in the age range 20-24.[18] There are a number of interesting features to this curve. First, the good fit of the exponential curve with a growth rate of 4.5 per cent a year. Second, there are the deviationswhich will be discussed in connection with *Figure 4.3*. Assuming for the time being that the underlying growth is well-described by an exponential curve, as shown in *Table 4.2*, it transpires that the growth is basically regular even though there are various fluctuations and periods of stagnation and enhanced growth.[19] However the basic tendency is quite clear. The figure demonstrates considerable stability and is only explosive in the sense that an exponential growth is in the end explosive.[20]

Figure 4.3 Ratio of the logistic curve to the actual university attendance rates



18. There are various ways in which one can assess growth or change within an educational sector, but in this paper we will limit the discussion to one quantitative measure, namely the number of students studying at university level in Iceland, and to a qualitative discussion on structural changes both at national and institutional level. The numerical scale used has a number of limitations, but only one will be tackled later: the large proportion of Icelandic students studying abroad.
19. See discussion on the growth and fluctuations in university education in Diebolt (2000) and Windolf (1998).
20. This is discussed in some detail in Jónasson (1997, 1999).

Figure 4.3 shows the fluctuations in university attendance during the twentieth century with reference to the exponential growth curve. From this point of view there were three major periods of growth during the twentieth century. The first was after the First World War, the second after the Second World War and then bursts or fairly minor upswings in the seventies, eighties and nineties. However, it is open to question as to whether even the last spurts truly show extra growths. It appears as if the periods of apparent growth are in some sense a correction of a previous downswing, to maintain the underlying growth. From this perspective, one should direct attention more to the stagnation periods in the 1930s and again in the 1960s rather than to the subsequent upsurge.

Can the future be predicted?

It is quite often said that there are periods of growth in education, partly determined by the economic climate and partly by government policy, and perhaps educational change should be analyzed in those terms. However, the already-demonstrated stability suggests that the expansion may be less sensitive to the temporary and fluctuating forces at play. It is perhaps acceptable to consider this system as fairly independent and assume that it will continue to develop at its own pace.[21] From that perspective, the future can be predicted.

There was turmoil in education in Iceland in the years 1965-1970. An energetic Minister of Education was sitting in a fairly stable government. There was discussion concerning drastic changes to the law on compulsory education. There was fairly intense debate on the gymnasia and how they should be modernized. There was discussion on enhancing vocational education at the secondary level

21. Note here the discussion presented in Fuller and Rubinson (1992); Meyer, Ramirez and Soysal (1992); Ramirez (1997) where a number of theories explaining the expansion of mass education are discussed.

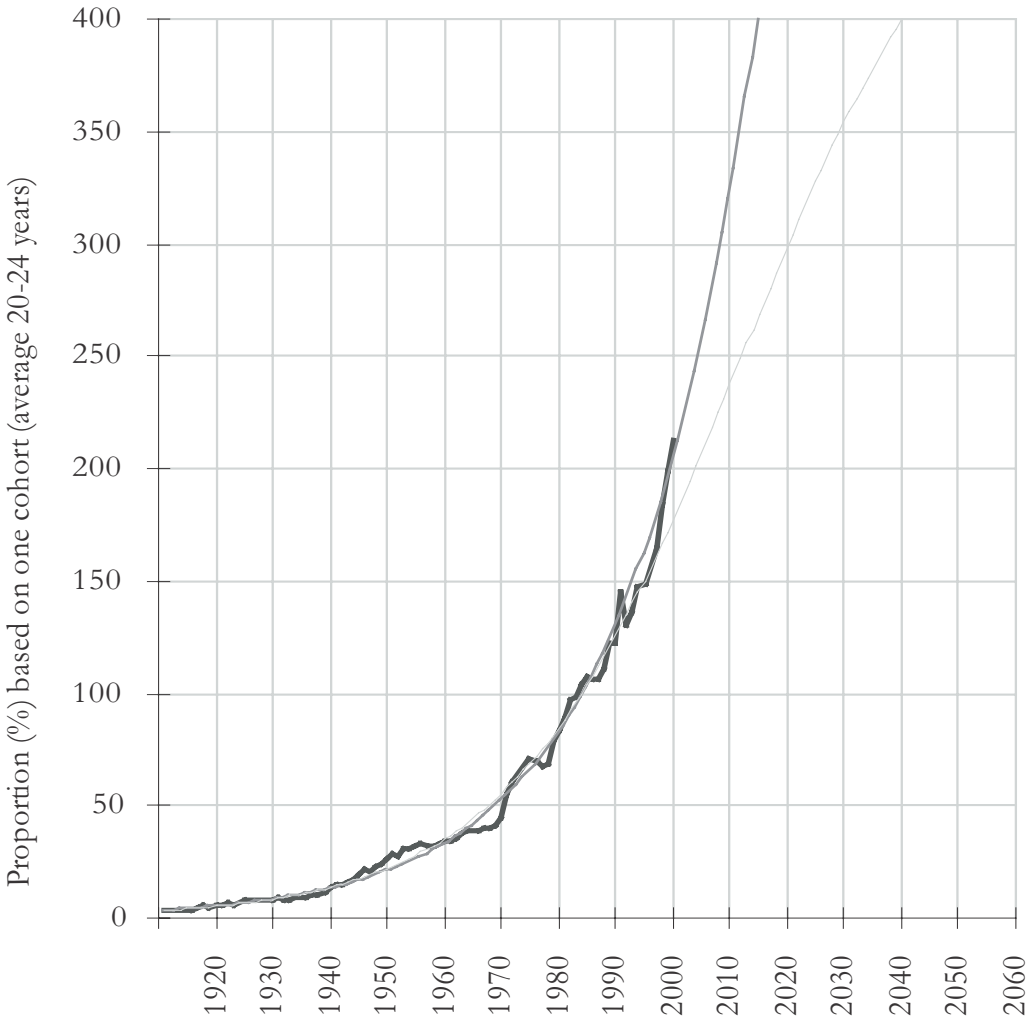
and on enhancing educational opportunities at the secondary level in the rural areas. There was an especially lively discussion about university level education both within the University of Iceland but also concerning other institutions such as the College of Teacher Training (Jóhannsdóttir, 2002) and the Technical college. It is sometimes suggested that this political interest, the discussion taking place within the institutions and the general atmosphere of the late sixties spurred a renovation and upsurge in university education in Iceland, but it may be of some interest and perhaps somewhat sobering to consider again the underlying trends. Assume for the time being that in the year 1970 someone had predicted the expansion of the university population for the next 30 years, on the basis of exponential growth in terms of the cohort size using the previous expansion from 1911-1970 as a base (and nothing else). The result is shown in *Figure 4.4*. The fitted curves are based on actual numbers in 1911-1970 and the vertical line is meant to emphasize this. The broken line is the exponential best fit, but the unbroken line shows the logistic best fit, assuming that in the end the upper limit will be when five age groups were attending university (which would be roughly equivalent to a compulsory five-year educational programme).[22] It is clear from the figure that the number of students registered at university level in Iceland in the thirty years from 1970-1999 would have been correctly predicted using this base. The actual numbers fall in between the exponential prediction and the logistic fit, which in the long run must be a better predictive function.

Even though this is an exceedingly simple and superficial measure, it still shows that the growth of university attendance for the period 1970-2000 is very clearly a continuation of previous trends. This may in turn have a profound effect on the way in which we consider the

22. Note that here it is assumed that the exponential and logistic curves are not seen to indicate different models but essentially two versions describing essentially the same process.

political and institutional actions in this 30-year period. They should perhaps be regarded as facilitating, benevolent and reactive rather than directing, controlling and proactive.

Figure 4.4 Relative number of university students in Iceland, 1911-2040



Note: This is predictive exercise based on university attendance rates in 1911-1970. The exponential and logistic curves are based on the data from 1911-1970, but the actual numbers are also shown for the period 1971-1998. The predictive fit is quite good.

In this light we can look even further ahead and expect considerable expansion in the number of university students (as a function of cohort size) in universities in Iceland during the first decades of the twenty-first century. The expected increase is from about 2.0 cohorts (i.e. equivalent to 200 per cent in the figure) in the year 2000 up to about 2.5 in 2010 and 3.0 in 2020, or less than double in the next twenty years.[23]

What is perhaps less clear than this very robust expansion in numbers of students are the changes that must take place within the university system in order to enable this expansion to take place. Trow (1974, 1999) discusses the qualitative changes that the shift from elite to mass to universal education must entail.

6. Professional versus academic education – an academic drift?

The rhetoric related to the building up of university education in Iceland has been at two distinct levels: the internal and often celebratory rhetoric conducted by academics on the one hand and the political rhetoric used both by academics in their university political roles and by politicians on the other. Ideologically, universities are basically academic institutions, a fact that is constantly reiterated by the academic community (Þórðarson, 1986).[24] In practice they are however, to a large degree, institutions of professional training. This somewhat schizophrenic existence has certainly characterized the university system in Iceland and will probably continue to do so for a while.

23. If the growth rate is faster than this, following the exponential curve rather than the logistic curve, the dampening factor of the logistic modelling equation must be reconsidered.
24. Archer (1979) discusses this state of affairs and concludes that collectively the British academics accepted their pragmatic role, but individually very few did. Cumulatively, this led to a shift towards pure science in British universities, at least during the period 1944-1965 (Archer, 1979: 731), and perhaps towards the social and humanistic sciences for kindred reasons during the build-up in the subsequent period (Archer, 1979: 739).

Students in Iceland for a long time had basically four options; the three professional options of completing their university studies to become a priest, a doctor or a lawyer and the faculty of philosophy, which for a while did not have any students. All new additions to the university were either strictly professional degrees or degrees motivated in political discussion principally by pragmatic or professional reasons, even though the ensuing disciplines were essentially academic. Even though argumentation continued in this vein, the precursors to the current faculties of natural and social sciences were being permanently established in the late 1960s and early 1970s. That might be said to mark the beginning of a period of scientific education.[25] The important point to note is that this happened even though political discourse continued to demand expansion of the degree flora on pragmatic or vocational grounds. All the changes that have occurred since the 1970s and are shown in *Table 4.2* are of this type, i.e. to make the disciplines more academic, more in keeping with the traditions of a university. Since then, fairly continuous efforts have been made to enhance the professional or vocational element within the university arena, mainly by elevating schools from the secondary level. Thus the professional emphasis is never far away. In the late 1980s and early 1990s, more emphasis was placed on research activity of university staff at the University of Iceland and the view became prevalent that research would not be effectively built up within a university without graduate programmes. Thus two strands concurrently characterize growth of the university sector in Iceland. We can observe a fast growth of the various smaller universities which are predominantly of a vocational or a professional character and the post-graduate programmes, most of which are at

25. The term *scientific education* is meant to refer to the emphasis laid on the scientific nature of the disciplines, on the importance to establish a scientific basis for the students to base their future career on and on the importance of a scientific or a theoretical approach to problems, but does not necessarily imply that the students are being prepared for a career in research or given research training. The term *education for research* is meant to refer to these latter aims.

the University of Iceland. There is also a high participation rate at the Iceland University of Education and it is growing at the University of Akureyri. It is of some interest, however, that now for the first time, the roles of rhetoric and praxis have changed places. The building-up of masters degrees is being rationalized as vital to the fostering of research at university level, yet the majority of the popular post-graduate programmes are of a professional character, in areas such as computer science, business administration, education and public administration.

Different periods of growth

It may be worthwhile to attempt to identify and characterize different periods of the building-up of university education within any community.[26] It has already been shown above that neither uniform basic growth nor the first order waves or fluctuations need to be categorized. However, an inspection of the rhetoric throughout the twentieth century may reveal very important changes in emphasis.[27] These changes in justification or rationalization of university education may throw important light on the content of current rhetoric and perhaps on the debates we will witness during the next decades. The apparently substantial and sometimes even complete dissociation between the actual changes taking place and the dominating rhetoric is somewhat sobering, especially when investigating the current policy and rhetoric.

It is clear that the justification for the establishment of a university in Iceland was a part of the nation's strive for independence – a university was seen by many as one of the pillars of an independent

26. Perhaps the most noteworthy attempt to achieve this is Margaret Archer's description of the evolution of educational systems, but hers was intended as a general analysis (Archer, 1979). See *Chapter 4* in particular.
27. A more general characterization, but which is nevertheless very relevant, is the characterization of decades in terms of changing rhetoric in *Table 7.1* in Chabbott, Ramirez (2000).

state.[28] Nevertheless, the dominating rhetoric for enhancing university education in Iceland for the whole of the twentieth century centred on professionalization. This is manifest in the emphasis on professional degrees at the initial stages of the history of university education in Iceland. However, it was also noteworthy at several points in the 1930s though to the 1960s, for example in crisis discussions or debates or initiatives of some importance concerning the University of Iceland. In the 1970s and the following decades, several institutions with a vocational or professional mission have received university status, thus again emphasizing the professional character of the tertiary (university) stage (see *Table 4.2*).

Table 4.3 attempts to characterize different periods of growth of higher education in Iceland as given by the rhetorical discussion. This is based on a rather cursory analysis, but a more thorough discourse analysis must be undertaken to investigate this. Throughout the latter half of the nineteenth century a number of proposals came from Iceland (to the Danish authorities) to establish some kind of institution of higher education, many of which envisaged the creation of a proper university.

28. For many years the Danish authorities refused to allow the establishment of either a university or in particular a faculty of law as this would give the Icelandic people an unacceptable edge in legal arguments that might ensue about the status of Iceland within the union with Denmark. See the general discussion of the relationship between systematization of education and state-building in Green (1990). Here Green argues that one of the conditions that encourages a government to play an active role in stimulating education is a nation's striving for independence.

Table 4.3 The rhetoric emphasized in support for university education in Iceland during different periods

	1900-1905	1906-1910	1911-1915	1916-1920	1921-1925	1926-1930	1931-1935	1936-1940	1941-1945	1946-1950	1951-1955	1956-1960	1961-1965	1966-1970	1971-1975	1976-1980	1981-1985	1986-1990	1991-1995	1996-2000	2001-2005
A part of the striving for independence	■	■	■	■	■	■	■	■													
Professional education	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Emphasis on scientific education														■	■	■	■	■	■		
Education for research																			■	■	■

This rhetoric continued to be reiterated in debates on the university within the Icelandic political arena (as Iceland gained more independence in stages) for the first few decades of the twentieth century. However, the existence of a university was gradually taken for granted so this emphasis faded into the background. It is quite clear that the importance of education of professionals at the university level in a steadily growing number of disciplines was always high on the agenda during the whole of the twentieth century.

As the university grew stronger and the number of students who went abroad for undergraduate studies grew, it became accepted that more of the traditional disciplines in the sciences should be offered at undergraduate level in Iceland. Even though this was a for a long while justified by the need to educate teachers at secondary level in these disciplines it gradually became accepted that undergraduate education in a multitude of academic disciplines was within the purview of the University of Iceland. As acceptance of this grew, the rhetoric became divided. One strand emphasized the continued strengthening of professional education, but not necessarily (and for some, explicitly not) within the University of Iceland. It is clear from

Figure 3.8 that the professionally-oriented smaller universities are flourishing. The other strand was the demand to build up postgraduate academic or research-based education in Iceland (education for research), now primarily within the University of Iceland. Even though this had been discussed for a considerable time, the issue became rather prominent in the early nineties and is still in full force.

7. The hegemony of the University of Iceland

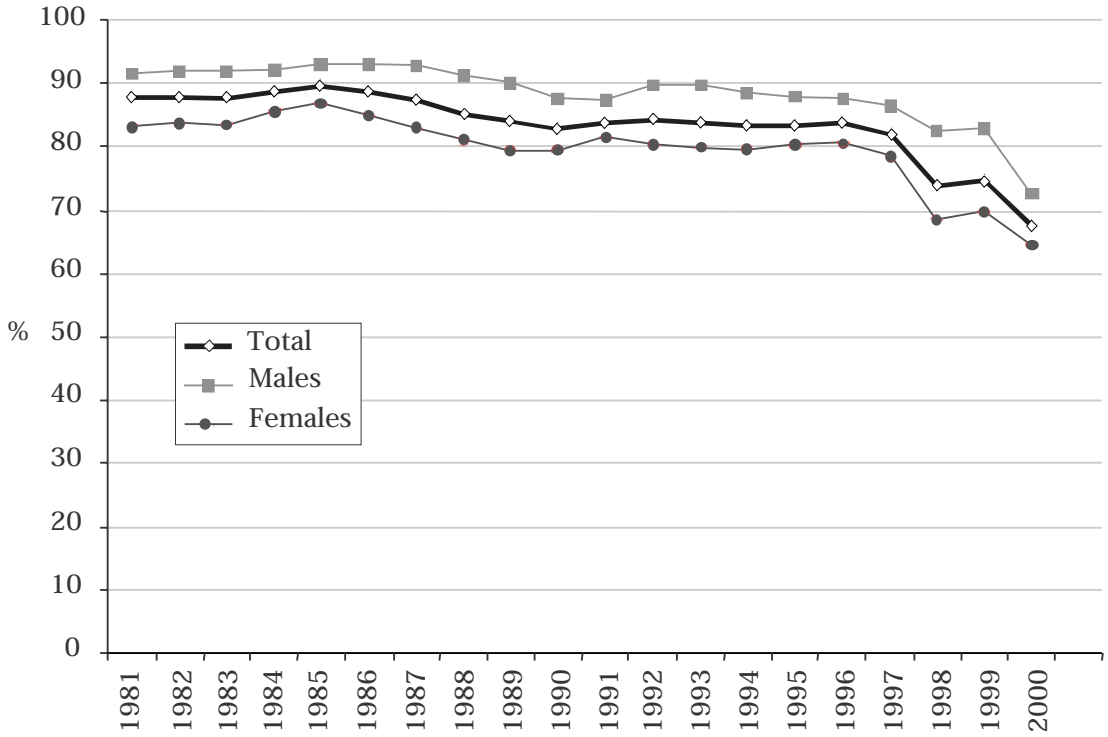
With a population of only 280,000 people the question may be put as to whether such a small nation can sustain a real university at all, let alone the eight institutions that have been given university status by law. Bray and Parker (1993) make the point that in many cases small education systems behave just like much bigger systems, but not always. However, it is often thought that a university is such a specialized institution that it can only thrive in a relatively large community. Thus this question of the number of universities and the unique status of the University of Iceland demands special attention.[29] The government has no particular policy on the number of universities. It is clear from the second paragraph of the 1997 Higher Education Act plus the explanatory clauses, in addition to the fact that there exist special laws or licences for all these institutions, that the government in no way objects to this state of affairs. There are at least three policy issues involved which counter the unification of the flora of universities under the umbrella of one university. It has been government policy for a number of years to support university education outside Reykjavík and Akureyri is the natural first choice.

29. A number of evaluations have been carried out on university education in Iceland. In these cases a rather positive assessment has been given. Furthermore, hundreds of students with first degrees from the University of Iceland have proceeded to complete their masters or Ph.D.s at top foreign universities all over the world. Thus there seem to be good reasons to assume that the quality of university education in Iceland is on a par with high quality international university education.

When the idea was first discussed, the idea of establishing it as a part of the University of Iceland was put forward, but this option received little support among the principal proponents of a university in the north. For a while, there was also an implicit policy to merge institutions. At one time the subsuming of the art schools, now under the umbrella of the Iceland Academy of the Arts, under the University of Iceland was discussed. This did not happen. Similarly, uniting the Iceland University of Education with the University of Iceland was considered on several occasions, but that has not materialized. The basic argument for merging these institutions is the less costly infrastructure obtained from the economy of scale. This may be an appealing argument, but the counter-arguments relate to competition and diversity and are in the long run probably more compelling. It makes sense to unite a number of different disciplines together to make a reasonably powerful unit. At the same time, it is even more important to make sure that no field of study that educates many students, especially within a professional field, is monopolized by a single unit or group of academics, however good they are. Furthermore, if a large majority of the growing tertiary field is subsumed under the same governing structure, it would certainly threaten the diversity still flourishing within the multitude of institutions. The third issue is the determination by the present government to encourage privately-run institutions, even though there has been no decision taken by parliament to allow state universities to accept fees. There will probably for a while be state and private schools running side by side in Iceland.

Figure 4.5 shows how the hegemony exhibited by the University of Iceland during the twentieth century has been challenged. There is every reason to anticipate that that the relatively rich flora of institutions at university level will increasingly share the student population.

Figure 4.5 Percentage of university students (male and female) in Iceland studying at the University of Iceland



8. Decentralization

Decentralization appears to be motivated on ideological grounds. It is believed to lead to diversity and more efficiently-run institutions which better respond to society's needs. It is an important principle of government policy at all levels in the educational system to transfer governance from the Ministry of Education to local authorities or individual institutions. This occurs at many levels but as far as higher education is concerned we will consider decentralization from four points of view: the financial, the administrative, the physical and the curricular.

Financing

The localization of financial decisions is probably the most important determinant of the locus of power. It was made very

explicit in the 1997 law on higher education that permitted funds to be distributed to universities as block budgets, probably on the basis of special service agreements made between the state and the respective universities. It transpired that these would be divided into two parts, an agreement on teaching and an agreement on research.

For most of the 20th century, detailed budgeting for the Icelandic universities was decided by parliament (itemized budgeting). University posts were consequently fixed by Parliament and no positions could be opened without explicit permission in the government budget. In 1991[30], this situation was partially changed as parliament decided that the University of Iceland could regard its budget as a block which could be distributed within the University. For the other universities this option was not given at that time. The University of Iceland set up a financial committee in 1990 to devise a scheme to distribute its resources and subsequently adopted a formula used by the Swedish authorities to distribute resources to universities. After a number of principal adjustments in the method of distribution, the resulting formula then became the basis of negotiations between the government and the University of Iceland. However, during the late stages of the preparatory work for the agreement, the government decided to considerably simplify the basis for the calculations (still retaining the basic tenets of the Swedish model), motivated partly by the envisaged process of negotiating a similar agreement with the other universities. Today, all state universities have an agreement based on essentially the same formula, and in practice the same also applies to the private universities. The agreement does not bind universities in any way as to how they distribute their resources internally. The basic unit for the agreement

30. In the budget agreed by parliament for 1991, the number of budget items for the University of Iceland was considerably reduced, requiring the university to take on the responsibility of distributing resources between the different faculties, see e.g. Aðalsteinsdóttir (1999).

on teaching is active students. There are five different price categories of study fields.[31] This holds for all the universities. In 1999, the first service contract was signed between the government and the University of Iceland, and subsequently with other universities. In 2000, the first contracts were signed with the private institutions. In December 2001, the first research contract was signed with the University of Iceland and contracts with other state universities is expected to follow.

State versus private institutions

There are no for-profit educational institutions within the formal educational system in Iceland. There are, however, a number of institutions that are termed 'private'. The term has a rather peculiar meaning as these schools are not classified as state-run institutions but receive at least the same contributions from the state as the so-called state-run universities and in some cases more. The service agreement between the state and the universities gives them all the same contribution per capita irrespective of whether they charge fees or not. This has been criticized by, among others, the representatives of the University of Iceland, which is not allowed to charge fees other than mandatory registration costs, but is still in direct competition with for instance the Universities of Reykjavík and Bifröst, which are allowed to and do charge fees. Furthermore they are less tied down by law on a variety of administrative issues and are thus less constrained in their operations than their state-run counterparts.

31. See e.g. Hannibalsson (2000). The seven classes are 1 (including the humanities, law, the social sciences and theology), 2 (mathematics and computer science), 3 (nursing), 4 (teacher training), 5 (the natural sciences, engineering and pharmacology), 6 (medicine), 7 (dentistry).

Administration

An important part of the 1997 law on higher education was to assert the independence of university administration from the central government. This was more a tidying-up as far as the University of Iceland was concerned, but for the other state-run universities it was a major shift towards administrative freedom. Due to the different sizes and therefore the varying infrastructure of the different universities, there is a variety in the administrative decentralization within them. However, the essential change is that the central administration has now replaced the Ministry of Education in terms of being the highest administrative authority, with the individual faculties being the basic financial and administrative units. *Table 4.4* shows where the actual and formal administrative powers lie. In many cases, the same decision must be ratified at a number of levels, as shown by the same letter being used at different levels. It must be noted, however, that in practice the lowest level involved does in the vast majority of cases have its own way as long as it keeps within the known limits of money and standards. Where decisions of a different kind are taken at different levels, this is shown with different letters. For example, the Ministry of Education (and the Ministry of Finance) negotiates with the universities the amount of money it contributes to teaching and research. The university then distributes the money internally, *inter alia* to the faculties, which may then redistribute the money to the departments.

It seems worth noting that a lot of the actual decision-making power lies with the departments or faculties themselves, indicating extensive grass-root decision-making. This holds to a large extent for financial decisions but also for most other decisions concerning the day-to-day running of the university operations, as demonstrated in *Table 4.4*.

Table 4.4 Decision-makers at the University of Iceland[32]

	Appoints rector	*Appoints professors*	*Appoints docents, lectors*	*Appoints researchers*	*Nominates to an appointment evaluation committee*	*Distributes resources*	*Hires administrative staff*	*Decides on numerus clauses*	*Starts new programmes*	*Starts new courses*	*Sets entrance requirements*	*Sets entrance fees for state inst.*
Parliament												X
Minister of Education	X				X	X						
The senate	X[33]				Y	Y		X	X[34]		X	
The rector		X	X	X			X					
The faculty		X[35]	X	X[36]	Z[37]	Z[38]		X	X	X	X	
The dean							Y					
The department									X	X	X	

The 1997 Higher Education Act transferred formal authority from the Ministry to the individual institutions, for example as far as appointments are concerned. This does not hold, however, for the appointment of the vice-chancellors (*rektors*), who are appointed by the minister but in all instances after recommendation from the Senate, which may be bound by elections within the institutions. This can be interpreted as a move towards centralization, if only in a symbolic way.

32. In the table, different letters are used if the decisions are essentially different, but the same letter is used if the same decision needs confirmation at a higher level. The same structure holds essentially for all the state universities but may be simpler by virtue of them being smaller and thus having a less complex infrastructure.
33. At state universities, the senate is bound by a general vote by the staff according to rules decided by the university senate.
34. In most cases new programmes require approval from the senate. This is evidently the case when substantial resources are needed or new degree titles are being constructed. However, there has been some leeway for university faculties to diversify, especially when they have added one-year subsidiary degrees either at the BA/BS level or at the professional postgraduate level.
35. An academic staff member cannot be appointed by the *rector* unless she/he is approved both by the appointment committee and a faculty meeting. The same holds for promotion from *lector* to *docent* and from *docent* to *professor*. The university can decide other procedures as far as the faculty meeting is concerned. At some universities, the senate takes the place of the faculty meeting at the University of Iceland.
36. The appointment procedures for researchers are diverse.
37. The three members of the evaluation committee are appointed by these three instances, the chair being the faculty appointee.
38. There are different levels of distribution of financial resources.

Localization

An interesting part of the debate on education in Iceland are the often very intense disputes about the physical location of a new specialized institution run by the state, be it a gymnasium, a school for farmers, seamen, teachers or any other group. The rivalry between the different regions has often been quite strong and it is understandable that many of them wanted to obtain a new school that was being established. This was of course in a sense also inherent in the emphasis Icelanders put on establishing a university in Iceland, however status and a mark of independence were also an important part of the argument. When the university was established in 1911, there was consensus on its location in Reykjavík. Since then, there have, however, been heated debates on the importance (but also the feasibility) of establishing universities in other towns in Iceland in order to offer the local populations a better opportunity to obtain university education.[39] Three universities are now placed outside Reykjavík, but in recent years a number of institutions affiliated with the University of Iceland have also been established outside Reykjavík. The University of Iceland, the Iceland University of Education and the University of Akureyri also run extensive distance education programmes often directed at specific communities located outside Reykjavík.

Curriculum

A fairly clear measure of decentralization is the placement of formal curricular decisions within the administrative framework (see *Table 4.4*). Even though these are always less contested than the financial decisions, from a professional view they are no less important. It is interesting to note how decisions on fairly detailed

39. The positive effect of lessening the brain-drain has already been established, as discussed by Eðvarðsson (2001).

curricular matters at the University of Iceland initially had to be approved by the Ministry of Education, but they gradually moved to the university, first to the senate and then to the faculties, where the formal decision-making power rests now. It is often forgotten (even by academics) that this crucial aspect of university operations are in fact in the hands of the academics themselves – at the grass-roots.

Decentralization and independence of universities

Both according to government rhetoric and from the formal point of view, the higher education sector is now more independent and flexible than ever before. This is borne out by most of the decentralization measures described above. It may be argued, however, that the status of universities *vis à vis* the state has in some ways been weakened. This may sound counter-factual but in pragmatic terms may nevertheless be true. Until now, the Ministry of Education has been adamant that it does not want to meddle with the way the universities use their resources. The authorities are only concerned with the service agreements and adherence to the quality measures they issue. This leads to perhaps two strange effects. University dons are suddenly being made responsible for deciding whether certain programmes are run or not and thus for an important part of national education policy. This may bring about a political debate within the universities for which they are neither prepared nor well-suited and which may damage the communal aspect which is perhaps one of the pillars on which their successful operation must rest. The institutions are thus in principle free to establish new programmes or even departments if they wish to do so and there are already instances of the Ministry of Education responding to external pressure to instigate new programmes by redirecting this pressure to the universities.[40] At the same time, however, the Ministry can if it wishes allocate

40. The clearest example was the discussion on the establishment of a programme in occupational therapy.

resources to individual universities to develop certain programmes. With the multitude of universities, it could begin to play the institutions against each other. Yet another side to the general budgeting mechanism is that the financial parameters of the model (or rather the contracts agreed between the ministries and the universities) can be expanded or reduced without helping or hurting anyone in particular.[41] Therefore the government could restrain the resources given to the universities, thus pulling the bridle without it being politically very transparent, as it would not necessarily imply stringency in any particular sector or field of study. These rather hypothetical points are meant to draw attention to the fact that even though from one vantage point the universities are certainly less dependent on the state than before, from other points of view the opposite is the case. The universities may have become even better controlled by the state and thus more dependent. They are perhaps controlled in different ways than before. The still uncertain impact of the new quality assessment system may prove very important in this connection.

9. Access to university education

Generally speaking, access to universities in Iceland has probably remained more open than in the other Nordic countries. Access to university studies in Iceland was for the whole of the twentieth century and continues to be today open to all on one condition: The prospective student must have passed the University entrance (or matriculation) examination, the *stúdentspróf.* In most departments at the University of Iceland, there is no restraining quota of any sort. With the exception of some minor additional conditions, all courses of study have been open to all, regardless of the course of study

41. There is no way the universities can really oppose a unilateral decision by the government on this issue, which means that the instrument in question is hardly a real contract.

pursued by the student in secondary school.[42] With the 1997 Act, even this requirement has been relaxed. The Act establishes the rather interesting rule that each university can determine its own entrance requirements (which may differ between faculties).[43] There are few signs that the universities have really responded to this challenge, even though both the Minister of Education and representatives of the union of secondary school-masters have asked for more specific criteria than the present open guideline gives. This adherence to the open guidelines must mean that most university departments are content with their students having a well-rounded general background and with providing students with the department's own specialized knowledge.[44] There are however a number of subjects where some version of a *numerus clausus* is applied. This is noteworthy because it presents an important deviation from the policy of open access. The *clausus* is used in disciplines in which there have traditionally been shortages of qualified people and therefore the defence of these limitations should be scrutinized carefully. Whether alternative training venues or mechanisms are available and also whether economic (this type of education is normally quite expensive) rather than professional reasons may be behind the reluctance to increase the number of places are issues that particular attention should be paid to. An additional rationale for restriction may be an implicit version of an antiquated *needs analysis*[45] as

42. For a fairly long time, there have been a number of different lines of study to choose between for students working for the University entrance examination (*stúdentspróf*) in the secondary schools: natural science (previously mathematics), ancient or modern languages, social sciences or economics. In the study plan issued by the Ministry of Education in 1998, this number has been limited to three in the secondary schools, however there are already signs that these may multiply again.
43. The conditions set may be either more relaxed or stricter. It is assumed by the present author that the changes will on the whole lean towards the more lenient, even though the anticipation was perhaps that it might move in the opposite direction. It is also implicit government policy to shorten the four-year gymnasium programme to three years, *inter alia* by lengthening the school year. That change would probably also go in the direction of a more lenient admission criterion.
44. The Icelandic system may be more open in this respect than most other systems.
45. This was often termed manpower forecasting and has been a major policy instrument in some countries.

authorities believed that they could determine how many practitioners in a profession were needed. This was an analysis based on an incredibly conservative and stagnant frame of mind, and in fact based on a very negative attitude towards the potentially energizing effects of education.

Even though the budgets given to the universities are block budgets with no strings attached, the government sets a limit to the number of students in different categories that it is ready to pay for. This does not necessarily limit the number of students in that category that the university may accept, but it cannot rely on being reimbursed if the intake exceeds the prescribed limit. This is noteworthy, as the University of Iceland cannot restrict the number of students except in special circumstances and thus the final meaning of this quota clause is not clear. The other universities, whether private or public, can all limit the number of students they accept to each and every programme. It is not clear to what extent this state of affairs means in practice increased centralization (and not the opposite) in the sense that centralized control of the number of students at university level has now been introduced. If any such restrictions were to be applied in practice, it would mean an unprecedented limitation of access to education in the Icelandic educational system.

10. Globalization – internationalization

It is necessary to distinguish between internationalization and globalization in the Icelandic case. It is quite clear that the former has been a strong characteristic of the Icelandic higher education arena, as a very high proportion of the population with a university degree has studied abroad. Globalization has therefore been quite visible for a long while in Icelandic higher education, however due to the multiplicity of influences no one tradition or culture has completely dominated this field.

Two measures will be used here to assess these influences, the number of Icelandic students studying abroad and the number of foreign students attending courses at the Icelandic universities.

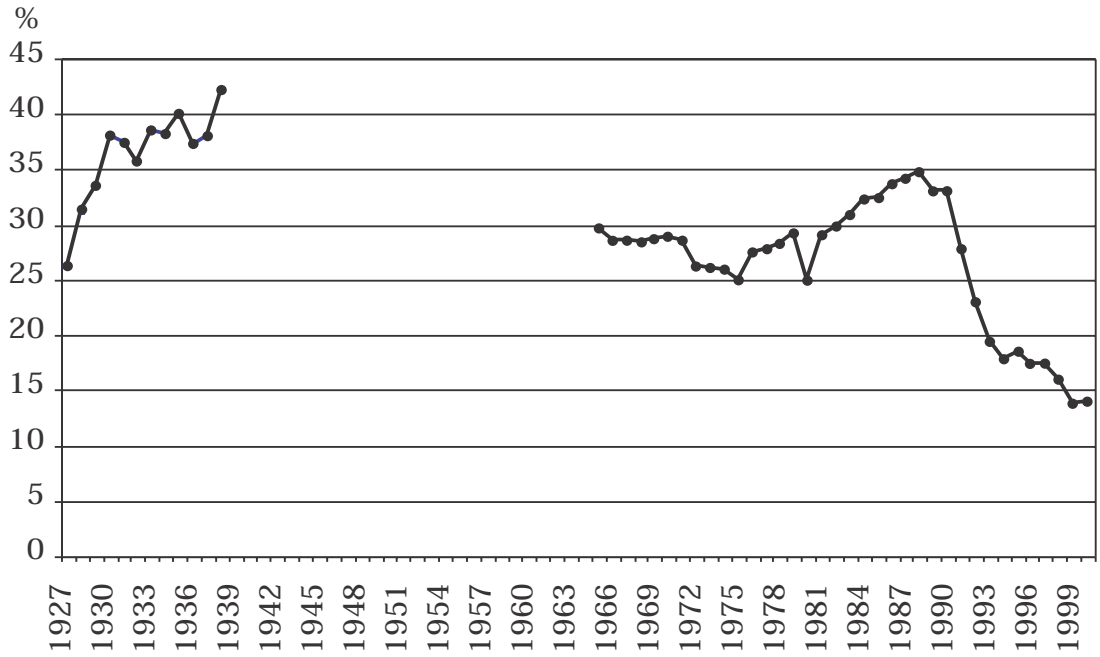
Icelandic students abroad

Studying abroad was for the greater part of the twentieth century a very natural option for Icelandic university students. The registration of students studying in Iceland has been transparent and accessible since the beginning of university education. However, the registration of students studying abroad is practically non-existent. Since the inception of the Icelandic student loan fund, there are very good records of all those who have applied. The general assumption is that this accounts for the vast majority of Icelandic students abroad, but certainly not all of them. This is a very important measure. We can see that up to 40 per cent of all students studying at university level were studying abroad. In real terms, this figure is in fact higher. It may be assumed that most students studying abroad are full-time students, whereas those registered at a university at home with very low registration fees may not be effective full-time students. This is much higher than in the other Nordic countries,[46] even though *Figure 4.6* shows that this is decreasing dramatically and explains why for Icelanders it is fairly natural, unproblematic and desirable to study abroad. It might be noted that the rules adopted by the Icelandic Student Loan fund have on the whole been unconditional both in terms of the length of study and where the student chooses to study.

46. This very clear from *Table 7.1* (Nordin, 1999), where the proportion of Icelandic students abroad is 18 per cent, but 2 per cent, 3 per cent, 6 per cent and 8 per cent for Denmark, Finland, Norway and Sweden respectively.

Figure 4.6 Percentage of Icelandic students at university level who were registered at universities in other countries between 1927 and 2000

Percentage of Icelandic students at university level who are registered at universities in other countries 1927-2000. Numbers since 1965 represent those that receive loans from the Icelandic student loan fund.



Note: Numbers since 1965 represent those receiving loans from the Icelandic student loan fund. This figure shows the proportion of university students who were studying abroad during the periods 1927-1939 and 1963-1998. This is probably an underestimate for the latter period as the numbers only reflect those who apply for loans at the Icelandic student loan fund. The drop in the curve coincides with a decision to change the terms of loans for tuition and fees for undergraduate studies from subsidized loans to loans on market terms.

It is therefore of some concern to witness this decline in the proportion of students studying abroad. It should be noted that there are factors that either explain or moderate the situation. The first is that a number of institutions, notably in the caring and pedagogic fields, have been transferred to university status, considerably increasing the number of university students. It was not customary (in the twentieth century) for students in these fields to undertake their basic studies abroad. The composition of the student force

abroad is also changing, from undergraduate degrees that often span three to five years, to postgraduate degrees that typically take one to four years. Furthermore, to some extent the student exchange programmes counter this decrease in full-time studies undertaken abroad.

Student exchange programmes

A serious effort has been made, with a number of exchange and co-operative programmes facilitating the possibilities for staff and students alike to spend a period, from a couple of weeks to a term or even a year, at a foreign university. Considerable resources are set aside to run the international exchange programmes and the operation is run for all the universities from a single office. The volume of exchanges is increasing gradually, but does not yet compensate for the decrease in students attending regular foreign programmes as shown by *Figure 4.6*. The development for the past few years is shown in *Figure 4.7*. There is considerable importance attached to increasing this number, both by the universities and the government, and the numbers are growing. It is also noteworthy that on balance there are more students that come to Iceland than go abroad through these programmes. The number of credits exchange students complete during their foreign term must still be addressed. The average seems to be far less than those completed by regular students.[47]

Even though there is considerable interaction by Icelandic scholars with their foreign colleagues, there has been the reverse of

47. This is not meant to belittle the fact that a visit to a foreign country may be extremely worthwhile and the students will almost certainly be acquiring invaluable insights during their stay. However, as these stays are within the purview of the universities and they are used to show that Icelandic students take a substantial amount of their studies abroad, even if they do not register at the international universities in as large numbers they did before, then the extent of these studies must be clear.

globalization according to one measure, that is the explicit (but relative) study time spent by Icelandic academics in foreign countries, as shown above. There has also been a considerable effort made to write in Icelandic-acceptable texts, both at the university but especially at the secondary level, reducing the direct interaction with foreign texts that were traditionally the bulk of the reading material of Icelandic students. This has been especially true in secondary education but is perhaps also on the increase at the tertiary level.

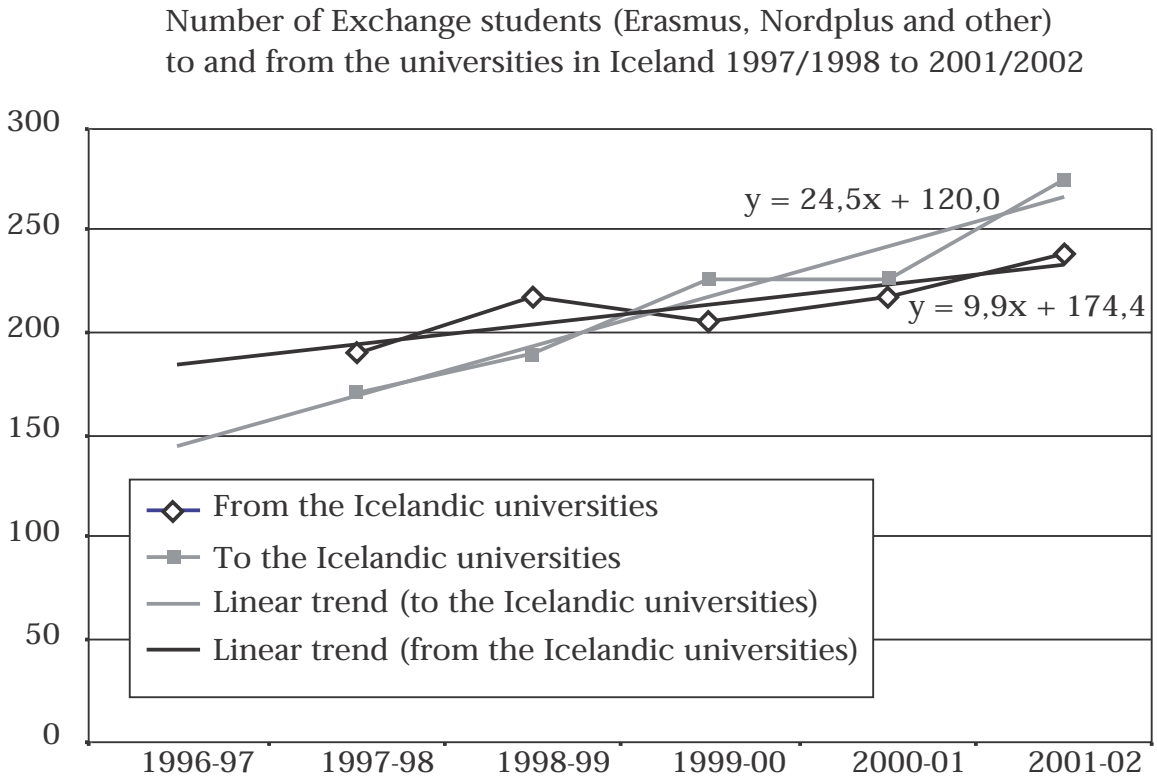
The Bologna process

The first signs of the so-called Bologna process were in a certain sense already visible in Iceland in 1942, when the first three-year BA degree in Icelandic was established. The Icelandic university tradition was of course derived from Denmark but also from other northern European countries with their long-time requirements for degrees. Nevertheless, there has been a strong tendency to propose a variety of short, ostensibly professional or practical degrees within Icelandic universities. Thus, we have essentially had a hybrid system. The professional degrees in divinity, medicine and law last between five and six years, but since 1942 most other degrees are of the three-year bachelor type, with a two-year addition possible in some subjects.[48] In recent decades, a sizeable proportion of Icelandic students seeking a masters or a Ph.D.. have gone to the UK but more importantly to North America and therefore Iceland has adapted to the Anglo-Saxon system at that level already. The major uncertainty now is whether the Icelandic system will settle down to 9-, 12- or 18- month master's programmes for the time being.[49] However, from the Icelandic point

48. The picture is rather more complex than this but the details will not disturb this main pattern.
49. Well before the Bologna declaration, it was the intention in Iceland to go for the 3+2 cycle, but we seem to be moving, at least temporarily, in 3+1 or 3+1½ year cycles. That is the only area in which we may have to shift to adapt to the European standard.

of view the Bologna process is essentially shifting the structure of European university degrees into line with the Icelandic degree structure.

Figure 4.7 Number of incoming and outbound exchange students (Erasmus, Nordplus and others) from 1997/1998 to 2001/2002



11. Quality and accountability

Following the normal trend of decentralization[50], the government has instigated an evaluation process to ensure quality in higher education as elsewhere in the education system. The relevant article from the recent law is shown below. These rather simple paragraphs confirm that the state has taken upon itself considerable responsibility regarding the quality of work carried out by the universities.

50. Brennan and Shah (2000) note that "almost all European countries have established national systems for the assessment of quality in higher education".

Article 4 (from the 1997 Act on Quality Assurance)

The Minister of Education shall supervise the quality of the education provided by universities and ensure that they comply with the provisions of this Act and the specific instructions which apply to each of them. The Minister of Education may grant operating permits to universities funded by private parties if they operate in accordance with statutes or charters ratified by the Minister of Education. Should a university which has been granted an operation permit fail to fulfil the provisions of this Act, or specific instructions which apply to it, or the demands made concerning instruction and research, the Minister of Education may revoke its operating permit.

Article 5

The Minister of Education shall lay down general rules on the following aspects: 1) the manner in which each university is to fulfil its obligations concerning control of the quality of instruction, instructor qualifications and the arrangements for external quality control; 2) the manner in which each university which has a research role is to fulfil its obligations concerning control of the quality of research and utilisation of funding provided for research...

There seemed to be nothing behind these changes when discussed other than the understandable decision by the legislator to maintain accountability with the central government for substantial public funds, now distributed with very few strings attached to a considerable number of institutions. Furthermore, the text is probably meant to reflect determination to ensure application of some operational rules rather than explicit definitions of standards. Nevertheless, what is now in place is a legal statute stating that the government has assumed responsibility for keeping up academic

standards within the universities.[51] Little is as yet known about how this will be carried out and it is probably wise to proceed with no haste.[52] On issues of this type, there has normally been close consultation with the ministries in the other Nordic countries but it is still not clear where Iceland would fit into *Figure 1* in Smeby and Stensaker (1999). However, the system would probably, at least initially, most resemble the Finnish pattern. The Ministry of Education has established its own department of evaluation, which covers all levels of education. Criteria and tools for higher education are gradually being developed and there are all the signs that the institutions themselves will be listened to in the process.[53]

12. The structure of academic positions

The principal academic positions are shown in *Table 4.5*. The large majority of staff are employed in teaching positions. Only a relatively small group holds a research position.

Table 4.5 Internal structure of academic positions at Icelandic state universities

	Teaching positions		Research positions	
Highest level	Professor	(*Prófessor*)	Scientist	(*Vísindamaður*)
Medium level	Associate professor	(*Dósent*)	Scholar	(*Fræðimaður*)
First level	Assistant professor	(*Lektor*)	Specialist	(*Sérfræðingur*)

51. There are of course a number of ways in which the government can do this, for example it may set up a body, composed of the universities themselves, which can take on the supervisory role. However, this is up to the Ministry of Education. Brennan and Shah (2000) note that the national quality agencies often have substantial operational autonomy.
52. Kells (1999: 209) notes that "organized national evaluation systems, in their most progressive examples, are useful, but they are *not*, by far, the most important aspect in a well developed culture of university self-regulation". He warns that there has been a tendency to adopt foreign systems of quality control too hastily with negative consequences.
53. See a discussion paper on the issue by Guðmundsson (1995).

An independent government-appointed committee decides the salaries of professors (and a very small number of university officials) and also determines salaries for a number of state officials. The salary scale for professors is now a seven-stage scale, with each step based on a number of points.[54] The highest rung is 1.4. times the lowest. For all other positions at the universities, salaries are negotiated between the unions and the state. The recently-negotiated agreements for academic staff are at three levels.[55] There is the basic salary which is determined by academic position (*dósent*, *lektor*) but also by teaching experience and prior research activity background. This is translated into points, which in turn determine the basic salary and gradual increments. The second level is a fairly minor but presumably important fluctuation in the research part of the salary based on research activity during the previous year. Finally, a yearly bonus can be obtained, also on the basis of research activity during the previous year. The contentious issues are the following (apart from basic salary levels):

1) The first issue concerns the reduction of teaching load as function of age. In the past, there was a reduction from 48 to 44 hours per month at the age of 55 and to 40 at the age of 60. This was yielded by the union in the recent pay settlement but is still operative for professors at the University of Iceland.

2) The second issue is to what extent there should be variability in the teaching and research duties of the academic staff, perhaps negotiable at individual level between the staff member and faculty deans.

3) The third is whether there should be a binary system of academic positions, including both traditional academic staff and

54. The position of professor can be obtained through hiring or promotion.
55. This was negotiated between the state and the unions of academic staff.

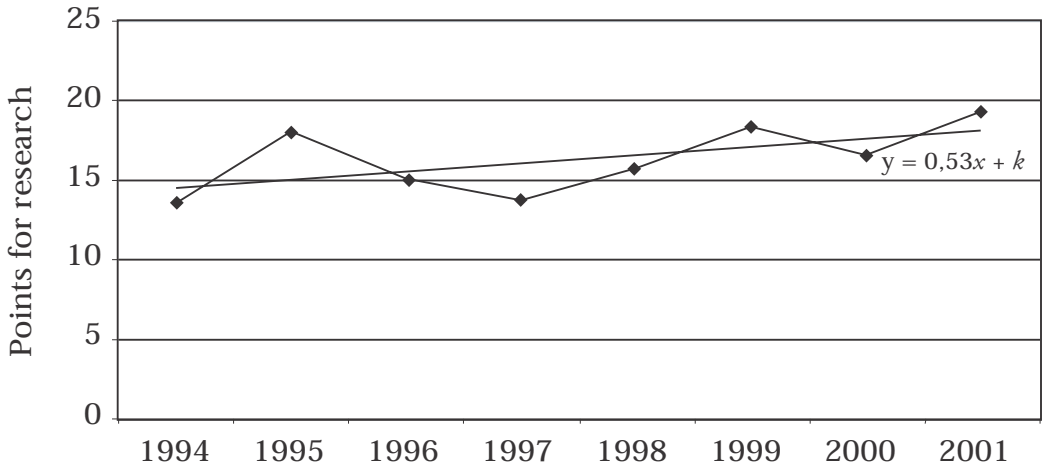
researchers without teaching duties. The latter category practically only exists in the natural and medical sciences and there is a prevailing view that researchers at a university should all have at least some teaching duties.

13. The organization of research within universities

The government intends to contribute research funds to the universities on the basis of a 'service-based' research contract. It is not clear how the government will handle the different universities, however the details will be very important in defining their university status in the international context. The basic ingredients to the contract signed with the University of Iceland include a contribution based on the research part of an academic position, a contribution based on research points earned by staff according to an evaluation scheme and a contribution to match research grants earned from research funds. The details of this agreement still need to be worked out.

The structure of research at the universities is not fixed. Most of it has a basis in personal grants, sometimes within research institutes. However, they exert minimum control over them and the institutes neither give much support nor reap much revenue, although this varies depending on the discipline.

Figure 4.8 Research activity of academic staff at the University of Iceland



Note: Points are given for research activity at the University of Iceland. The line represents the average for all academic staff.

There is a triple incentive scheme for research within the university (and even more in some cases).[56] Academic staff hired for teaching receive points according to this scheme for their academic activity. This accumulates and is the basis of salary stages. In addition, this counts every year towards a special bonus. Third, it will probably be decided that the research money received by the university will be distributed to a considerable extent on the basis of the research points obtained by faculty members. It is normally assumed that such an incentive scheme will boost production, even though it may be debated to what extent academic staff actually adapt their production mode to such a system. *Figure 4.8* shows a gradual increase in research points at the University of Iceland following the introduction of a

56. This is a part of a salary agreement between the union of university teachers and the docents and lectors, but essentially the same principles are also used in the unilateral pay determined for professors by a statutory government committee. There are examples of faculties at the University of Iceland distributing funds they receive on a per capita basis to the research accounts of staff on the basis of the research points they received, using a three-year average.

point-related incentive scheme in 1994.[57] Similar counts are now being developed for other universities.

14. Prospects – problems and challenges

The multiversity – and division of labour

Is the Icelandic system of higher education moving in the direction of unity of research, teaching and service? Is the present diversity a temporary phenomenon, which will gradually disappear and drift in the direction of homogeneity both of operations and criteria of status and progress? What is happening to the Icelandic system?

The university as a growth industry – Is there a crisis?

The university arena presently appears to be a fast-growing industry. Fast growth is exciting, rewarding, painful and difficult to cope with. This is felt by the university sector, which is in a completely different situation from the rest of the educational system. Pre-school, compulsory school and to a large extent secondary school have each reached their respective plateau of attendance and are gradually settling into a fairly homogeneous universal general educational arrangement. Not so the university sector (to date). To some, the growing pains are a sign of a crisis. However, this would be a serious misunderstanding of the situation. A constant change of course, including continuous adaptation to a changing environment, and active reconsiderations of mission, structure and emphasis are all clear signs of a responsive, dynamic and healthy institution. The turbulence it experiences internally or externally should certainly not be taken as a sign of crisis.

57. There are two methodological problems here. One is that a completely new scheme was adopted in 1998 and 1999 and it is not clear how the data for the two systems shall be tied together. There may also be some inflation in the system itself as it gradually takes into account justifiable complaints, which tend to increase the points counted.

The financing of university education – the temporary difficulties

As university attendance is now in most western countries at least at the level of the straight part of the S-curve described in *Figures 4.3* and *4.5*, its growth seems explosive. Governments that seem to be ever more concerned about public expenditure are working very hard at finding ways of closing or at least controlling this apparently inexhaustible drain on their funds. However, there is a sign of a slowing-down; even though this increase will go on for a while, it will be much less dramatic in relative terms as compared to what has occurred until now. In the last 30 years, relative attendance grew four-fold, but it may now be expected to double in the next 50 years (see *Figure 4.3*). Thus the dramatic changes are in a certain sense over, although there are still some problems to be solved.

The nature of the future university

The rhetorical questions are often asked as to what should a university look like, what its purpose and how it will develop? These are sometimes not only posed as if each university is a unitary phenomenon, despite Kerr's (1994*b*) well-known discussion about the multiversity, but also as if all universities are or should be essentially the same. There are at least three problems posed by this kind of rhetoric. The first problem is the perennial question of whether there are some fundamental characteristics that are necessary and sufficient to make an institution a university, apart from the simple one of it being an institution which directs some of its efforts to students. Simply put: is it meaningful to ask what a university is or what the future university will look like? The second problem follows from this, and simply addresses the issue of whether it is sensible, desirable or expedient to assume that activities run by such a huge and still growing sector, fostering upwards of half the 20-25 age group and a substantial proportion of the subsequent

cohorts, should be of a fairly homogeneous character. Is it not, on the contrary, important to encourage a heterogeneous spectrum of institutions and activities that would in turn ensure a desirable mixture and contest of ideas and competencies, so important for a healthy development? The third problem raised by the standard rhetoric is who determines the nature of the university and how shall it be determined? It is often presumed that the idea of a university is something that can be discovered rather than invented, that it can be traced by looking at the development of universities over the ages or by consulting authors such as von Humboldt, Newman or Ortega, rather than being constructed afresh by each institution old or new.

Whatever thought one may have on these issues, Kerr is probably right to assert that the university cannot escape history. However, at the present time we are not only guided by rather robust traditions and history. Governments have decided to make universities more independent, more free, but also competing as never before. This is expected to make them more versatile, swift, dynamic and consequently better agents for change in a rapidly-developing and complex society. However, at the same time they may have, perhaps inadvertently, reinforced some of the forces that gradually drive all universities into the same mould. They have invented apparently fairly effective, transparent and unitary bonus systems for practically all aspects of university operations, invoking a strong competitive element and making the universities to some extent equally reliant on external funding. All of this not only offers governments a strong leash for controlling universities – it may also push them all in the same direction.

It may be suggested that different universities or even different faculties might adopt different models of university operations as an alternative to the somewhat elite university research model. One of

these is the entrepreneurial university and the other the service university. There is, however, no discussion in Iceland on adopting a definitive alternative model, even though some units or institutions may be moving in that direction.

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V. THE NORWEGIAN QUALITY REFORM – WILL GOVERNANCE MAKE A DIFFERENCE IN HIGHER EDUCATION?

Tove Kvil

Governance in higher education is currently a topic of debate in Norway as it is in many other countries. The Norwegian Minister of Education and Research, after only a few weeks in office, publicly expressed the government's wish to exempt institutions of higher education from certain detailed state regulations (Aftenposten, 2001: 11-27). This declaration clearly indicated a political intent in favour of more autonomy for the institutions of higher education than was decided in the *Storting* [The Norwegian National Assembly] during the course of parliamentary debate on the White Paper *Gjør din plikt – Krev din rett. Kvalitetsreform av høyere utdanning.* [Do your duty – demand your rights. The Quality Reform] in June 2001. The Government's position in this debate was confirmed when the *Ot. prp. nr. 40 (2001-2002) Om lov om endringer i lov 12. mai 1995 nr. 22 om universiteter og høgskoler og lov 2. juli 1999 nr. 64 om helsepersonell* [On the Act on Changes in the Act on Universities and Colleges and the Act on Personnel in Health Services] was presented to the *Storting* in March 2002. It remains to be seen whether the government's position will be listened to when the final decisions are made regarding governance and management of higher education institutions. The reform will be implemented in 2003. Accordingly, governance and other issues regarding the transformation of Norwegian higher education will be debated prior to the Norwegian National Assembly's final decision.

Governance and management of institutions in higher education have been highly debated topics since the founding of the first universities in Norway. Intriguing questions as to who should govern a university, how and to what ends have repeatedly been posed (Cobban, 1975; De Groof *et al.,* 1998; Neave, Van Vught, 1991; Neave, 1997; Wittrock, 1993). Debates frequently circle around the idea that more corporate-like strategies and structures are considered inevitable in order to adequately manage the turbulent environments of today's universities (De Boer 1998; Bauer, 1999; Clark, 1998; Gibbons, 1997; Santos 1998; Sporn, 1999). In an increasingly competitive market, responsiveness, adaptability, entrepreneurialism and flexibility also appear to be of vital importance in higher education. Organizational structures strengthening executive leadership at the central and middle level of institutions at the expense of the powers of representative decision-making councils are now frequently found in governance and management of higher education institutions.

In developing Norwegian higher education, a major concern has been to design a system which is comprehensive and diverse to the extent that it is coloured by concerns for social and geographical equality as well as for quality. An important aim has been to design a system with a great variety of supply both in terms of type and length of study programmes, thus facilitating mobility both between institutions and between types of study for the individual student. It is relevant to ask to what extent international developmental trends will influence political decision-making in transforming Norwegian higher education.

For the purpose of this paper, a brief description of the organizational structures, governance and decision-making procedures of institutions of higher education will be presented. In the process of preparing for the Quality Reform, some aspects of the

relationship between the State and institutions will be analyzed through policy papers stakeholders' views and from public debate. An historical outline with selective *foci* will serve as a point of departure.

1. A retrospective glance at Norwegian higher education

Norway founded its first university, the University of Oslo, in 1811. A college of agriculture in Ås, a college of advanced technology in Trondheim which later became the Norwegian University of Science and Technology, the Norwegian School of Economics and Business Administration in Bergen, the University of Bergen and finally the University of Tromsø comprised what was traditionally (and academically) considered higher education in Norway (Bleiklie, 1994; Bleiklie, 1996*a*; Kyvik and Ødegård, 1990). As in other European countries in the late 1950s, Norway experienced an increase in student enrolments, but little changed in universities in the post-war period until the 1960s when the growth in student population was addressed by the establishment of two new institutions, the University in Trondheim (1968) and the University of Tromsø (1972), as well as the rapid expansion of existing universities and scientific institutions.

Traditionally, Norwegian society had two main reasons for establishing and supporting higher education: the need to educate civil servants and professionals and the need for cultural and intellectual refinement, or an elite sector of society educated in national and international culture. Thus, Tönder and Aamodt (1993) noted that "[a] university with internal freedom, but operating within limits set by national leaders, was an appropriate answer both from the point of view of the leaders and of the university". However, as time went by, the aims and the dimensions of the traditional higher education sector were insufficient for the welfare state due to

additional demands being made on the sector. Economic growth, specialized and highly educated people, increased enrolment numbers and improved income levels were expected outcomes of investment in higher education.

Previously, the internal lives of the universities and colleges were little influenced by the government. This changed with a steep increase in the student population in the late 1950s and 1960s, which led the government to change the structure of institutions of higher education. The former vocational schools for teachers, technicians and nurses were included "in a new non higher education sub-sector to which increased resources were given so that they might expand their degree programmes and their enrolment" (Tönder and Aamodt, 1993). In this context, it is interesting to note that universities and polytechnic colleges retained much of their previous autonomy and structures despite the increase in resource allocations from the state (Tönder and Aamodt, 1993).

The state established the basic framework and budgetary allocation for the universities by separate laws and regulations, but has at the same time been reluctant to steer universities in a way that might undermine freedom of teaching and research. Characteristics of Norwegian institutions of higher education are close contact between the university system and the central authorities (between the institution level and the system level), the system's small size, brief history, rapid growth, and the tension between continental European influence and American influence (Tönder and Aamodt, 1993).

During the years 1965-1995, higher education in Norway experienced its most important period of growth and was regarded as the central element in the modernization of society. The development of *knowledge producing institutions/knowledge*

corporations – academic teaching and research institutions – were regarded as key factors in the process of change (Bleiklie, 1996*a*). The system of higher education was the subject of attempts at steering by different actors such as (a) academic institutions, (b) trade unions, (c) academic and bureaucratic élites, (d) politicians, (e) society, and (f) industry (Bleiklie, 1996*a*).

The 1960 *Kleppe Commission*, also named the University and College Committee, made plans for the expansion of the institutions in Oslo, Bergen and Trondheim. *The Ottosen Commission* or Commission for Further Education, established in 1965, recommended that all university education follow the same predetermined pattern regarding length of study, grading and degrees, but this was strongly opposed by radical students as well as by professors who saw their academic freedom threatened. A second proposal to establish a system of regional colleges, however, was strongly supported, and in 1969 the first district colleges were established (Bleiklie, 1994). "Thus a binary system was created where the new and successful institutions (...) provided both shorter vocationally oriented higher education in a variety of fields as an alternative to university education, and convenient regional policy instruments for the government" (Bleiklie, 1994). According to Bleiklie (1994), the process of local reforms at Norwegian universities can be explained as a result of the long-term trend towards developing broader participatory management in institutions. Thus, the process of reforming governing bodies was not a reaction to the students' political actions of 1968-1969 as in other European countries.

The 1970s were characterized by expansion and institutional differentiation of the system into a binary structure with regional colleges developing alongside the universities. Eventually, the well-being of the universities became a growing concern. In 1987, a commission headed by Gudmund Hernes (*the Hernes Commission)*

was established (Aamodt, 1991). "Its mandate emphasized that the Commission should assess the present state of higher education and draw up guidelines for future policy in this area. The need for significant changes was also clearly articulated in the mandate" (Aamodt, 1991). The most important points in the Hernes Commission report were: (a) that trends towards further decentralization should be slowed down and no new institutions be established; (b) that stronger co-operation and division of labour between all types of institutions (with the introduction of Network Norway) should be instituted; (c) that the central role of the universities with regard to basic research and the training of researchers (Aamodt, 1991) should be underscored. It is vital to ask whether the introduction of a new national planning system, national legislation and *Network Norway* (to increase mobility and achieve more efficient division of labour and use of resources at the national level) in the last decade has made the Norwegian higher education system more decentralized or centralized (Bleiklie, 1995; Bleiklie, 1996*b*; Bleiklie, 2000).

2. Governance in Norwegian higher education

In the middle of the 1960s, the process leading towards a more democratic decision-making system began at the University of Oslo. An interesting aspect of this democratization was apparently the professors' attempts to be relieved of administrative tasks and routine matters (combined with the democratic movements in society). In 1990, a new law integrated the four universities and six university colleges. However, the central authorities decided to leave curriculum and research matters to the individual institutions, thereby protecting institutional autonomy. In some respects, the new law granted institutions greater autonomy (Kyvik and Ødegård, 1990).

According to Kyvik and Ødegård (1990), the most controversial change was the replacement of the academic *collegium* (the senate),

on which all faculties were represented by a smaller board. The Board, presided over by a rector, is the supreme authority of the university and consists of elected representatives from among the employees and the students. The rector and pro-rector are members by virtue of their positions. The aim of this change was to increase efficiency in decision-making procedures. The role of the deans has also been debated, and as a result, administrative responsibility and responsibility for research are combined.

In 1995, a new law concerning universities and colleges came into effect (*Legal Act of May 12, 1995 No 22* (KUF, 1995)). It was expected to influence decision-making and administrative matters of the individual institution through a more decisive and independent leadership. Refinements from the preceding 1990 law included relatively smaller executive boards with external representatives. *Management by objectives* (MBO) and activity-planning were among the standardized principles of governance introduced to promote efficient use of resources. Accountability procedures such as evaluation and performance control were also instituted. Larger units to improve administrative efficiency were created through reorganization at the basic units level. Other aspects of reform in governance of higher education in Norway over the last decade concern the establishment of the *Network Norway* for co-operation between institutions.

New Public Management (NPM) was the most influential import during the last decade. NPM requires universities to be governed in the same way as corporate enterprises. This has led to a transfer of "governance from *ex ante* regulations through legal and budgetary means, to management by objectives and *ex post* control through evaluation and the use of financial incentives" (Bleiklie, 1996*b*). It is not only a question of centralization versus decentralization in governance of academic affairs with the new forms of evaluation, but

also the degree of disciplinary versus administrative influence regarding such affairs. "The NPM philosophy champions the idea that both *decentralization* of responsibility and a stronger *central control* can be achieved at one and the same time" (Bleiklie, 1996*b*).

The primary tasks of universities – teaching, research and dissemination of knowledge – must be administered both by a professional apparatus and members of faculty. There is some empirical evidence, also from Norway, which reveals that an increasing share of university resources is used for administration and that the number of administrative staff is increasing at a higher rate than the number of teaching and research staff (Gornitzka, 1998). It is also frequently argued that administrative work takes too much time away from research, but it is difficult to prove that this development is the case for faculty members. According to Gornitzka *et al.*(1998), Norwegian universities have undergone a process of bureaucratization since the late 1980s. Based on data collected from 1987 and 1995, analyses show that large institutions have had lower administrative costs than small institutions. However, all universities have become more expensive to administer even when controls for student numbers are included. The same is believed to be true for colleges. Despite the fact that the division of labour for administrative work includes a distribution of power as to how higher education institutions are governed, faculty to a larger extent than before favour efficiency more than representation and democracy. Accordingly, they are more tolerant of transferring work and influence to administrative staff at departmental level. To what extent will this development influence the future governance and management of higher education institutions? Will the increasing demand on cost efficiency in public services be met when transforming higher education? It has been claimed that the 1980s and 1990s represent the epoch of university administration (Gornitzka *et al.*, 1998). Will the measures taken by

the Quality Reform turn the first decade of the new millennium into the era of students and quality?

3. Policy instruments in Norway

In order to understand the changes and the present relationship between the state (the system level) and the higher education institutions (the institution level), the issue of funding, planning, evaluation and regulations should be understood. Universities receive their funding from the following sources: (a) The Ministry of Education's basic funding, (b) research council funding, (c) contract research funding, and (d) industry. Most of the funding allocated to research is included in the basic funding, which also covers wages, running expenses and capital expenses. A study of the basic funding of higher education in the 1980s and 1990s has shown a decrease in funding, but to a large degree this tendency has been compensated through external resources (Kyvik and Ødegård, 1990).

The universities have been challenged from two sides: (a) the increased student population, and (b) the reforms. To manoeuvre in this new economic and academic landscape, universities are now bargaining with the government over funding and student enrolment. By establishing separate research units at some universities, not only is a professional use of external research funds ensured, but also the competitiveness of universities for external resources and the possibility for them to participate as actors in the arena of research policy are safeguarded (Underdal, 1997). As the higher education system as a whole and the functions and operations of each individual institution have changed, the meaning of the terms autonomy and state dominance have been transformed (Bleiklie, 1995).

The demand for cost effectiveness and the emphasis on assessment and accountability has impinged on the autonomy of the institution.

Thus, current higher education policy could be characterized as centralized. The new planning system, national legislation and *Network Norway* all represent standardizing and centralizing forces (Bleiklie, 1995). A tentative conclusion that may be drawn is that, despite the focus on institutional autonomy, governmental emphasis on national standards and accountability makes Norwegian higher education a *decentralized centralized system.* A more decentralized structure is being made centralized by the State.

Table 5.1 Gibbons' mode 1 versus mode 2

MODE 1	MODE 2
Problems are set and solved in a context governed by the academic interests of a specific community.	Knowledge is carried out in a context of application.
Disciplinary	Transdisciplinary
Homogeneity	Heterogeneity
Hierarchical, and tends to preserve its form	Heterarchical and transient
The peer review judgements	Socially accountable and reflexive

Source: Kvil, 1998.

Influenced by trends in European higher education governance, a development towards more functionalism, market thinking and mode 2 (Gibbons, 1997) is occurring in Norway, but with Norwegian characteristics (Kvil, 1998). *Table 5.1* is based on Gibbons' distinctions between the two modes.

Table 5.2 Academy versus corporation

Academy	Corporation
Great individual freedom, the institution level, the frame of reference	Institutional autonomy through accountability
Slack organization	Definite organizational structure
Critical function	Emphasis on services
Discipline oriented (the truth is the overall aim)	User friendly (useful in society)
Academic quality and competence (in gross)	Cost effective (net), productivity
Resource allocation through gentle adjustment and in line with needs	Resource allocation principle: cost benefit

Source: Underdal, 1997.

Differences between nations and regions regarding the relationship between values, reform policy and processes are influencing the shape of many social institutions, including those of higher education. Most countries, including Norway, are further influenced by global trends. Embedded in each country's culture and traditions, the institutions of higher education adjust to imported ideas and trends. On these issues there appears to be a consensus between Altbach (1992) and Bleiklie (1996*a*). Their arguments and conclusions are consistent with Gibbons' (1997) mode 2. The most important characteristics have been illustrated by Underdal (1997) in *Table 5.2*, in which 'academy' refers to mode 1, and 'corporation' to mode 2. The definition of the university as academy is rooted in the classical conception of the university as a free place for the nurturing of research based on the curiosity, learning and interests of the individual student. The university as a knowledge-producing corporation is based on the understanding of the institution's responsibility for reaching its overall aim. For society, the return on

investment is the major concern. Accordingly, the relationship between freedom, autonomy and accountability is the major issue and the pay-off of public funding the key factor. *Table 5.2* illustrates the differences between academy and corporation as they relate to higher education. By comparing these conceptions with *Table 5.1* and Gibbons' mode 2 with the demand for useful knowledge to industry, government, or society, the consequences and the challenges to governance in knowledge-producing institutions is highlighted. To what extent have these challenges been addressed through the reform processes?

4. Reforms

The reforms of the higher education sector in Norway during the last decade deserve a closer look. However, an overview to understand the major developments is useful. *Network Norway* is an attempt to establish routines for systematic co-operation and efficient use of resources by removing institutional obstacles to co-operation. It is hoped that increased co-operation will favour a higher degree of specialization and concentration at each individual institution within the individual fields of research. As for the educational function, simplified crediting and standardized admission criteria at the national level will increase the flow of students between institutions and educational programmes. Other governance aspects of the 1995 higher education Act have been mentioned before.

It is important to note that changes in the governing procedures in higher education are in line with the reforms implemented in all state institutions. To improve the basis for governance and the use of resources within the public sector in general, several measures have been taken by the central authorities during the last decades. "All state institutions, including institutions of higher education, are supposed to introduce institutional result-oriented planning beginning in 1990.

(...) Each individual unit will have more autonomy in managing the funds appropriated through the budget" (Aamodt, 1991). Universities are required to submit strategic plans detailing their objectives as well as their resource allocation to meet these objectives, and thus management by objectives is implemented in higher education. Bleiklie (1996*b*) distinguishes between concepts and organizational patterns generated internally from those generated outside the higher education system, mainly from ideas coming from other sectors of society. Accordingly, it may be argued that despite the decentralized budgetary responsibility, government control through standardized principles of governance, report and evaluation systems, is a centralizing power and a threat to institutional autonomy. *Network Norway* and New Public Management may both be regarded as important indicators of a *decentralized centralized* structure in Norwegian higher education. Questions regarding the relevance and effect of treating higher education institutions as other state institutions in this respect are repeatedly expressed both inside and outside academia. Consensus on these issues has still not been reached.

All state higher education institutions are administered by the Ministry of Education and Research and follow the provisions laid down in the 1995 Act on Universities and Colleges, as well as general laws, agreements and provisions applicable to all state institutions. The Act lists the duties of the Board and of the Director and explicitly provides for discretionary decisions on strategic policy, general management, daily administration and the management of teaching and research – provided laws, regulations, and national policies are adhered to. The Ministry of Education and Research is also responsible for monitoring the academic aspects and state funding of private higher education institutions.

Several consecutive governments have had as policy to change the system of public administration from one entailing detailed regulation to one of management by stated objectives. All state institutions are therefore expected to use a planning system that covers both the short-term (the budget year) and the medium term (3-4 years or more) and must formulate their objectives through a dialogue with the responsible ministry and establish a system for following up their results. To what extent have these forces of standardization and centralization been successful in the higher education sector? A brief presentation of current governing structures in the higher education sector will follow.

5. Governing bodies

The system of governance at state higher education institutions is laid down in the 1995 Act on Universities and Colleges. In accordance with this Act, institutions are governed by a board and, as a rule, also by a university or college council. (The Ministry may, however, exempt an institution from the obligation of having a council. In such cases, other bodies at the institution must assume the role of the council.)

The board is the highest governing body of the institution. It is responsible for maintaining a high standard of academic activity and for ensuring that the institution is run efficiently and in accordance with the applicable laws, regulations and provisions. The board should draw up the strategy for the institution's education, research and other academic activities and make plans for its scientific development in accordance with the goals established by the authorities responsible for the sector and for the institution.

The council of the university or college advises the board on matters relating to the overall development of the institution's activities and may raise important policy questions. Such questions

might include: the long-term planning of activities, guidelines and principles for the use of institutional resources, long-term and annual budget proposals to be submitted by the institution to the Ministry of Education, the principles underlying the development of new study programmes and major organizational changes. The council is also intended to be a forum for exchange of information and for contacts between the board and the various academic and professional groups. In addition, the board, the rector and the pro-rector may ask for the advice of the council on any question. Following a request, the council may also have any matter submitted to it for comment, with the exception of appointments and other specific questions concerning individuals. The importance of the council lies in its representation of the institution as a whole. The intention of the legislator was that the council, being proportionately more representative of the various groups of students and professionals (academic, technical, administrative) at the institutions, might have an important function as a meeting place and forum for policy discussions, especially at the newly reorganized and merged institutions.

The board may delegate decision-making power concerning appointments to the level of the faculties, which in turn may delegate such power to the *basic units*, the legal term for departments/institutes. The Act on Universities and Colleges regulates the types of decisions that may be delegated to the various levels.

The university/college board has 9, 11 or 13 members, including the rector, the pro-rector, between two and five members elected from among the academic staff, one or two members elected from among the technical and administrative staff, two or three members elected from among the students and between two and four external members. The rector is the chairman of the board. On behalf of the board, he or she bears overall responsibility for managing and supervising the institution's activities. External board members and

their deputies are nominated in equal numbers by the institution's own council and by the County Council of the county in which the institution is located. The Ministry appoints the members and their deputies.

The university or college council must have at least 15 members, representing the various categories of staff as follows:

- permanently appointed academic staff (51-60 per cent);
- temporarily appointed academic staff (0-10 per cent);
- technical and administrative staff (5-25 per cent); and
- students (15-30 per cent).

In the same way, faculty steering committees must be made up of representatives of the corresponding groups at their level: permanently appointed academic staff, temporarily appointed academic staff, technical and administrative staff and students. At this level, there must also be persons representing the practical work-training and external members. In addition, the governing bodies of an institution can appoint special committees and/or steering committees for special areas or questions, such as for instance in the case of international co-operation.

It is worth noting that students must have at least two representatives on all collegiate bodies that have decision-making powers, unless the delegating body unanimously – i.e. including the student representatives – decides otherwise. The students of an institution can establish a student body to safeguard the interest of the students and to present their views to the board and to the council. Similarly, students can also establish student bodies at faculty and/or department/institute level, if deemed necessary. The student bodies are legally entitled to be heard on all questions relating to students at the level concerned.

As the above description illustrates, the governing structures in higher education are carefully defined in the 1995 Act on Universities and Colleges. It should also be emphasized that the law places equal obligations on all institutions regardless of mission and size. However, when considering the variety of institutions that exist today, such as the University of Oslo with a student population of 33,000 and 4,400 staff members (including 2,200 academics) compared with Narvik University College with 700 students and 145 staff members (including 80 academics), it may be reasonable to question the effectiveness and relevance of such governing structures and decision-making bodies. The Norwegian structure of participative governance in higher education is an attempt to achieve a balance between *meritocracy*, *democracy* and *bureaucracy* (Gornitzka, 1998). Is such a balance obtainable? Does the mission and size of the institution influence the success of the current governing structure? What about future structures? Will the governing structures make a difference in quality? These issues are among the central questions raised by the *Mjøs Commission* as well as during the preparatory work on the Quality Reform. The following section focuses on governance and governing bodies as presented through the Quality Reform.

6. The quality reform

A higher education committee, named the *Mjøs Commission* after its chairman, was appointed by Royal Decree on 30 April 1998 to undertake a study of higher education in Norway after 2000. The Committee, which submitted its main report (NOU, 2000:14 *Frihet med ansvar* [Freedom with Responsibility]) in April 2000, was given a rather broad term of reference, with the most important element being to analyze the situation for Norwegian universities and colleges as institutions of teaching and research post 2000. Development was to be considered in relation to the educational reforms of the last ten years and in light of our knowledge of higher education systems

in other countries. The committee was asked to look at aspects other than those concerning institutional structure and to concentrate on needs for change in the light of legal requirements and new demands from the students and from society at large. In particular, the committee was asked to focus on measures to promote quality in both teaching and research and discuss requirements deriving from a more pronounced policy of lifelong learning. Moreover, the commission was asked to consider the desirability of closer links between the education system and industry. An overall review and appraisal of universities and colleges as institutions of education and research was provided (NOU, 2000:14 *Freedom with Responsibility*). The committee was also asked to prepare two reports, which were submitted in April 1999, namely NOU 1999:17 *Formal and non-formal learning in higher education* and NOU 1999:18 *Organizing Contract Activities.* This latter document was a special report on the economic and legislative framework regulating the possibility for higher education institutions to earn complementary funds for teaching, research and development activities. Their co-operation with research institutes and institutions or organizations from which they earn such funds was also examined.

The committee's recommendations were numerous, not least due to the fact that when presenting its recommendations it was often divided into sub-groups with separate recommendations. It may be argued that several of the recommendations both showed changed emphasis and direction compared to the present situation in the Norwegian higher education and hence were characterized as rather controversial. In this context, only a few of these recommendations will be discussed, namely those most relevant to governance.

Based on the comments and recommendations from the broad hearing in the higher education sector of the committee's report and government policy (with a social democratic minority government),

the Ministry of Education and Research presented a White Paper (St. meld. nr. 27. 2000-2001) *Gjør din plikt – krev din rett* [Do your duty – demand your rights], also called the 'Quality Reform', to the *Storting* (Norwegian National Assembly) in spring 2001.

The core issue addressed in the White Paper is the following: "Students will be given increased rights both in relation to the quality of courses and the financing of studies. This will entail clearer obligations on the part of the students as regards progress and completion of studies." Regarding institutional governance, it is recommended that rectors continue to be elected as they are today. However, heads of institutes shall be appointed. Appointments are to be made on the basis of broad academic experience and competence. Furthermore, despite the commission's recommendations regarding flexibility in governing structures depending on the mission and the size of the institution, it was decided by the *Storting* to maintain the present uniformity. Major emphasis is placed on fostering and further developing institutions needed for development of the knowledge society, and for them to function as spearheads in such a process. Higher educational institutions must be at the forefront internationally and fulfil their role in the knowledge society regarding quality and provisions for educational participation. New challenges, expectations, potential for educational institutions and competence call for a critical approach to the content and structure of courses and of competence policy. A number of major structural measures aimed at enhancing the ability and will to restructure more effective periods of study as well as more effective transfer of knowledge from the institutions of higher education to the world of work and to civic life must be established. Major social reforms along with changes in the expectations of students and of society are once again challenging the educational institutions and established policy on higher education and research.

The institutions were to be redefined as administrative bodies with special powers and be granted greater freedom in academic, financial, and organizational issues. A more flexible use of human resources was also on the agenda. Universities and colleges were to have the main responsibility for ensuring the quality of their own provisions. All institutions were to prepare quality development plans and introduce systems for documenting the quality development process. The purpose of control arrangements is to ensure that quality development strategies in education and research are followed up and resources used efficiently.

A set of measures was proposed to ensure that the composition of the board, its competence and access to means of control provide favourable conditions for institutional governance and restructuring. Institutions were to continue to elect a rector, who would chair the institution's board. The number of external board members would increase and the number of university employees on the board decrease. In order to secure and develop the quality of education and research and increase control within educational institutions, academic management at the level of departments would be strengthened. Institute heads were to be appointed primarily on the basis of broad academic experience.

However, the uniformity of these suggestions is now history. Referring to the introductory paragraphs, the political winds have changed direction with the government that took office in October 2001. The suggestion is that the board should have 11 members (four external representatives, two student, one representative from the technical administrative staff, four academics including rector and pro-rector). The ministry may grant permission to deviate from this norm in special cases. The government in charge at the time of this reform was a minority government composed of three political parties, with a Minister of Education from the Conservative Party. He had held a

prominent position in the private sector and has been active in the public debate for many years. The proposal *Ot.prp. nr. 40* 'New 2002 Act on Universities and Colleges' is expected to give increased freedom for the governing structure of higher education institutions.

7. Norwegian higher education – *quo vadis*?

During recent years and more than ever before, the higher education sector is at the top of the agenda with strong opinions being presented from both political camps and other stakeholders. Several issues and various arguments regarding the Quality Reform are part of the ongoing debate. Time will show whether this reform will become the student-centred, quality reform desired by the national authorities. Since the members of the *Mjøs Commission* neither succeeded in fully diagnosing the current conditions of the Norwegian higher education sector nor agreed on all items of the prescription, many decisions have been left to the *Storting.* Following extensive hearings on these decisions among all higher education institutions, social partners, ministries and others the implementation procedures are to be decided on by the Ministry of Education. What conclusions will be drawn, and which priorities will finally be set? Furthermore, on which basis will the various arguments be founded? Which strategy will be followed and which measures will be taken to enable the institutions of higher education to meet the future challenges?

"There is general consensus on the view that higher education and research is more able to meet the need for stability, predictability, and maintenance of traditions than the need for readjustment and flexibility" (NOU, 2000:14), the *Mjøs Commission* claimed. The increasing complexity of higher education requires close proximity between the problems and the decision-makers. However, new governing competence in the higher education institutions is needed

to ensure the institutions' ability to respond to increased responsibility. As a result of better insight into needs and expectations, the goal of the Commission was for institutions to become more self-regulating. The challenge is to find the optimal point of intersection between institutional autonomy and institutional accountability – the optimal point of interrelation between the state (at both system and macro level) and the institution (at institutional and *meso* level). A further challenge is to develop the higher education sector while protecting the interests of both the state and the institution.

Sporn (1999) emphasizes the need for successful organizational adaptation if higher education institutions are to survive in the educational market. Recent comments by the current political leadership of the Ministry to the media lately indicate the degree of political courage and willingness to enable and/or empower higher education institutions to meet the future challenges. If these political statements are to be implemented through the Quality Reform, it will be interesting to see what differences the new governing structures of the higher education sector will make in the quality of teaching, research and dissemination of knowledge.

Following international agreements, Norway has taken a large step forward in relation to the ongoing *Bologna Process.* In accordance with the Lisbon Declaration, all higher education institutions in Norway are obliged to use the European Credit Transfer System (ECTS) and to issue Diploma Supplements (DS) to all students. An independent accreditation and assessment body is operative as of August 2002. All higher education institutions, with a few exceptions, respond to the demand for transparency and transferability as to courses and degrees since August 2003.

It may be seen as a paradox that Norway, a non-EU member, is at the forefront European higher education regarding both the *Lisbon* and the *Bologna* processes. Why? How can this eagerness be explained? The Mjøs Commission, appointed before both the Paris and the Bologna meetings, had already initiated several of the demands placed on nations participating in the above processes. Supported by broad hearings in the higher education sector, it seems likely that the adaptability of the institutions has developed considerably over the last few years. The most likely explanation of this progress is political eagerness to be best in the educational market and the ambition to be at the forefront academically in both teaching and research, in spite of the outsider position regarding the development of European policy. More transparent and transferable structures in the higher education sector are likely to facilitate these efforts.

The optimal relationship between the state and the institution is not easily found. The balance between autonomy and accountability is a major concern for higher education. The transformation process of higher education in Norway is inevitable in a global competitive education market. Clark (1983) introduced his well-known triangle to illustrate the three forces – the state authority, the academic oligarchy and the market – influencing higher education governance, with the national arena of each country in mind in order to compare the different national systems. If today's influential forces were to be illustrated, a more complex picture would emerge. *Who is governing the university, how and to what ends in a global educational market?* There is more than one answer to these questions, which often depend on the 'colour' of the government.

The conclusion of this study is as follows: *Governance will be different as a result of the Quality Reform and governance will make a difference in higher education.* However, no Norwegian Government

can escape the strong influence of the Bologna and Lisbon processes in the reshaping of our national educational structures.

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VI. MASSIFICATION IN A UNIFORM SYSTEM OF HIGHER EDUCATION – THE SWEDISH DILEMMA

Lillemor Kim

1. Uniformity – a basic rule in Swedish higher education

Structural changes and political and economic developments in the last decade have given rise to a complex pattern of adjustments and responses in the higher education sector in Sweden as in most other countries. The way higher education institutions relate to society has changed significantly; academic institutions have been given a 'third role' in addition to their traditional mission of carrying out teaching and research. The entire Swedish higher education system, centralized and uniform in structure ever since the higher education reform in 1977, has moved towards increased diversity in the sense of growing differences among institutions, programmes and students. This development was facilitated by the extensive new educational reform in 1993. It brought about a shift from state regulation and input control to state governance through control of outcomes. Higher education institutions were given increased autonomy and decisions regarding orientation of programmes, internal organization, finances etc. were transferred to the institutions within three-year government assignments.

The growth of the higher education sector has been a main factor in this development. The wave of expansion started somewhat later in Sweden than in neighbouring European countries. Although the aim of the 1977 higher education reform in Sweden was to widen access and expand the whole system, the 1980s were a decade of

stagnation. Not until spring 1991 did the Parliamentary Standing Committee on Education decide to gradually increase intake to undergraduate education (a decision taken over the head of the government in office).[58] Since then, the number of students at universities and colleges has increased by 80 per cent from around 143,000 in 1991/1992 to 257,000 in the year 2000, measured in full-time equivalents.[59] Three new university colleges were established and three university colleges granted university status during this period.

In spite of all these changes, the regulatory framework (laws and ordinances) is still uniform.[60] The same rules apply to all higher education institutions, teachers, students and programmes in the public higher education sector in Sweden. This uniform legal structure dates back to the reform in 1977. It was the basic idea and a common ground for the 'integrated' or 'comprehensive' higher education system introduced at that time (Hermanns, 1983; Teichler, 1988). More than any other European country, Sweden went furthest in establishing a unified system of tertiary education. Britain and Australia have followed in recent years (Skodvin *et al*., 2000). In the Swedish context, uniformity meant more than just the integration of all post-secondary education into one legal system. Neave and Jenkinson (1983) argued in their evaluation of higher education research in Sweden that the notion of *enhetlighet* – important as it is for understanding Swedish educational policy - is difficult to translate

58. Press release from the Parliamentary Standing Committee on Education. 11 April 1991.
59. Statistical data used in this paper is mostly taken from the Annual Reports published by the National Agency of Higher Education, the most recent being the Report published in 2001 (see *References*).
60. The concepts of uniformity and diversity in higher education are defined in different ways. Uniformity is close to the notion of unified, comprehensive and integrated. While 'unified and integrated' primarily refers to organizational fusion of separate parts, 'uniform and comprehensive' refers more to homogeneity of aims and functions within the higher education system. Diversity refers to different levels of the higher education system and is used here mainly in the meaning of diversity at system level (see the concluding section of this paper).

adequately into English. It involves the notion both of procedural uniformity and through it administrative equality. These have been essential elements in Swedish higher education policy for a long time. The aim has been to reduce the differences in status and prestige among different parts of the higher education system. These ideas are now being questioned, but the uniform structure of the system remains.

Behind the rhetoric of *enhetlighet* there were, however, already differences between the old and the new parts of the unified system from the beginning, mainly with regard to access to research resources (Bauer *et al.*, 1999). Dahllöf (1986) characterized the basic structure of Swedish higher education in the 1980s as a 'hidden' binary system with common entry requirements and staffing conditions but with research concentrated only at universities and similar single-faculty institutions. The division between teaching and research remains a central issue in Swedish higher education policy, dating back to the 1960s when pure teaching posts and so-called 'affiliated universities' were introduced to cope with the rising number of students. When the university colleges were established, 'research-based training' and 'a close connection between research and teaching' were stated as main objectives in higher education law, but these terms were never given any clear definition.

Recently, all nursing schools (previously run by county councils) were merged with nearby state universities and colleges. This means, according to the Government Proposal on Higher Education (Prop 2001/2002:15), that the integrated tertiary education system of 1977 is now finally being fully implemented. However, the gradual inclusion of shorter vocation-oriented programmes and the lack of basic research funding for the new university colleges has made the dividing line between the university-type and the non-university-type of higher education even more visible. Swedish higher education then,

is still developing in the direction of uniformity at the system level while at the same time becoming more diversified at the institutional level.

2. The current legal structure

As a result of the 1993 reform, the current Ordinance on higher education is much shorter and less detailed than before, but still prescribes the general outlines regarding:

- admission;
- programme and credit structure;
- degree system;
- organizational framework;
- financing of undergraduate education; and
- staffing and career structure.

This common regulatory framework is applied to more and more diversified activities and student groups, to higher education institutions in different locations and to institutions working under varying conditions. The main part of higher education in Sweden is state-governed and most institutions are publicly-financed either by the state or by regional authorities. Three higher education institutions were turned into private trust funds in the early 1990s, but they are still mainly state-funded. Out of 50 accredited degree-granting institutions, only 11 belong to the private sector and most of them are small specialized institutions awarding only basic degrees or diplomas.

The official classification of higher education institutions in Sweden is made with reference to the dividing line between institutions with or without state funding for research. International classification schemes such as the Carnegie Classification are difficult

to apply to the Swedish setting. An attempt is made in *Table 6.1*. When using the Carnegie criteria, four different types of higher education institutions are distinguishable within the Swedish system and the 50 institutions of higher learning in Sweden are rather evenly distributed between doctorate-granting institutions, masters colleges and universities, baccalaureate colleges and specialized institutions. Classifications such as this will gradually change as more institutions are granted full university status or given the right to award doctorate degrees in certain fields. According to Huisman and Kaiser (2001), recent development in Sweden points to a 'blurring' of the border between the university and the non-university sectors.

Whatever the criteria used for categorization, the development in Sweden seems to be going in the direction of increased variation within the system. The following questions need to be answered: How long can the uniform system of higher education be upheld? To what extent is the common regulatory framework an obstacle to further adaptation and readiness to respond to different needs and new demands?

In this paper, the focus will be on the conflict between uniformity and diversity in some aspects of Swedish higher education policy in the last decade. Economic development in the nineties and changes in political power (in 1991 to a non-socialist coalition government and in 1994 back to a Social-Democrat government) has made these conflicts more visible than they used to be in a politically stable country such as Sweden.

Table 6.1 Swedish higher education institutions classified according to the 2000 Carnegie Classification[61]

	Number of accredited institutions 2000	
	Public	Non-public
Doctorate-granting institutions (= awarding doctorate degrees in a broad range of disciplines)	8	0
Master's colleges and universities (= awarding doctorate degrees in a limited range of disciplines)	8	1
Baccalaureate colleges (= awarding only undergraduate degrees or diplomas in a broad range of subjects)	9	0
Specialized institutions (= awarding undergraduate and in certain cases doctorate degrees in a single field)	13 (8)*	11 (11)*
Total	38	12

* of which art schools

3. Access and admission

For the last two decades, access to higher education in Sweden has been based on a unusual combination of restricted admission and mass education. Special admission rules for adults lacking formal qualifications (the so called 25:5-rule) were introduced as early as the 1970s. Ever since, great emphasis has been placed on equality of

61. The Carnegie Classification 2000 is made according to the degree-granting activities (level and number of degrees and disciplinary breadth) of the institution (www.carnegiefoundation.org). Institutions granting more than 50 doctorate degrees across at least 15 disciplines are classified as universities. New universities and colleges with fewer doctorate degrees are classified as masters colleges. Medical schools and institutes of technology (e.g. KI, KTH and Chalmers) are classified as specialized institutions. According to Altbach (2002), the Carnegie Foundation is preparing to change its classification to emphasize teaching and the service function of academic institutions, which will make the classification less valuable for understanding the complexity of higher education systems.

access through a centralized admission system and wide geographical distribution of learning opportunities. Restricted intake was seen as a necessary prerequisite for the implementation of these principles. This policy has led to a widening of access in terms of educational and geographical background of new entrants. However, this did not occur until the 1990s and mainly as an effect of the expansion of the system. Social imbalances in access to higher education have, however, remained almost unchanged. The Swedish admissions policy has played an important role in this development (Kim, 1998).

Despite the growth of higher education in the 1990s, there is still intense competition for entrance in most areas. In recent years, just over 50 per cent of applicants have been offered places. The transition rate from secondary school to higher education is rather low in Sweden compared to other European countries. In order to keep up with the development in neighbouring countries, the government has proclaimed as a future goal that at least 50 per cent of an age cohort should enter tertiary education before the age of 25 (compared to about 40 per cent at the present time). Current demographic development makes the competition less severe. The number of students taking the Swedish Scholastic Aptitude Test (SweSAT) is going down, a sign of decreasing competition. Some institutions, mostly regional university colleges, even have difficulties in attracting students to certain programmes, mainly engineering programmes of shorter duration and natural science studies. In some years the demographic curve will turn upwards again and result in growing numbers of school-leavers seeking entrance to higher education (*Figure 6.1*). Selection procedures will therefore probably continue to exert influence on access to higher education.

The notion of uniformity has manifested itself most distinctly in the Swedish admissions system. The same admission rules are applied to practically all higher education programmes. Admission is based

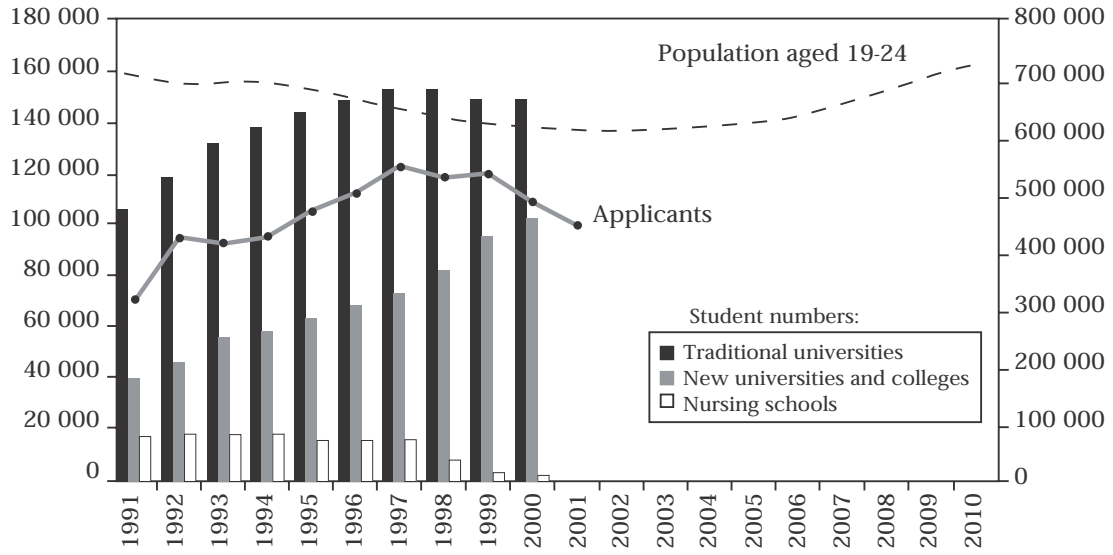
on two parameters only, either the average grade from secondary school or the SweSAT-test. No individual assessment is made of the applicant and the whole process is administered by a computerized admission system. Only the art schools and some schools of medicine and journalism are presently allowed to use their own selection criteria for a limited number of students. The uniform admission rules have been proven to have negative effects, primarily on students' choice of study in secondary school (Kim, 1988; Brandell and Kim, 2000).

The need for increased diversity is clearly visible in the admissions policy. Management by rule is still the guiding principle in this area and the admissions procedure is extremely uniform and centralized in international comparison. It is not in line with the general trend towards increased autonomy of the institutions. The Swedish way of looking at higher education as a 'privilege' to be distributed equally by admission rules among its citizens, and not as a 'right' for everyone qualified to enter higher studies, does not fit in a stage of massification (when the majority of young people are expected to pursue higher studies). A more appropriate way would be to 'find the right place for every applicant' and open up internal mobility in the higher education system rather than striving for 'justice' in the selection procedure.

Up to now, the government has refused all proposals to change the admissions system. Neither politicians nor administrators want to retreat from the principle of 'justice by uniformity'. The changes in admission procedures put through in recent years have, if anything, gone in the direction of *increased* centralization and uniformity. However, in the recent Government Bill on higher education, some changes are envisaged: an admission quota of 10 per cent to be used more freely by the institutions and new procedures for recognizing and validating non-formal learning on an experimental basis. This may

give higher education institutions greater flexibility in the implementation of the general regulations, but does not significantly change the admissions system or reduce the negative effects in secondary school. The present system is expected to remain unchanged until the year 2008, when a new grading system in secondary schools will be instituted. The uniform admission rules will continue therefore, to be an obstacle to increased diversity of Swedish higher education.

Figure 6.1 The development in 1990-2010 of population aged 19-24, number of applicants and students in university and non-university higher education in Sweden



Source: National Agency for Higher Education and Statistics, Sweden.

4. Geographical distribution

The increase in student numbers in the 1990s also meant a geographical redistribution of higher education in Sweden. The growth rate was higher in the university college sector than in the traditional university sector (*Figure 6.1*). Irrespective of political

power there was strong backing for the new universities and colleges during the whole decade. Student numbers in the new university colleges grew as fast at the beginning of the 1990s when the non-socialist-government was in power as in recent years under the Social Democrat regime. The Centre Party (favouring regional distribution of resources) did exert some influence in these matters in both periods.

The metropolitan regions in Sweden were not favoured by this policy. The growth rate in these areas was lower than in other parts of the country (Wikhall, 2001). However, the geographical distribution of places did not correspond to students' priorities. Some of the university colleges in more remote areas even have difficulties in recruiting enough students while competition is still keen in urban areas. Again, this may be an effect of the uniform structure. All higher education institutions are given the same type of assignments and they are all expected to cover a rather broad spectrum of educational demand. The government talks favourably of the specialization and more distinctive 'profiles' of the new universities and colleges, but some steering mechanisms work in the opposite direction.

The procedure of granting an institution the right to award master and doctorate degrees has unintended consequences. The government and/or the national agency take decisions in these matters on the basis of peer-reviews and academic criteria. Consequently, the first university colleges given full university status were all formerly affiliated institutions copying the structure and aim of traditional universities. The remaining university colleges all declare their intention to reach university status or at least the right to award doctoral degrees in some disciplinary areas. From the point of view of the institutions, upgrading in these terms seems to be the only way to improve one's status and economic conditions in the Swedish system. This may create 'academic drift' and increase the

pressure towards homogenization. According to Skoie (2000: 418), "the recent Swedish approach of elevating colleges to universities after an assessment of their academic standards is probably the most devastating in terms of its effect on alternative approaches. In fact, it points to the university as the superior institution – an ideal that all higher education should try to attain".

Stressing the goal of 'research-based training' in all types of higher education programmes may lead to even further 'academic drift'. Since the late 1990s, all university colleges are now awarded specific appropriations for research. Research money has increased from 2 per cent of their total public funding in 1994/1995 to 8 per cent in 2000.

5. Financing

An important part of the 1993 reform of higher education was the introduction of a new performance-based funding system for undergraduate education. Every institution is allocated funds according to the number of students registered and the number of credits earned by the students. In the government allocations there is, however, a ceiling sum (maximum funding) which constitutes the highest aggregate compensation for students and performances permitted every year. Institutions are expected neither to exceed nor to go below this ceiling. The amount of compensation differs between broad subject areas such as social science and the humanities, natural science and technology, medicine, etc. All higher education courses are classified accordingly. Courses belonging to the same group receive the same amount irrespective of level of study or the location, orientation and size of the institution. Each institution is expected to redistribute available resources according to their own priorities,

but most of them use the national 'price tags' in their internal allocation as well.

As a result of this funding system there is now growing hesitation within universities and colleges to offer experimental/innovative courses and courses where the expected outcome in terms of credit points is low (i.e. distance education and extended courses). In addition, the government must allocate additional funding to the smallest and most recently established university colleges (Södertörn, Malmö, Gotland) in order to compensate for the marginal effects of the funding system occurring in bigger institutions.

What is the effect of these uniform price tags in a mass higher education system in which institutions differ greatly in their mission and orientation and universities and university colleges increasingly engage in lifelong learning, remedial education and vocational training? According to Askling *et al.* (2001), this is an obstacle for the development towards lifelong learning. Uniform price tags, based on the assumption that all higher education must fulfil traditional academic standards, may also put a stop to further expansion. In general terms, the funding principles provoke the conflict of quantity versus quality in undergraduate training, a challenging question when average funding per capita is decreasing. For Sweden, it brings the intriguing problem of diversification to the fore.

In contrast to the uniformity in the financing of undergraduate education, there is great pluralism in the Swedish funding of research. This is done separately from funding of education, in spite of the proclaimed unity of teaching and research mentioned above. In addition to state funding of basic research there were, up until recently, many funding organizations serving various sectors of society. In 1994, the number of funding agencies increased even further when the then non-socialist government turned the

endowments of the wage earner's funds into seven new strategic foundations out of direct government control. This in turn led the returning Social Democrat government to modify the funding organization, cut down the number of funding bodies, establish a national research council (an umbrella-type organization for the former disciplinary councils) and co-ordinate the public financing of research with that of the private foundations (a process analyzed by Benner, 2001).

Research funding is now increasingly expected to be competitive and channelled through the National Research Council and the strategic foundations in order to strengthen quality and concentration of research. The Funding Council receives applications from researchers at traditional universities as well as non-traditional institutions. It is feared that the co-ordination and centralization of public research financing will strengthen the influence from disciplinary and academic stakeholders. Homogenization instead of diversification may again be the effect.

The proportion of public grants allocated directly to the state-run institutions of higher education is steadily decreasing and academic research is becoming more dependant on external providers of funding, not only the strategic research foundations but also the EU, private industry and regional authorities. The government appropriations for research to the non-traditional institutions are relatively modest so they must to a great extent rely on external sources. This funding is mainly mission-oriented and confined to specific areas and, thus, unevenly distributed across the higher education sector. The differences in economic conditions occurring between various parts of higher education will probably make centralization and uniform procedures less appropriate in the future.

6. Academic careers

Common regulations with respect to employment and promotion of teaching staff in higher education have been in operation since 1977. The career structure, comprising the whole higher education sector, is based on four different types of post: professor, senior lecturer, research associate (postdoctoral fellow) and junior lecturer (for which a doctoral degree is not needed). A fifth category, a doctoral scholarship position, has been gradually introduced for postgraduate students. Universities and colleges may make their own decisions regarding the employment of teachers on the basis of these rules. Since the early 1990s, this even includes professorships.

The German *Lehrstuhl* tradition and the separation between education and research have made the division between different types of academic teachers rather sharp in Sweden. A reform of the academic career system put through in 1999 was intended to break this tradition. A unified career track was established from junior lecturer to senior lecturer and from senior lecturer to professor. Promotion within the system was to be based on assessment of the individual teacher in a traditional manner, but with more emphasis given to teaching skills. The new system should enable senior lecturers with the appropriate qualifications to be appointed as professor and for suitably-qualified junior lecturers to be appointed as senior lecturers. The reform is equal to the Norwegian *oprykk* introduced in 1993. That reform is now under debate because of its effect on promotion of female staff. In Sweden, the new procedure of promotion has – within two years – increased the total number of professors by 1,100 (and no gender discrimination has yet occurred). The big differences between Sweden and the other Nordic countries in terms of professorships in relation to population (Dahllöf, 2000) have almost levelled out – in pure numbers. Since no extra money was appropriated in the Swedish reform, the short-term effects may

however be limited to a re-labelling of a number of qualified senior lecturers as professors.

The quality debate in the 1990s focused attention on the qualifications of teaching staff in universities and colleges. The government in office, irrespective of political orientation, has taken action in order to raise the academic competence of teachers not holding a doctorate degree. The number of junior lecturers has, in spite of this, increased more rapidly than the number of teaching staff with doctorate qualifications. This is an inevitable consequence of the inclusion of more non-traditional and vocation-oriented training, but it also points to the need for a more diversified employment and career structure in the higher education system. No such variation is accepted. The only change approved by the government in recent years is the provisional establishment of associate lecturer positions in order to retain some talented young researchers within the universities. These actions are considered necessary in order to compete for excellence with the outside world and to meet the impending generational change. As in most other countries, a growing number of teaching staff will retire within the coming decade. In Sweden, half of all professors and one-third of all senior lecturers will retire in the next 10-year period.

The growing need to recruit young teaching staff has enforced a modification of postgraduate training in Sweden. A reform was launched in 1998 to increase efficiency and output from postgraduate education. The aim was to limit the normal length of study for a doctoral degree to four years by means of improved supervision and more favourable economic conditions for students. On the other hand, only students with guaranteed funding (a doctoral fellowship or a grant for a study period of four years) were admitted according to the new rules. In principle, students were not allowed to study part-time or use private means to finance their postgraduate training.

A shorter and more structured study progress was prescribed. The same regulations were applied to postgraduate training in all subject areas. With this reform, therefore, the basic rule of uniformity also prevails in national planning of postgraduate education. There is now less flexibility in Swedish postgraduate training than in most other countries (Kim, 2000).

The restrictions of access to postgraduate education did create problems, primarily in the humanities and social science faculties. The number of new entrants in postgraduate training in these fields decreased substantially after 1998. The total number of active postgraduate students, which had previously increased year by year, has remained almost stable hereafter. In the year 2000, the total student number even declined. However, there is a great variation between subjects. In some areas, notably science and technology, there are not enough applicants to fill the places, while on the other hand competition for postgraduate studies in the humanities and social sciences is stronger than ever. It is still an open question as to whether the average time for a doctorate degree will be shortened by the new regulations. Students nowadays often need to take the four-year *magister* degree (instead of a three-year bachelor degree) to be admitted to postgraduate studies. They also require a postdoctoral training period after graduation to reach full status as a researcher in the academic community.

Most of the criticism of the recent postgraduate reform comes from the fact that the same set of regulations is applied to postgraduate training in all fields. It is a well-known fact that conditions for research training vary between disciplines and institutions (Becher 1995; Clark, 1993, 1995). Changes that attempt to force postgraduate training into a too-uniform structure may hamper renewal and creativity and impair conditions for various areas of knowledge and categories of students. The demand for part-time

studies and lifelong learning at the postgraduate level for instance was completely overlooked in the Swedish reform. Adjustments in order to open up for part-time and shorter study programmes are now on the way.

7. Evaluation and quality assurance

A new approach to evaluation of quality in higher education, based on modern ideas of quality management, was part of the reform in 1993. It gradually developed into a Swedish model of quality assessment that attracted international attention (Massy, 1999). Universities and colleges were regarded as 'learning organizations' in which progress was to be stimulated by self-assessment and quality work. Quality management programmes were set up at all institutions. When the National Agency for Higher Education was re-established in 1995, it was put in charge of a national quality audit process based on these programmes. Audit teams, appointed by the agency, performed evaluations of all learning seats. Quality improvement and internal quality management, not quality control, was the focus of these audits. During the period 1995-1998 all public higher education institutions were assessed. A second round of quality audits was started in 1998 and completed in 2002.

According to Nilsson and Wahlén (2000), a cultural change occurred as a result of the first round of audits. A meta-evaluation of the Swedish model also reports positive results, although with some teething problems (Stensaker, 2000). It could be argued that the development of national systems for quality assurance began at a more advanced level in Sweden than in most other European countries. The first phase is normally characterized by efforts to safeguard quality by setting minimum standards, identifying sub-standard programmes and reporting to the state (see Jeliazkova and

Westerheijden, 2001). This first phase of pure control was simply left out in the Swedish approach.

In addition to the audit process, a special examination procedure was developed, initially for granting small and medium-sized institutions the right to award bachelor and *magister* degrees and later on to grant some of them full university status or the right to establish so-called 'areas of research' (i.e. the possibilities to receive basic funding for research and the right to award doctoral degrees in one subject area). These evaluation procedures, still in practice, serve two different functions: to control and to lend authority. They have proved effective quality-driving measures for improving the standards of the new university colleges. On the other hand, they also appear to enforce 'academic drift' and homogenization within the higher education system at large.

Around 2000, evaluation policy changed. A new system for quality assessment was introduced. Emphasis was shifted from development to control and the object of quality assurance was shifted from institutions to subjects and programmes (Prop, 1999/2000: 28). Since 2001, training in all subject areas and programmes (including research training) is to be assessed once every six years. One reason for this change was the involvement of students in the evaluation process and the intention to use the evaluations for student information and counselling. European agreements on quality assurance (in Bologna, Prague, etc.) and the debate on lowering standards also played a part in the change of evaluation policy.

The National Agency currently performs three types of national evaluations (Högskoleverket, 2001*b*):

- *evaluations* for granting new institutions the right to award degrees and research status, where the preconditions for training and research are examined;

- *institutional audits*, where the process of quality management of all universities and colleges is (re-)examined; and
- *comprehensive quality assessments* of all subjects and programmes, said to serve the double role of control and continuous improvement of quality.

A great overlap exists among these evaluations. The former model of quality auditing will gradually be put into the background and degree-granting evaluations will be performed less frequently and only for broader areas of study. The nation-wide evaluation work will focus on comprehensive quality assessments. Since unsatisfactory results may lead to loss of the right to award degrees, the new quality assessments will in fact have the role of accreditation. By retreating from the development-oriented stance, Sweden now adheres more to the control approach than the other Nordic countries (Hämäläinen *et al*., 2001). From being a forerunner in the field, Sweden seems to have regressed to the very first phase in the development of national systems of quality assurance (Gornitzka *et al*., above).

The balance between development and control is difficult to master in any national evaluation policy. Only a few reports from the new assessment programme in Sweden have yet been published. Although the aim is control of standards, the reports seem to place more emphasis on process and quality work than on assessment of outcomes. The controversy between development and control will probably come to the fore in the near future when more quality assessments performed according to the new model are made public. Experts in the field of quality management fear that national assessments, based on common criteria, may counteract change and be a hindrance to growing diversity in Swedish higher education (Klevsjö *et al*., 2001).

8. Is higher education policy in a deadlock?

Diversity has been an important issue in the international higher education policy debate ever since the expansion began in the 1960s. It was generally regarded as desirable to increase diversity in order to make higher education systems more responsive to new demands. The stability and quality of US higher education was often attributed to the diversity of the system and the USA often served as a model for the state-governed and more uniform European systems.

European countries have tried to meet the need for increased diversity in different ways. Dual, binary, multipurpose and integrated systems have been tested and changes continue. Sweden was the first country to establish an integrated system comprising the entire post-secondary sector. In some other countries, the integrated model was tested for part of the sector (Teichler, 1988). Only a few countries have as yet introduced a comprehensive legislation applied to the entire higher education sector. However, in all kinds of systems the dividing line between the traditional university sector and the new vocation-oriented part of higher education has become more blurred in recent years (Huisman, Kaiser, 2001). A kind of multipurpose model seems to be gaining ground. There are also trends in other directions. Competition and increased market orientation as well as academic drift and internationalization are driving higher education systems in the direction of increased homogenization, not diversification, which was often the proclaimed intention (Skodvin, Nerdrum, 2000; Skodvin, 2000). The consequences of these developments for the variation in programme offerings are not known. No clear relationship has yet been proven between the way higher education systems are formally organized and the level of diversity (Huisman *et al.*, 1999).

But what exactly do we mean by diversity in higher education? Clarification is needed in order to analyze and compare the level of diversity between countries. The concept of diversity has been defined in different ways: systemic diversity, institutional diversity, structural diversity, etc. (Birnbaum, 1983; Huisman, 1998). In this context, it is necessary to distinguish between diversity at the *system* level (i.e. differences between institutions as regards their tasks, size, control, legal foundation, etc.) and diversity at the *institutional* level (i.e. differences in programme offerings and services provided by institutions.). The focus in this paper is on the relationship between these two dimensions and in particular the effects of government regulation on institutional diversity. Standpoints differ on this matter. Some believe that government regulation and policies inhibit diversity (e.g. Birnbaum, 1983) while others draw the opposite conclusion (e.g. Huisman, 1998).

What conclusions can be drawn from the Swedish experiences? The uniformity of the regulatory framework, aims and legal status among others places Swedish higher education at a low level of systemic diversity. Institutional diversity is more difficult to operationally define and measure. A study of ten national higher education systems, mainly from the student's perspective, classified Sweden as belonging to the group of least diverse systems (Huisman *et al.*, 1999). Ample evidence is now at hand indicating that the Swedish notion of *enhetlighet* (uniformity) may be a hindrance to continuous renewal and adaptation. This evidence also indicates a connection with the low level of systemic and institutional diversity in Sweden. Furthermore, international comparisons suggest that binary systems provide a better guarantee to (maintaining) diversity than uniform or unified systems. An explanation could be that legally-mandated boundaries help to preserve diversity within the system (Huisman *et al.*, 1999).

The development towards mass higher education and lifelong learning puts new demands on higher education. Everyone agrees with this, however we lack definitions and instruments to analyze and compare ongoing developments in relevant terms. Altbach (2002) suggests that we should "introduce some rationality into analyzing the increasingly complex array of academic institutions that characterize many national systems" by introducing more precise definitions of the various functions of academic institutions, followed by an objective categorization of these institutions within countries and regions.

The various aims and functions of higher education institutions are sometimes discussed in terms of 'ideal types' or metaphors derived from theoretical models analyzing the multiple claims on the higher education system (Beckman, 1989; Gerhard Marton, 2000). The uniform higher education system in Sweden may be looked upon as a compromise between these different demands, internal as well as external. The Swedish solution may be a good compromise but inappropriate to any specific demand. Would it not be better to differentiate between different parts of the post-secondary sector, giving each part a more distinctive role to the benefit of the whole? And why is this problem not openly discussed? Is the uniform structure and regulatory framework of Swedish higher education based on profound ideology or is it merely an excuse for government and institutions to escape the conflicts, responsibilities and costs that would ensue from a break with uniformity?

Sweden has a long tradition of national planning. A rather strict and hierarchical body of laws and instruments are still in force in spite of the general development towards ever more complexity and diversity (Alfredsson, Wiman, 2000). In the field of education, the notion of *enhetlighet* is closely connected to equality of opportunity and is as such a politically controversial issue. The recent Government

Bill on higher education (Prop. 2001/2002:15) does not give any clear-cut signs of policy change towards increased flexibility. The recurrent references made in that document to the principles guiding the former higher education reform in 1977 point in the opposite direction. However, in some policy areas the government is 'retreating from goals'. Due to the increasing number of immigrants and non-traditional students in higher education, the notion of *mångfald* (diversification of the student body) has become somewhat of a catchword in the political debate. This has brought some exceptions to the rule of uniformity.

What about changes 'from within' the higher education system? According to the new Higher Education Act of 1993, universities and colleges may, as autonomous institutions, themselves break with uniformity by creating a more diversified structure at the institutional level. However, no university in Sweden has yet decided to introduce a diversified internal structure with different goals and conditions applying to distinct parts of the institution. Nor have any of the new universities and colleges declared themselves as 'differing' from the general norm.

Has the overriding goal of uniformity led Swedish higher education into a deadlock? Or is a policy change under way? The answer is left open. International trends and pressure towards a European Higher Education Area may force Sweden in the same direction as other European countries. One thing is certain: higher education policy in Sweden will in the near future have to deal with tensions arising out of the conflict between uniformity and diversity.

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VII. ADAPTING THE NORDIC MODEL TO THE FUTURE

Ingemar Fägerlind and Görel Strömqvist

1. Higher education and the welfare state

The global economy has had a substantial influence on the higher education systems of the Nordic welfare states, where the social function of higher learning is very different from what it used to be (Fägerlind *et al.*, 1999). Nordic states and especially Sweden and Finland often used educational legislation for social engineering purposes. In Norway, and to a certain extent in Denmark, there was a mixture of centralized rule with an ear towards local interests (Kogan *et al.*, 2000). The goal of recruiting students to higher education from a variety of social, cultural and educational backgrounds has been considered important by all. This goal has not been fully achieved, but some countries, such as Finland, have been more successful in recruiting students. Increased participation in higher education has resulted from democratization. At the same time, as in other industrialized countries, there has been a growing need for a highly skilled workforce in an increasingly knowledge-based economy. Today, participation in tertiary education is considered important for entry to rewarding careers.

One consequence of recent changes in higher education is the reduced power of the academic oligarchy, with the market stepping in. Moreover, the role of the state is not as straightforward as it once was, and national governments operate under the pressure of supranational communities. The relationships between nation states and education systems are, as a whole, complex (in't Veld *et al.*, 1996).

Clearly, the Nordic states and their education systems are intertwined and their destinies mutually dependent.

The Nordic countries have had a common labour market for a long time but special work permits were required to work outside the Nordic area. The process of 'Europeanization', the right for people to work and study in other European Union countries, and internationalization are forces that are changing the role of the nation state. In international markets, there are economic demands for free movement of people, capital and goods and services, which create a need for international standards. National education legislation is therefore becoming an outdated phenomenon. To meet the demand of employers, it has been necessary to standardize the educational structure and the structure of degrees. As early as 1942, Iceland was the first Nordic country to establish a three-year BA degree (Jónasson, 2004). The university tradition of Iceland derived from Denmark with its five- to six-year degrees for divinity, medicine and law. However, from 1942 in Iceland most degrees were of the three-year bachelor type, the reason being that a high proportion of Icelandic students had been studying either in the UK or in North America. Iceland was therefore the first Nordic country to adopt the Anglo-Saxon system of higher education. The 1999 Bologna Declaration, which set up a three-year bachelor degree, two additional years for a masters and three years of research training, has influenced the recent changes of degree structures in all the Nordic countries, but more specifically so in Denmark and Norway where the first university degree required more years of study.

In Denmark, the new educational levels at universities are the bachelor's, master's and Ph.D. The new bachelor's degree is required for continued studies towards the old *candidatus* degree, which combined requires a total of 5 years' study. In 2000, a professional bachelor's degree awarded after three to four years of study was

introduced, as well as a master's degree, within the system of lifelong learning. Norway has changed its degree system according to the Bologna model. In all the countries, course credits have been introduced. Sweden introduced such a system, based on the length of the course modules, in the 1970s. The European Credit Transfer System (ECTS) is currently in use everywhere. In Finland and Sweden, research training builds directly on the bachelor's degree, but in both countries there is a two-year intermediate postgraduate or *licentiate* degree. The master's degree is available in most areas of higher education in Finland, while in Sweden studies for the *magister* degree are still included at undergraduate level, which creates problems in international student exchange. However, as Sweden has signed the Bologna Declaration on the three levels of degrees, this will have to change in the near future. The conclusion is that the model of higher education in all the countries studied is now more similar as to degrees offered, both within the Nordic area and internationally.

2. State control in decentralized systems

All the Nordic countries have had a tradition of strict centralization, with tight control over the funding of higher education. To create new professorships in the universities, decisions were made at ministerial level. This meant that the ministries could decide on the university's finances at departmental level. The goal was formal institutional uniformity and the similar status of institutions as well as the quality of teaching and research within disciplines (Blomqvist and Nybom, 2001). Following recent decentralization reforms of higher education, state control is no longer exercised through normative legislation but instead through funding and evaluation systems and by appointing external representatives on university boards. During the last two decades, new funding systems have been introduced in all the Nordic countries. A very high percentage of the budgets are still paid for by the state

and usually there are no or very low tuition fees for students. Performance-based budgeting is used and funding from the state for education is usually dependent on the number of students enrolled and their achievements in the form of credit points or degrees at different levels. In all the countries, the grants awarded differ among scientific areas, and the natural sciences and technology receive higher amounts than the social sciences, humanities and law. There is a tendency towards a freer system in managing finances and in all the Nordic countries block grants are tied to service contracts or other types of contracts. The basic funding is planned to cover salaries, running expenses and capital expenses. In some countries contracts cover longer periods such as three years and the money can be used differently during these three years. Imported from business, and accompanied by diminishing resources and greater demands for efficiency and effectiveness, the introduction of block grants has taken place throughout the public sector. This has resulted in the rise of managerialism at all levels of higher education institutions.

Systems of governance in higher education in Europe have passed through a period of turbulence (de Groof *et al.*, 1998). This is a result of increased internal participation together with new demands for external accountability and improved internal efficiency. In the mid-1980s, bureaucratic state controlled models of university governance were replaced by supervisory models. Institutional self-regulation lies at the heart of change in governance and had profound consequences for those working in different departments. Students were granted more influence at department and faculty levels. External representatives increased on the university boards while collegial influence decreased. In Sweden, university boards are chaired by an external representative appointed by the government, not by the rector of the university, while in Finland the senate is chaired by the vice-principal of the university.

3. Financing of research

Research has a long tradition in the countries studied. It has been important for the development of universities and played a vital role for the welfare states. The Humboldtian tradition of combining research and teaching has been followed in the Nordic universities. Sweden was unique in the 1970s in creating teaching positions at universities with very heavy teaching responsibilities and without research obligations. During the late 1990s, however, attempts have been made to change this in order to make it possible for every person with an academic position at university level to be involved in research as well as in teaching.

Expenditure on research and development (R&D) in the higher education sector in Sweden has been approximately 0.8 per cent of the GDP since the mid-1980s. For the other countries, this figure was lower. Denmark increased R&D spending from 0.3 per cent in 1985 to 0.4 per cent in 1995 when this spending levelled off. Finland increased its spending from 0.3 per cent in 1985 to 0.6 in 1999. Norway increased its spending from 0.3 per cent in 1985 to 0.5 in 1999. The figure for Iceland was the same, 0.5 in 1999, after a rapid increase of R&D investments in the 1990s (OECD, 2001; Kim, 2002; Nordic Council, 2002; *Nordisk FoU-statistik för 1997 och statsbudgetanalys 1999*). While Sweden spent about the same on research from 1985 to the end of the 1990s, Finland improved its percentage partly through greater co-operation between the university sector and industry. Detailed statistics show that resources for R&D in the Finnish university sector have remained at the same level for some years, while the polytechnics had an increase of 12 per cent. Unfortunately, the statistics for R&D do not show how much is allocated to research and how much is allocated for development. In Sweden, the allocation of research funds within the university sector is directed more towards technology and medical research than towards the

humanities, social and natural sciences, which is not the case in the other nations. Contributions to research from industry have increased since 1994/1995, mainly to the more established universities (Redelius, 2002). Finland has created more than 40 'Centres of Excellence' since 1995 with research training concentrated in 'Research Schools' (Ståhle, 2000). Thus, while research funding has increased in Finland, there seems to be stagnation in the other countries. In Sweden and Denmark, 'Research Schools' have also been created, but not as many as in Finland. Norway has not established any as yet, but there are so-called Nordic Centres of Excellence created and co-ordinated by the Academy of Finland with Norwegian participation.

4. Evaluation and accreditation

All the Nordic welfare states have followed the drift towards efficiency by introducing the principle of management by results. Academic excellence remains the leading criterion, while at the same time institutions of higher education are expected to fulfil goals in terms of efficiency, creativity and productivity (Nordic Council of Ministers, 2000). All five Nordic countries, as well as many other parts of Europe, have experienced the rise of the 'evaluative state'.

In all the countries in this study, higher education reforms have brought about a shift from state regulations to more autonomy of different units of tertiary education. Changes in institutions of higher learning are a result of the impact of globalization, economic and technical development and the information and communication revolution. Institutions have been given increased autonomy with respect to orientation of programmes, internal organization and economy. State control is mainly exercised through evaluations of quality and outcomes. Special units or institutes, comparatively

independent from ministries, have been established for the evaluation of higher education (Smeby, 1996). In Sweden, however, a government agency is responsible for quality assurance.

The Danish Evaluation Institute (EVA) was established in 1999 to undertake quality assessment in all areas of the Danish education system. Within higher education, the evaluation procedure follows a standard method whereby self-assessment of each programme is important. Surveys of the experiences and opinions of different groups of users, such as students, graduates and employers, are taken into account. Site visits to institutions by four or five persons with professional credibility play an important role. Evaluations are carried out against the goals set by the institutions themselves, as fitness for purpose, in an attempt to balance improvement and accountability. There is no ranking or accreditation of institutions and evaluation is not tied to the funding. The Danish system of education has a tradition of local responsibility with decisions regarding changes being made by the local institutions.

The Finnish Higher Education Evaluation Council (FINHEEC) was founded in 1996 and performs the majority of the systematic evaluations, but also supports the universities and other institutions of tertiary education in matters of evaluation with experts in the field. International experts are often asked to participate in the evaluations. Every university, faculty and department is obliged to maintain an extensive information bank of empirical indicators of its resources and results and to practice its own evaluation procedure. The new council played an important role for the government when vocational colleges (polytechnics) were accredited, but it only performs analyses and submits recommendations important for the accreditation of institutions. By 2000, all universities in Finland had been evaluated with the participation of FINHEEC. The Academy of Finland plays an

important role in the evaluation of research institutes, as it selects top quality units which have better chances for substantial three-year research funding. There are plans for closer collaboration between the academy and the council.

The Ministry of Education in Iceland has established a department of evaluation covering all levels of education in which the criteria and tools for the evaluation of higher education are being developed. The central government is accountable for the substantial public funds distributed to a considerable number of institutions and the government assumes responsibility for maintaining academic standards within the universities. The plans for how evaluations are to be organized in the future are now under discussion. They will most likely follow the Finnish pattern, taking into account the opinions of the institutions themselves in the process.

The Norwegian government decided to establish, as of 2003, an independent body called the Norwegian Agency for Quality Assurance in Education (NOKUT). This agency is designed to be independent from the ministries and governed by laws and acts rather than by detailed instructions or orders from the government. The agency has the right to establish new institutions for higher learning, but is also be able to close down departments where the quality does not meet standards. It functions as an accreditation body served by experts in different fields. According to the new rules, all institutions of higher education must have systems for quality assurance and NOKUT is beginning by performing a meta-evaluation of how such systems have functioned in the past.

The Swedish National Agency of Higher Education has carried out two institutional quality audits of all universities and colleges. Moreover, all subjects and programmes are evaluated on a regular basis for the purpose of quality improvement as well as control.

Reports are delivered to the government every year, where comments are given regarding difficulties in some institutions, but also about the unsatisfactory relationship between the Ministry of Education and the institutions of higher education. The agency bears the responsibility for granting the right to university colleges to offer studies leading to degrees at the master's and doctoral level. Regional university colleges are evaluated for possible upgrading to university status, which also implies the right to receive research funds from national sources. The quality of internal evaluations as well as education delivered should be investigated at regular intervals, covering all seats of higher learning. In this process, students are given increased opportunities for participation and influence. Recently, the Swedish National Agency of Higher Education has changed the focus from the performance of quality audits based on institutional self-evaluations and site visits to collecting quality reports from all institutions every fourth year, to be summarized and reported to the government. Thus, the focus has shifted from quality process to output.

In the development of evaluation systems, the Nordic countries have learnt from each other and from international experience. In spite of the similar viewpoint which gives academic institutions the main responsibility for quality, evaluation systems have developed in different directions. However, the results of these evaluations are not directly tied to funding (Kim, 2002). It seems that Denmark and Finland occupy the leading positions in this development process.

Accreditation in higher education is gaining increasing attention in the Nordic countries. According to the European Union, there is a need for viable accreditation schemes within Europe and the promotion of a European platform leading to a European label of quality. The development of qualifications in EU nations includes

consultation and approval processes involving a variety of government agencies, social partners, trade unions and employers, professional bodies, consumer organizations, learners and training providers. In all the Nordic countries, discussion about accreditation is a burning issue but there is a clear awareness that the question of who is responsible for certification and accreditation is not merely theoretical. Rather, it is connected with important mechanisms for the development of business and industry as well as widened opportunities for individuals to seek employment in other countries.

5. Growth and expansion

According to national and political opinion in all the Nordic countries, it is urgent that more people acquire higher education. The key issue is how to achieve an increased transfer to higher education of the young (18-25) age group. The Swedish target for this age group under 25 is 50 per cent, but other Nordic countries have reached higher levels of participation. Finland has the highest participation rate of each age cohort, with 65 per cent in universities and polytechnics. In Denmark, 56 per cent of an age cohort has recently been entering tertiary education, while Norway has reached 60 per cent. Statistics from Iceland are more difficult to examine as many students study abroad. Politically, all the Nordic countries have the goal of widening recruitment to include groups that previously have not participated to a great extent in tertiary education. In Sweden, seven out of 10 young people from middle-class backgrounds go on to tertiary education, compared to three out of 10 from working-class backgrounds. Young people with a foreign background are relatively well represented in higher education. However, there are major differences among nationalities. Remaining rigidities in the admission system are still to be removed and study guidance improved in order to further diversify the student body. We agree with

Sköldberg and Salzer-Mörling (2002) that social engineering through higher education policies might not be the solution in the transformation of higher education from a massified to a universal tertiary system. Higher education has to be opened up for expansion through more flexibility at all stages. Therefore, the best government policy could well be to give more freedom and responsibility to universities and colleges. Finally, it is among all those creative people active in the institutions of higher learning that the best solutions are to be found.

6. Lifelong learning policies

Increased participation in higher education could be a result of conscious efforts to widen access in order to include groups that traditionally did not participate – older students, students from non-academic backgrounds and other underrepresented categories. Democratization of access is, of course, important in the Nordic welfare states, where taxpayers foot the major part of the bill for higher education. However, the need for a highly qualified workforce in order to maintain economic growth, and thereby the welfare state, is also stressed. An increasingly diverse group of students, from more varied backgrounds than ever before, socially, educationally, culturally and at different life stages, is now found in Nordic higher education institutions.

One of the main challenges, both to higher education expansion in particular and to lifelong learning in general, is that more people are to be educated without a corresponding increase in public spending. Lively discussion and various efforts have been dedicated to possible solutions for this dilemma. Quality and effectiveness of teaching are at the centre of interest. Universities and other higher education institutions are gradually trying to learn how to receive,

teach and provide courses and programmes relevant to older and more experienced students. These students are often demanding more flexibility in terms of delivery of courses and programmes.

Diversity, flexibility and new technologies for maximum accessibility are important features of the lifelong learning policies for higher education in all the Nordic countries. Schemes for evaluating and validating prior experience are gradually being introduced in Sweden and Norway and pilot programmes for admitting a certain proportion of students on the basis of such validations are now operating in Sweden. The EU *Memorandum on lifelong learning* (European Commission, 2000) points to the importance of such efforts in one of its six central messages or goals for the realization of lifelong learning, "considerable improvement of evaluations of participation in non-formal and informal learning, and the way such evaluations are being followed up". A joint European approach to valuing learning is seen as a prerequisite for achieving the European area of lifelong learning.

The recent lifelong and life-wide learning policies have a number of consequences for all stages and actors in education. Individual learning throughout life and in all kinds of situations should be stimulated. According to the OECD, the following issues for higher education have to be addressed:

- opportunities of access must be provided for all types of students of all ages;
- there must be great variation in the supply and conditions of study;
- access to information and guidance needs to be improved;
- new ways to select and structure knowledge and experience must be found and a more active and learning-centred pedagogy introduced.

In addition, as mentioned above, clear documentation and validation of prior knowledge and competencies has been stressed in the Nordic and European policies. And, finally, increased co-operation between several education providers and flexibility in terms of financing (possibly student fees) are some ways in which higher education could better fulfil its role in lifelong learning.

The higher education sector grew rapidly in the 1990s. Enrolments in tertiary education rose to an average of 40 per cent in the OECD countries by 1996 (OECD, 1999). This growth was largely youth-driven, however, and could be considered an achievement as well as a challenge to the systems. There are more students in the systems that have passed their early twenties, primarily because studies take longer to complete. In addition, a growing number, up to 8 per cent, are enrolled in full-time or part-time courses for qualifications. In this context, the OECD emphasizes that it is necessary for tertiary education to become more inclusive. This not only refers to those entering higher education later, as 'second chancers' but also those returning for more education as 'second biters'. As many as 18 per cent of qualified adults take some course in tertiary education, thereby not only raising the student numbers but also creating a demand for teaching, financing and student support services for a more heterogeneous student group.

According to the recent policies of international organizations as well as national policies, 50 per cent of all people under 25 should have higher education. This target has been reached in Finland and the other Nordic countries are working towards it. More importantly, additional attention needs to be paid to the quality and relevance of the study as new groups are recruited. Lifelong learning in higher education has often been treated mainly as an administrative problem to be solved by various structural and administrative measures, such

as new admissions criteria, and by forms of delivery such as ICT, part-time, evening, summer or intensive courses. Performance-based funding, as it has been practised at the undergraduate level in Sweden for example, does not encourage any risk-taking.

In the Nordic countries, there are strong traditions in adult education, often through extra-mural extensions of higher education such as the 'Folk Universities'. Originally not aimed at qualifications, they are now increasingly involved in preparing students for professional life or upgrading previous qualifications. In Denmark, a system of open education was introduced in 1989 which provided the opportunity for adults to be part-time students, often after regular working hours. The courses were part of the regular programmes offered (somewhat modularized), with students paying part of the costs through fees. The system has been very popular and the student numbers are increasing. In 2000, a new act on continuing adult education, aimed at further expanding opportunities for lifelong learning, changed some parameters and established a parallel system of educational levels with different degrees for vocational and higher education. These include the diploma level, parallel to the existing professional bachelor and master's level, parallel to the *candidatus*. Work experience is an integrated component in an effort to combine theory and practice, and programme cross-disciplinarity has been facilitated. As a consequence of recent reforms, the whole Danish system has become more flexible and differentiated.

Finland introduced a binary system of higher education in the 1990s with the creation of the new polytechnics. These new institutions offered an opportunity for tertiary education for those with a vocational orientation. The introduction of this new binary system is in contrast to development in the United Kingdom, where the former polytechnics were transformed into universities.

There have been different types of attempts to encourage participation of older or under-represented groups in higher education. From 2001 in Norway, opportunities for access to higher education studies have increased by opening the doors to those over 25 without prior formal qualifications. Higher education institutions must take into account, and validate, other more informal types of learning. As a result, enrolment ratios of mature students in higher education have risen. Similar measures have been introduced in other European countries, Portugal being one example (Eurydice, 2000*a*). Finland and Sweden, which already had a system in which recognition of professional experience helped adults gain access to higher education, are now strengthening their policies further. In Sweden, a general first year, sometimes named basic year or college year, has been introduced in order to bridge the gap between earlier studies and higher education. New programmes of vocational education at a level between secondary and higher education have been introduced and new provisions for vocational and professional training at the higher education level are presently under consideration.

In a recent Swedish government ordinance it was clearly stated that higher education institutions were to maintain their present levels of evening courses. However, today's levels are unfortunately substantially lower than those 10 years ago, primarily as a result of the resource allocation system. In spite of long traditions of supporting older students in the higher education system, there are conflicts among the different goals for education, resource allocation systems, rules and regulations. Organizational attitudes within institutions also help or hinder lifelong learning in higher education (SUHF, 2001). One way of providing wider access to higher education in Sweden has been to establish a new national Net University, built on co-operation among universities, other educational providers and social partners (Proposition 2001/02:15, Swedish government

proposal: *Den öppna högskolan*). This new university will offer complete educational programmes in areas considered strategically important by business and society, and, more importantly, will offer a great variety of courses aimed at individual competence needs.

In Sweden, individual learning accounts were proposed during a previous government period, but no further action towards their introduction has been taken so far. A similar scheme in the United Kingdom is now on hold for the purpose of evaluation. Engagement in contract or commissioned education by higher education institutions is being encouraged, but still remains a relatively small part of higher education in the Nordic countries. A more global and industrial perspective on learning and higher education characterizes the emerging education market. The recommendation, however, has been not to make large-scale investments in Internet-based education at present, but rather to analyze this market and enter into joint ventures with strong, primarily private partners if possible. Increased professionalism and better management are considered necessary for universities to play a role in the educational market. In the future, the major part of professional retraining and advanced professional courses will be provided virtually and, depending on the responsiveness of universities and those who regulate them, mostly by private actors. There are many risks and opportunities involved and higher education institutions are not always willing to shoulder the risk of making the investments needed for course development and marketing. Such costs could not easily be covered by the current resource allocation system. Also, the principle of higher education being free of charge, which prohibits individual fees for courses at university, as is the case in Sweden, makes it difficult to meet the demand for more flexible and targeted provisions for lifelong learners.

7. Similar or different?

In our introductory chapter we posed the question "Are higher education systems in the Nordic countries today more or less similar as compared to a decade ago?" Our answer is that the entire Nordic region is becoming increasingly tied to the global post-industrial society both culturally and economically. The role and function of universities in all the Nordic countries reflects global and international needs in the different nation-states. The Nordic countries have chosen different routes regarding membership in the European Union, but all the systems have changed from very national to more European or OECD-like structures. This does not mean that all countries have taken exactly the same steps. It is quite clear that the system of higher education in Finland, for example, is no longer very national, nor very Nordic. By introducing a more extreme binary system with the new polytechnics integrated into higher education, while at the same time maintaining competition between departments and universities, Finland differs from the other Nordic countries. In addition, Finland has been more successful in raising the proportion of young people in higher education to over 60 per cent of the under-25 age group and at the same time preserving very high standards in teaching and research.

Like other Nordic countries, Iceland has decided to make universities more independent and to allow departments and institutions to compete more than ever. This means that universities may adopt different models as an alternative to the elite research university. Iceland has had the experience of sending many of its young abroad to the best universities. As more students complete their studies in Iceland, however, they are likely to be looking for elite education at home. It is interesting to note that, from an Icelandic perspective, the Bologna process could be seen as a way of making

European higher-education degree structures more similar to the Icelandic degree system.

The segmented structure of Danish higher education has been softened during the last decade and the principle of more flexible differentiation introduced. Lifelong education is linked both to universities and to professional schools and colleges, and is now seen as a common ground for further study. The Norwegian degree system has changed completely in accordance with the Bologna agreement and is now at the forefront in Europe regarding both the Lisbon and the Bologna processes, as well as accreditation of higher education. Competence, co-ordination and quality in higher education are considered important issues and, together with equality of opportunity, essential to the Norwegian debate.

In Sweden, attempts to attract larger numbers of young people into higher education have not been as successful as in the other Nordic countries. The process of widening recruitment to new groups is also quite slow. The goal of equality of opportunity is still very important in Swedish education policy and measures have been taken to improve the situation. There are signs that the goal of 'sameness' or system uniformity, so typical of Swedish higher education, could be a hindrance to the continuous renewal and adaptation needed. Therefore, abandoning the ideology of 'sameness' for a more diversified system might be necessary in order to better cope with the challenges facing higher education today and tomorrow.

8. The future of higher education in the Nordic countries

The Nordic region needs a healthy and flourishing university system. In spite of recent changes, universities in this part of the world are not without problems. Although many of them are competitive with universities in other parts of the world and produce high-quality

scientific publications, a number of issues have to be addressed and universities need to adapt to a series of profound changes (European Commission, 2003). Government funding is not keeping pace with the rapid expansion of student numbers in tertiary institutions and this raises many questions. How can commitment to diversity and quality of teaching be maintained when new groups are entering universities and resources are shrinking? Should universities be responsible for education that others could do better? How can universities support innovative research, development, training, the relationship with industry and specialized research centres at a time when basic resources for research are shrinking and competition for external funding increasing? Universities in the Nordic countries have to prepare for a global society through further internationalization of research and teaching and develop critical awareness of the forces affecting the position of the university in society today.

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