

Reform of the Romanian university system: a ‘good governance’ case study

Background paper

1. Introduction

The purpose of this short paper is to complement and provide background information for the keynote presentation ‘Reform of the Romanian university system: a ‘good governance’ case study of the outcomes of 70 institutional evaluations completed by the European Universities Association (2012-2014)’. The case study, and the project on which the case study is based, displays a number of features that are relevant to current discussions regarding ‘good governance’ and ‘reform’ in the Thai higher education system.

2 An outline of the Romanian higher education system: 1990s to mid 2000s

The Romanian higher education system is characterised by diversity in terms of profile, governance, and institutional missions. There are 56 public (state) higher education institutions (HEIs), 35 private accredited HEIs, and 21 provisionally authorised private universities. The autonomy of universities is guaranteed by law. HEIs have the right to establish and implement their own development strategies and policies, though this is within the general provisions of the prevailing legislation and under the coordination of the Ministry of Education. For some aspects, such as personnel and financial policies, the autonomy of universities is limited. The legal status of academic staff is similar to that of civil servants, so that the level of salaries, recruitment, and professional advancement procedures are governed by strict provisions of the laws for civil servants. The Rector is elected by the university governing body (the Council), which itself is elected by the academic community (usually the Senate, the body deciding on academic issues). The Rector’s election is confirmed by the Ministry.

In the 1990s, reforms were introduced to improve management capacity in HEIs, to define new curricula, to emphasise lifelong learning, and to develop research and postgraduate studies. Financial reforms were introduced and the public funding formula is based on: block grants and bilateral contracts allocated according to a per student capita formula as part of the overall universities’ public funding; and differential financing based on a qualitative component and quantitative indicators.

Romania is a signatory to the Bologna Declaration (1999) and universities are required to implement the principles of the Bologna Process (three cycles: Bachelor/Master/PhD and Doctorate) in line with the European Qualifications Framework. Since 2006, Romania has also adopted a trans-sector approach to quality assurance that applies to all HE providers. All HEIs are required to develop internal quality assurance (IQA) systems, and external quality review procedures are in place. The Romanian Agency for Quality Assurance in Higher Education (ARACIS) is an independent body that has sole responsibility for accreditation of institutions and study programmes.

3. The call for higher education reform: the mid-2000s

By the year 2007, it was determined that a thorough analysis and diagnosis of higher education and research was needed, and a consistent reform and modernisation of

education and research was called for.¹ Ambitious objectives were set, to be reached by 2015. These included:

- Increase the quality and relevance of HE;
- Accelerate decentralisation of financial and human resources, as well as administration and curricula;
- Programmes to enhance the performance of institutions, management, and academic staff.

This diagnosis of 2007 called for the full autonomy of universities in managing their financial and human resources, the enhancement of the differentiation of universities in terms of their missions, and improvement in the external evaluation of public and private institutions and study programmes. This diagnosis of the systems for education and research had identified important shortcomings:

- Low research outputs and performance;
- Low participation rates (15-24 age) impacting on employability;
- All universities (public and private) view themselves as having education and research missions but not reflecting realities in research, employability, society engagement etc;
- Funding is uniform and provides no incentive for improving the quality of education or research outcomes; need to shift to performance-related funding and away from student numbers formula;
- Lack of autonomy and flexibility in human resources policy (e.g. national criteria for tenure track);
- Uniformity in university organisation and management, with no flexibility in enabling universities to develop quality procedures to fit their own specific profiles;
- Inefficient university management results in poor performance in core functions (research, innovation, education).

4. The 2011 Law of Education

The foregoing background information, and the issues raised, culminated in the 2011 National Education Law and the application of various implementation methodologies. Also, as from 2009, a number of EU-funded projects were implemented, designed to enhance the performance of the Romanian higher education system. These included projects on 'quality and leadership', 'PhD and doctoral study excellence', 'improving university management', and 'graduate employability'. Projects were driven, on behalf of the Ministry of Education, by the Executive Agency for Higher Education and Research, Development, and Innovation Funding (UEFISCDI), the National Council on Higher Education Financing (CNFIS), and the National Council on Research in Higher Education (CNCS). The results of these projects have been used to support implementation of the 2011 Law.

5. The 2011 higher education reform at work: diversity, classification, autonomy, and governance

Some of the key provisions of the 2011 law were as follows:

- Increased university autonomy and increased public responsibility, allowing universities to establish their own mission, internal structures, institutional

¹http://presidency.ro/static/ordline/Raport_CPaedec_2007_.pdf

development strategy, quality assurance mechanisms, and financial and human resources management;

- Diversification/classification of HEIs into three groups:
 - a) advanced research universities;
 - b) teaching and research universities;
 - c) teaching universities.
 - An exercise for the ranking of study programmes every four years, linked with financial incentives;
 - Rationalisation and concentration of resources, through the development of university consortia, or institutional mergers on a voluntary basis;
 - Developing entrepreneurial universities, and changing their governance and management accordingly;
 - Reform of human resources policy to encourage high performers and increased responsibility

The main changes facilitated by the new provisions included:

Classification of universities:

- This set out criteria and procedures for differentiation of universities and study programmes;
- According to an evaluation of their quality and institutional capacity, Romanian universities are classified in three types:
 - teaching oriented universities
 - teaching and scientific research universities (including the sub-category of teaching and artistic/creative universities)
 - universities with advanced research and educational programmes
- Classification is based on outputs. Each university is invited to identify its own mission and provide data to substantiate this. Evaluation follows this.

Ranking of study programmes:

- for each academic discipline, a ranking method provides information to stakeholders on the level of academic quality in teaching, research, and society engagement.

Public funding:

Funding is designed to take account of the classification exercise and ranking processes. Resource allocation and promotion of excellence will recognise all types of HEI in the HESystem. Financing will reflect mission and quality. Financing streams are structured as follows:

- a core financing stream for public universities based on quality criteria, and directed by the National Council of Higher Education Financing (CNFIS) on behalf of the Ministry;
- an additional funding stream for institutional development addressed to the ‘best’ universities and study programmes in each category.

6. Follow-up to the Romanian classification exercise

Engaging the EUA Institutional Evaluation Programme (IEP)

The 2011 Law required that the classification exercise was followed up by the institutional evaluation of all universities, to be carried out by an international agency. The European

Universities Association (EUA), through its Institutional Evaluation Programme (IEP), was selected by the Romanian authorities to carry out that task.

The institutional evaluations therefore took place in the context of the overall reform and its objectives, including the classification exercise. Between January 2012 and August 2014, 70 universities were evaluated under the framework of two projects:

- *Performance in Research, Performance in Teaching – Quality, Diversity, and Innovation in Romanian universities*, involved 41 universities: 11 classified as ‘advanced research and teaching universities, and 30 as ‘teaching and scientific research universities (including teaching and artistic/creative universities)’.
- *Ready for innovating, ready for better serving the local needs - Quality, Diversity, and Innovation in Romanian universities*, involved 29 universities that belonged to the group of teaching and learning universities

The overall project, and the entire evaluation programme, had the same aim: to strengthen core elements of Romanian universities, such as their autonomy and administrative competences, by improving their quality assurance and management proficiency.

The IEP evaluation methodology

The evaluation approach used throughout all 70 evaluations was that of the IEP. The focus is on the institution as a whole. Evaluation is undertaken of:

- Decision making processes and institutional governance structures, and the effectiveness of strategic management;
- Relevance of internal quality processes and the degree to which their outcomes are used in decision-making and strategic management, as well as perceived gaps in these internal mechanisms.

The evaluation is guided by four key questions, which are based on a ‘fitness for (and of) purpose’ approach:

- What is the university trying to do? (mission, norms, profile)
- How is the university trying to do it? (governance and strategy)
- How does the university know it works? (quality assurance)
- How does the institution change in order to improve? (strategic management and capacity for change)

7. IEP Peer Review: a perspective on the components of a ‘good higher education system’

IEP evaluations, therefore, are mission driven. Each university is evaluated in the context of its own mission and objectives. Further, although members of IEP teams are drawn from different national HE systems, there is an implicit consensus in the pool of experts about the constitutive elements of a good higher education system and of a good European university.

At system level:

- The government, ministry, any buffer body, quality assurance agency, etc., should ensure that appropriate framework conditions are in place that enable institutions to function in a way that is congruent with national priorities whilst respecting institutional autonomy;

- A good higher education system does not allow some institutions to lag too far behind because these would drag the whole system down.

At institutional level:

- Reflecting Bologna reforms, a European university's teaching and learning mission is student-centred, it has at least some research activity to support good teaching, regional engagement enhances teaching and research, and partnerships help to ensure quality;
- In accordance with good governance principles, a university is able to take timely decisions and to respond strategically to evolving societal needs; there is equilibrium between collegiality and institutional leadership, and self-steering is made possible by using internal quality assurance procedures.

8. The IEP 'system review' report on the outcomes and recommendations from the 70 institutional evaluations: selected highlights

Amongst the key findings of the full 'system review' report² of the 70 evaluations, were the following:

- The long-term strategic capacity of institutions is limited by the narrow scope of their autonomy, constant legislative change, and financial uncertainties;
- The national regulatory framework and the way that the national quality assurance process is carried out reinforce institutional isomorphism across the sector;
- The HE system is characterised by fragmentation due to the existence of many small institutions, a pervasive lack of institutional cooperation, and a variance in the sustainability and quality of the institutions.

The wider policy context at play here is that universities, worldwide, have had to address global competition and the conditions of knowledge-based economies. This has resulted in pressure to become more strategic, to sharpen the definition of their institutional profile, and to be more effective and efficient in their leadership and management. No university today is insulated from these requirements. In Europe, the EU has developed a 'modernisation' agenda for universities. Many governments, including in Romania, have introduced a range of reforms that have affected, primarily, institutional autonomy and diversification, funding, and quality assurance.

The 2011 new law in Romania saw the need to improve the governance, management and leadership of universities. The classification scheme introduced at the time was meant to increase the diversification of the system through funding concentration – an effect that was blunted by the economic crisis. Further, the tendency to mission drift was maintained by the legislative environment and by the national approach to quality assurance.

All of the foregoing is reflected in the 30 recommendations put forward in the 'system review' report. These recommendations are grouped together under ten priorities. For present purposes, the priorities that are of immediate relevance to the theme of 'good governance and reform in Thai higher education', and which are summarised below, are:

- Stimulate institutional change;
- Secure sustainable funding;

²http://www.eua.be/Libraries/IEP/IEP_RO_system_report.sflb.ashx

- Assure quality;
- Applied research;
- Engagement with society
- Rethinking the higher education landscape.

Stimulate institutional change

- The Romanian legal framework is viewed as limiting institutions' capacity for self-steering and strategic development. The need to improve governance was identified. For example, having the right academic committee structures and management executive arrangements to facilitate decision-making
- Governance in private universities fails to provide appropriate checks and balances; e.g. boundaries between Board of Trustees and institutional management
- Institutional efficiency is hampered by inefficient approval processes in matters such as strategic planning. Most reports note that governance structures (including proliferation of faculties, departments, research centres) need to be streamlined
- Strategic capacity should be strengthened; legal dispositions should facilitate diversity of mission and sector diversity and differentiation
- The external quality assurance system should be revised to support institutional differentiation
- The constantly changing legal framework undermines longer-term strategic planning; institutional strategies tend to be based on ambitions and aspirations rather than solid analysis
- Performance needs to be measured and monitored as a means of underpinning strategic development; good data information systems are required

Secure sustainable funding

- Legal dispositions discourage institutions from developing multi-year institutional planning and stifle agility and long-term strategic capacity
- National authorities advised to expand institutions' budgetary and financial autonomy
- Institutions should develop the capacity to calculate full costs and use risk-assessment instruments
- Internal allocation mechanisms should be seen as a strategic tool for the long-term development of their institutions
- Diversification of funding sources is predicated on capacity to engage with local external stakeholders (public and private) and on national financial regulations

Assure quality

- The prevailing inspectorial approach to external quality assurance, while valuable, should be replaced by a move toward a trust-based, improvement-oriented and context-sensitive external quality assurance process
- This would support the development of a quality culture in HEIs in contrast to a reporting culture, and 'game-playing' and compliance
- In parallel, HEIs should ensure that internal quality processes are supportive of quality promotion
- The results of quality evaluations should be used to feed into strategic processes and strategic planning

Applied research

- The research aspirations of ‘advanced research’ and ‘teaching and scientific research universities’ should be supported by documented research strategies with clear and realistic priorities
- The research capacity of smaller ‘teaching and learning universities’ should be developed on a step-by-step basis, through applied research and with a view to strengthening the link between research and teaching
- The prevailing fragmentation of research teams should be reduced by providing incentives for fostering institutional alliances and networks

Engagement with society

- Few universities have in place the necessary structures to support engagement with society;
- National authorities should promote the regional role of universities by increasing institutional autonomy, including the financial and budgetary processes;
- Institutions need to look strategically at their local and regional engagement, including cooperation with neighbouring universities and with regional and private actors; this can be used to strengthen both research and teaching.

Rethinking the higher education landscape

- In view of limited financial resources the shape and size of the higher education system should be reviewed in order to ensure its responsiveness to current challenges
- At the very least a threshold should be established for the minimum size of institutions (particularly where a university title is used)
- It would be advisable to develop incentives for greater inter-institutional cooperation and, in some appropriate cases, institutional consolidation.

9. Some lessons, messages, and implications for ‘good governance and reform’ in Thai higher education

What lessons can be drawn from this case study? What implications, if any, are there for good governance and reform in the Thai higher education system?

There is, of course, no ‘blueprint’ for reform and no ‘one size fits all’ approach to be taken on the basis of the Romanian experience in any of the areas identified in this paper. Indeed, in any national context, and with any reform programme, we do not start with a blank sheet. Nevertheless, there are some important messages that can be taken from the various reforms taken forward by the national authorities in Romania, and from the evaluation of the Romanian higher education system undertaken through the EUA institutional evaluation programme. Such messages are, arguably, relevant for any national higher education system. It is to be hoped that the following points can make a contribution to the thinking and ongoing discussions around reform of Thai higher education, whilst also informing future directions.

As the Thai authorities and various stakeholders reflect on the reform and modernisation of higher education, and continue the process of rethinking the higher education landscape, it is essential to ensure that **governance arrangements** across the sector and within individual institutions are such as to support effectiveness of corporate and academic governance and effectiveness of management and leadership. This represents a major

challenge for a sector characterised by diversity in terms of institutional profile and mission. This may require further initiatives at national level to support leadership development and improvement in management capacity.

As is seen in the Romanian case study, and as is emphasised by several expert contributors to the 'Good governance and reform' conference, there is pressure on today's universities to become more strategic and to strengthen strategic capacity. Here, the **strategic planning capability** of institutions, and institutional effectiveness, including in decision making processes, must be supported by appropriate provisions under prevailing national legislation and regulations. Sector development needs to be facilitated by national bodies.

The foregoing point raises the issue of **funding and the financing of universities**. Here, the choice of funding model, the public-private balance, and the degree to which institutions might become more autonomous if, for example, there was to be a shift towards a greater emphasis on student fees and a market-driven approach, are important considerations. There is also the question of whether funding arrangements might be established, perhaps through a single funding body, whereby funding could be steered towards the achievement of national objectives, or towards providing incentives to improve teaching, research, or engagement with society.

A key question running through any debate about higher education reform, is that of the **size and shape of the sector**. Answers to this have a bearing on the capacity and future direction of a sector, not least where there is diversity of profile, mission, and history. This may require some thought being given to the benefits of rationalisation; perhaps through regional collaboration or partnerships, perhaps through 'mission' partnerships, or even through mergers or institutional consolidation. Linked to this, there are questions to be posed regarding the balance between research and teaching, and whether an institution is designated as 'research intensive' or 'teaching intensive'.

Furthermore, the type of **'engagement with society'** a university is involved in as part of its mission, also demands consideration in discussions around the shape of the higher education sector. Here, the matter of public responsibility and the nature of a university's role in engaging with society, community/region, business, industry and the professions, raises important questions regarding the degree of entrepreneurialism expected of a university, how or whether a university will seek to apply its research to the needs of industry, and whether higher education institutions have the necessary infrastructure to support engagement with society.

A prominent feature of the evolution of today's higher education and the reforms we have witnessed, has been the globalisation of quality, and the choices made by national governments in terms of how they wish quality to be assured in universities and how quality is to be regulated. As is the case in the Romanian example, some national governments have opted for classification of institutions and a ranking approach to study programmes, underpinned by accreditation at institutional and programme levels. Accreditation is an approach that has been favoured by a number of countries in Eastern Europe. This is in contrast to the UK, for example, where institutional audit has prevailed for many years. As is reflected in the Romanian case, the preferred approach, almost universally, is the establishment of a single national agency for quality assurance or quality accreditation. Whichever approach the Thai authorities work towards, there are choices and decisions to be made with regard to **how to assure quality in a diverse sector**, and what national



model or methodology best reflects the institutional differentiation to be found across Thai higher education. Such decisions will also have implications for whether external quality assurance is 'inspectorial' or 'evaluative', with the latter characterised by a more trust-based and improvement-oriented approach. This in turn raises questions as to how best to promote a quality culture within institutions, and how maturity in internal quality assurance will be achieved.

Finally, in stimulating institutional change and reform, and in agreeing the components of an effective higher education system in terms of governance and institutional performance, a view will need to be taken on the conditions and frameworks that are required to facilitate such change and reform, and also on the challenges and barriers to achieving the desired outcomes in terms of national priorities and how these are to be overcome.

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