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Recommendations of the Austrian Council for University Governance and Management Structures

Background

With the coming into force of the University Act 2002 (German abbreviation: “UG”),¹ the universities were relieved by the Federal Government from micro-management (they have since been legal entities governed by public law²) and provided with extensive autonomy. As the highest-level bodies, university council, rectorate and senate are now responsible for the developments at the universities. The university council formally acts as the strategic management body and supervisory body of the university. The rectorate, which also represents the university in the outside world, is responsible for operative management. The senate is elected from among the professors, non-professorial teaching staff, the students and the general university staff, and is therefore the formal representative body of the university staff.

With the exception of the highest level of university management, the universities have extensive organisational autonomy. They are free to regulate their internal organisation³ and implement the structural measures that have become necessary in university management as they wish. This has resulted in different forms and an embraced diversity in participation.⁴ The individual universities developed location- and size-related and implemented existing structures in different ways. Continuous management in line with the subsidiarity principle, in which the self-determination and autonomy of the university management levels support a participative process, can, however, not be attested on all management levels on the

¹ The lion’s share of the provisions of the UG came into effect in 2004 and has been amended several times since then. Important changes came, for example, with the amendment of 2009 (rector appointment, management of organisational units), the amendment of 2012 (financing of universities, university area structuring resources) and 2013 (implementation of capacity-oriented, student-related university financing, among others).

² § 4 UG (on “Legal Form”)

³ § 5 UG (on “Freedom from Ministerial Directions and Freedom to Adopt Statutes”); § 20 UG (on “Management and Internal Organisation”).

⁴ Governance und Partizipation – Empfehlung zur Fortentwicklung der österreichischen Universität, see. p. 43–48; Österreichischer Wissenschaftsrat, 2013.



basis of the responses received in a study performed on behalf of the Austrian Council⁵.

The financial autonomy of the universities is also extensive. A controlling influence of the Federal Government is only provided via the performance agreements (every three years between the respective university and the responsible ministry) and the connected allocation of the budget to the university. The University Act states that reports must be written on this subject matter (knowledge balance with higher education statistical data reporting and a statement of accounts), which must be conveyed to the responsible department. The universities are also subject to participation and finance controlling according to § 15b of the “Bundeshaushaltsgesetz” (Federal Budget Act) and must therefore forward a quarterly report with planning data and a risk assessment to the BMWF⁶. As a strategic component the universities compile a development plan for an unspecified period, which is a key element of the performance agreements. The detailed reporting system therefore ensures transparency in the control and development of the universities. Adequate management tools for monitoring and controlling have been established for this at the universities.

With the UG, the universities were also enabled a reorganization of their HR structures. They received extensive autonomous scope for action, which enables a new staff development policy for new admissions in particular. The “appointment policy” – a cornerstone for the scientific profiling of a university – is especially important here. The budget for university staff is also highly relevant. Up to 80 percent of a university’s overall costs are staffing costs. Career models for young scientists are an equally important element of staff development, as this can significantly influence the staffing structure. The universities have met with varied success here to date, and it has not been entirely possible to develop an extensive staff development strategy either – even with the negotiation of a collective agreement⁷. An all-universities staff planning is, however, critically important if the staff structure is not to be exposed to random developments.

In addition to the legal specifications, however, it is social changes in particular that increasingly determine the development of universities. The ongoing transformation of society into a knowledge society has resulted in a sharp increase in student numbers over the last ten years. At universities, there are 39.6 percent more regular students; the number of study places at technical colleges rose in the same period by 86.3 percent. At all tertiary education institutions together there were a total of 376,710 students in Austria in the 2013/2014 winter semester. Science staff, infrastructure and budget could not, of course, be adequately increased in the same period.

⁵ B. Elias, Pöchlhammer Innovation Consulting; Analyse der Governance- und Management-Strukturen an österreichischen

Universitäten, July 2014, commissioned by the Austrian Council.

⁶ See UG § 15 (7).

⁷ The Collective Agreement for University Staff was finalised on May 5th, 2009 and came into effect on October 1st, 2009.

This results in partially unfavourable supervision ratios, outdated equipment and declining real expenditure per student.

Many subjects and subject groups are confronted with the problem of “extremely popular courses”. For especially high-in-demand studies, a regulation⁸ was actually anchored later on in the University Act which restricts the number of beginner students; there are, however, no or only restricted options for the universities to regulate the number of students. Academic autonomy is therefore actually a given with regard to the content and arrangement of the curricula; however, a capacity-oriented offering is currently only possible within limits on the basis of the applicable regulation.

The enduring pressure of international students on Austrian universities (35 percent ordinary first-year students in 2013/2014 were from the EU or non-member countries⁹) can only be handled to a limited extent with the tools available to the universities to cope with these masses of students.

The currently existing framework conditions take the universities to their limits. In WS 2013/2014, Austria’s public universities had 273,280 regular students. This is an increase of 42 percent¹⁰ compared with WS 2003/2004. On the basis of Austria’s demographic development, the university planning forecasts 2011¹¹ assumed only a marginally increasing number of students by 2030 – although no massive growth is expected, the attractiveness of Austrian universities for students from the international environment and the general trend towards higher education remain, however, uninterrupted.

So far, this essentially welcome and necessary trend towards more education has resulted almost exclusively in an increasing burdening of tertiary education institutions, especially the universities. The challenge for the body politic in the future should not be, however, to achieve a tertiary rate of 40 percent by 2020, without making the entire range of education and further training attractive at all education levels. The capacity limits for universities are reflected more and more in their infrastructural facilities in university teaching – too few science employees, and a rising number of students parallel with tight budgets in research in particular. Changes in the research funding policy, such as increased project-oriented research, the competitive awarding of third-party resources from funding programmes, as well as cooperation between companies and universities; although these resources have verifiably resulted in an increase in quality, they substantially stress university budgets due to the fact that full-cost funding is rarely a given. Ultimately, it is also profiling processes and priorities in teaching and research that have to be controlled during the course of future-oriented university management.

⁸ UG § 14h, § 124b.

⁹ Statistik Austria, Hochschulstatistik 2013/14; compiled on August 26th, 2014.

¹⁰ Statistik Austria, see 2 (ordinary students).

¹¹ University Planning Forecasts 2011 (Statistik Austria: A fall in ordinary students of 0.8 percent was recorded for the previous year).

A new image for universities in society was also created as the changes were made. Universities increasingly have to operate in (international) competition. This is exhibited by numerous rankings, whose results are increasingly more important for a university's reputation. There is also parallel competition for the best brains in teaching and research, as well as for students. A "market" develops at the universities for this in terms of "knowledge follows money". In addition to income, factors such as research conditions, availability of resources, an excellent research infrastructure, the availability and possibility of raising research funds, and also the quality of life of a city or a state in which a university is located, grow more and more in importance for the recruitment of top researchers. For universities with tighter budgetary flexibility or an inimical environment, it will therefore be more and more difficult in the future to win over excellent scientists.

Against this background, Austria's universities have been undergoing a thoroughly successful development process since the University Act came into force. The changed framework conditions, however, mean there is reform requirement to equip universities in Austria as optimally as possible for the next decade.

As part of a study commissioned by the Austrian Council, the governance and management structures and the communication structures and culture at the universities in particular were examined in more detail; its results served among other things as the basis for the subsequent discussion process and the elaboration of the subsequent recommendations of the Austrian Council.

Recommendations Adapting the Autonomy at Universities to Current Framework Conditions

The Austrian Council recommends extending the universities' autonomy for those functions that affect the determination of their capacities in teaching and research.

The number of available study places for study subjects or subject groups is determined for this by the universities on the basis of available resources and in terms of a quality-oriented development (e.g. an improved supervision ratio).

Depending on the budgetary possibilities and following the principle of an adequate study place financing, the respective number of study places must be negotiated within the scope of the performance agreements with the responsible ministry and determined accordingly for the coming period.

For the approval of students for bachelor, master and doctoral studies, the universities should also be enabled to define selection and admission

criteria, which facilitate top-quality and profile-oriented education for students in line with the available capacities. Clear regulation is indispensable for the implementation of capacity-oriented study place financing.

Modification of the Selection Procedure for Appointing the Rector

The Austrian Council recommends the selection procedure for appointing the rector be modified.

With regard to the regulations of the tender and the right of nomination for the position of rector¹², the Austrian Council recommends a modified procedure to provide an “election proposal” at the universities. As regulated in § 21(1)Z2 University Act, the position of rector is tendered by the university council and a selection committee is set up in accordance with § 23a. The selection committee, on which the senate chairman and the university council are represented, compiles a shortlist of three candidates from the applications. The application of an acting rector must also be considered here. This shortlist of three candidates should, unlike the existing regulation, be binding for the senate with the option of proposing maximum two more candidates for the election to the university council.

The Senate’s Role in University Management

The Austrian Council recommends further emphasising the senate’s advisory function. Operative issues should, on the other hand, be exclusively incumbent on the rector’s competence. A functioning communication and clear distribution of competencies between the committees is critical for constructive cooperation by the management bodies. The senate should position itself in a stronger advisory body role here. In terms of a continuous subsidiary organisation and improved participation of subordinate levels, in this respect the senate should incorporate decisions of appointed college bodies, commissions or committees more intensively as the basis for its advisory function. This would in turn guarantee a direct influence of these levels on the development of the universities.

In the discussions held as part of the study commissioned by the Austrian Council, it was once again emphasised here that a prompt and extensive integration of those involved, especially at informal level, can positively influence the development processes.

Design of the Development Plan of the Universities as Long-Term and Binding Planning Tool

The Austrian Council recommends structuring the planning horizon of the development plans at universities over at least two performance agreement periods or even beyond.

The development planning is an important component of transparent profiling and further development at universities. It is not subject to any defined time horizon. In terms of a long-term and binding planning tool, it does however appear beneficial to design the planning horizon of the development plan considerably beyond the duration of one performance

¹² See § 23 (3); §§ 23a, 23b; § 25 (5, 5a): The rector must be selected by the university council from list of three proposed by the senate for an appointment period of four years. Re-election is permitted.

agreement period of three years. The performance agreement as a medium-term planning tool should be based on this without duplicating it; rather, it should illustrate the requirements and the services offered and supported by the universities and their budgetary provisions in a focused way.

Optimisation of Staff Composition of Management Committees at Universities

The Austrian Council recommends appointing university internal and external experts in the management committees at universities. The combination of university internal and external competencies for the management of universities has proven its value at some locations in optimally dealing with the far-reaching changes at the universities.

The Austrian Council believes the benefit of integrating non-university management knowhow should also be considered in the future with the composition of the management team.

Staff Development and Qualification of Management Staff

The Austrian Council recommends establishing a long-term staff development strategy at the universities. In terms of an attractive and sustainable staffing development, the perspectives and development options of employees should be communicated transparently by the university management from the very beginning.

The staffing structure at universities is evaluated rather critically in places. The percentage of third-party funded employees with time-restricted contracts is very high – especially at universities with a high percentage of project-oriented research. The set-up and removal of third-party funded employees should therefore be planned, clearly regulated and controlled in a structured manner by the rectorate (staffing development).

Where necessary, the Austrian Council recommends a staffing separation into scientific and economic agendas for the management of larger organisational units at the level of the faculties and centres/departments.

The management staff at universities (managers of organisational units) is increasingly confronted with classic management tasks and integrated into internal university strategy processes. The results of the study¹³ show that the expenditure for this is classified as “high or very high” with two thirds of those surveyed.

At large universities in particular it is, however, increasingly important for management at the level of faculties (or centres/departments) to support the rectorate both at scientific and economic level. In addition to scientific competence, economic management expertise is consequently also required more here. Structures should therefore be created where necessary,

¹³ See B. Elias, Pöchlhammer Innovation Consulting; Analyse der Governance- und Management-Strukturen an österreichischen Universitäten; chapter 3.6; July 2014, as commissioned by the Austrian Council.

which enable and optimise a clear separation of the respective responsibilities, and therefore support the rectorate with strategic control of the university. In terms of a future-oriented staffing development, it is therefore also indispensable that management be developed and supported on various levels. In addition to scientific competencies, skills in management and staff leadership should be increasingly integrated into training as criteria for management positions.

Knowledge Balance and Performance Agreements Reform

In terms of reduced administration cost, the Austrian Council recommends coherent processes be developed for compiling performance agreements and the content of knowledge balances.

The number of required indicators should be reduced to control-relevant indicators (“hard accountabilities”). Knowledge balance indicators, which are used for international comparisons (keyword “rankings”), should also be coordinated with the corresponding indicators.

The performances of universities of the arts must only be mapped within limits with the usual sets of indicators (for knowledge balance or rankings). These should therefore develop evaluation criteria that illustrate the performances at universities adequately and in a comparable way at an international level.

Internal Structures and Communication at Universities

The internal organisation must, with the exception of the highest management level, be defined autonomously by the universities¹⁴. On the basis of their heterogeneity, this consequently resulted in individual differences in the organisational forms. These differences must basically be adjusted positively and to the requirements of the individual organisations.

In the study on communication and management structures at universities, the quality in communication and information policy is evaluated critically by those surveyed. It evaluates the satisfaction with the “integration into” and the “results from” strategic processes and decisions concerning organisation and administration as relatively low¹⁵.

The Austrian Council recommends communication satisfaction be evaluated at universities and necessary changes be made where required. In this context the results from legally prescribed quality audits¹⁶, from which improvements in the communication structure can be derived, should also be incorporated. The duration and performance of decision-making processes can benefit significantly from this. The funding of an appreciative communication culture should take priority in the management of universities. Communication cannot be ordered; well-coordinated

¹⁴ See UG § 20 (4).

¹⁵ See B. Elias, Pöchlhammer Innovation Consulting; Analyse der Governance- und Management-Strukturen an österreichischen Universitäten; fig. 16.

¹⁶ See UG § 14; HS-QSG § 18.

organisational structures can, however, make a positive contribution, whereby the development of an “integration into” is also a factor.

Bringing “the best brains” to a university and keeping them there is an important component of a successful university policy. To achieve this, promoting an appreciative communication culture should be a high priority requirement in the management of universities.