Private Colleges and Global Patterns

Comparisons between the private sector in Israel and elsewhere show the relative strength of Israel's private colleges. Considering quality, while most of the country's private colleges are not so well regarded academically, they appear to post good results for students entering the job market—a typical goal of private higher education institutions worldwide. Moreover, if at least 4 of Israel's 9 private colleges are credited with academic soundness, that is a rather large share in the global context, where most private institutions are regarded as quite low. These Israeli institutions may even be candidates to claim "semi-elite" status within the private sector—based on a reasonable degree of academic quality, appeal, seriousness, credibility, and entrepreneurialism. Such achievements do not characterize most of the world's private institutions.

Extraordinary in the global context is that some of Israel's private colleges have high-quality faculty, even figures of vaunted national stature. Indeed, Israel's public universities complain that they find it increasingly difficult to recruit top talent as some private colleges can pay much more. Related and equally extraordinary is that Israel's private higher education receives substantial philanthropy, so rare outside the United States. This policy helps provide ability to hire their esteemed faculty and also to build very attractive facilities, provide flexibility, and gain credibility.

Not only do Israel's private colleges have enviable positive characteristics uncommon in most of the world, they also lack the most negative characteristics. Israel does have the fly-by-night demand-absorbing private institutions. Additionally, Israel remains apart from the burgeoning international tendency to permit for-profit education, though it conforms to a wider reality wherein several of the nonprofit institutions have for-profit characteristics and are charged by critics with being for-profit in reality.

Private institutions tend to be smaller and more geographically concentrated; not uncommonly they have higher student socioeconomic levels.

The Government Role

As commonly found in other countries, private colleges complain that their strength is undermined by government regulation. In fact Israel's regulatory debate largely follows contours rather common elsewhere.

Israeli private colleges regard the national Council of Higher Education as a greater obstacle than the Ministry of Education. Yes, they find government difficult to deal with as political coalitions transform and ministers change often, but at least government is sometimes responsive to political pressures from private colleges and their families and likes the idea of increasing higher education access without additional public cost and of service to the job market. In contrast, the private colleges believe that the council focuses largely on academic concerns more appropriate for public universities and colleges, thus establishing restrictions and undercutting the speed, flexibility, and innovation private colleges need, as well as system differentiation, experimentation, access without public expense, and market tests for determining the value of private colleges.

Public higher education institutions often oppose private colleges' aspirations to strengthen themselves as they wish. Public institutions sometimes do assert that regulation can help the private colleges, as with quality assurance. Often, however, they seek to protect public institutions and values in society at large. They further argue that private colleges in fact enjoy ample autonomy (setting enrollment numbers, tuition levels, and faculty wages and opening new programs). In other words, private colleges already have the autonomy to strengthen themselves.

Echoing a common international tendency, public universities are vocal proponents of regulation over private institutions; but public colleges are especially fearful of private competition, which focuses on teaching and training in popular fields. Unlike universities, the public colleges do not sit at the system's academic pinnacle, far above private colleges. Instead, private colleges' strength is a threat to public colleges. ■

Rankings, Diversity, and Excellence: A European Policy Challenge?

Ellen Hazelkorn

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The headline in the *International Herald Tribune* (November 23, 2007) said it all: "To compete, Germany aims to rebuild strength in research." The article recounted how, having assessed the performance of German higher education institutions in worldwide rankings, the government started a program to create its own "Ivy League." The "excellence initiative" follows similar moves by France, Russia, and Denmark, among others. On the same day, the European Union passed a resolution reaffirming the need to "accelerate reform of universities in order to . . . foster the emergence and strengthening of European higher education institutions which can demon-

strate their excellence at the international level."

In other instances, higher education institutions are taking the initiative themselves, merging competitive institutions to create a larger critical mass (e.g., the University of North London and London Guildhall University formed London Metropolitan University, and University of Manchester Institute of Science and Technology and Victoria University of Manchester formed the University of Manchester) and creating global networks of research-intensive universities (e.g., Universitas 21, Coimbra Group, League of European Research Universities, Worldwide Universities Network, and International Alliance of Research Universities).

Worldwide higher education rankings, of which the Shanghai Jiao Tong Academic Ranking of World Universities is now a leading example, have highlighted research intensity as *the* defining characteristic of higher education. Around the world, governments and higher education institutions are responding, and these developments are forcing changes in higher education systems. This trend is especially true in Europe where efforts to establish the European higher education area and the European research area are challenging traditional assumptions about higher education systems and the balance between equity, diversity, and excellence.

While rankings have been dismissed by many people because of methodological flaws, they cannot be ignored and have become a driver of policy and institutional strategy.

Impact of Rankings

Rankings both manifest and drive the competitive global higher education environment. Despite criticism of the methodologies used, higher education leaders believe rankings help maintain and build institutional reputation; good students use rankings to shortlist university choice, especially at the postgraduate level; and rankings influence national and international partnerships and collaborations. Key stakeholders also use rankings to influence their own decisions about accreditation, funding, sponsorship, and employee recruitment.

While rankings have been dismissed by many people because of methodological flaws, they cannot be ignored and have become a driver of policy and institutional strategy. Given the cost of achieving "world-class" excellence, many governments question whether research should be concentrated in some higher education institutions or in clusters of institutions. The pace of higher education reform is quickening in the belief that better and more competitive higher education institutions determine being more highly ranked.

End of the Binary System?

In the post–World War II massification era, many European governments used legislative mechanisms to enforce mission diversity, dividing higher education into two distinct institutional types or sectors—a binary system. Unlike "traditional" universities, polytechnics, *Fachhochschulen, hogescholen*, institutes of technology, and university colleges provided vocationally or professionally relevant education responsive to regional needs. Over time, credentialism and the growth of research to underpin advanced qualifications, and recently the Bologna process, have weakened the boundaries between elite and mass education, vocational and academic, and technological and traditional education. The "mission drift" has involved both universities and new higher education institutions and contributed to rising tension between the de jure and de facto research function among these institutions. Today, nomenclature often owes more to political rather than accreditation concerns.

Higher education policy has reflected these developments. Until recently, importance was placed on massification/democratization and access—getting more people well educated. There was little discrimination of various universities by the public or government, although polytechnics or *Fachhochschulen* were always considered and treated differently, and few countries imposed barriers to student entry. The emphasis is on quality and world-class excellence and selection rather than recruitment. Many states are turning away from regulatory mechanisms toward more opaque steerage and competition to foster vertical differentiation.

Few governments have followed the United Kingdom's 1992 decision to convert all polytechnics overnight, but change is occurring and the pace is quickening. For example, Norway's 1955 legislation allowing state colleges to apply for university status opened up a minor floodgate, and a commission is now seeking to balance institutional ambitions with national strategies. Ireland faces similar pressures but has currently chosen to boost research capacity or capability by giving funding for cross-sector infrastructural and research projects and regional collaborations. Flanders has established "university associations" bridging *hogescholen* and universities, to encourage research partnerships. *Fachhochschulen* and *hogescholen* in the Netherlands, Germany, and Switzerland have adopted the title "University of Applied Sciences" to align themselves with the post-Bologna world and compete internationally. Both the Dutch and the Swiss have been reconsidering the usefulness of their binary system. The forthcoming Swiss legislation suggests a compromise: a formal binary but within a single higher education system.

These changes are provoking a political response. The European University Association recently debated broadening membership beyond traditional universities but met some resistance from universities concerned with competitiveness and spreading resources more widely or thinly. Such reactions may indicate reluctance formally to "end the binary" or rede-

fine it. Irish universities are differentiated between tertiary (undergraduate) and fourth (postgraduate) level activity or institutions and UK universities between teaching-only and research universities. At the same time, a new network for Universities of Applied Sciences (http://www.uasnet.org) looks likely to flex its muscle.

A New Shape?

The details in each country vary but do represent a growing urgency to reform Europe's higher education institutions for competitiveness, while acknowledging that traditional universities can no longer meet all the geopolitical demands for research, development, and innovation. As part of this process, the European Commission is funding the development of a European "Carnegie Classification" with emphasis on broadening both horizontal and vertical differentiation.

European societies have hitherto perceived education as a social public good, available to everyone at little or no additional cost. While rankings are not the cause of the changes, they are fueling a reputational "arms race" and exploiting tensions between equity and excellence. Governments are using a combination of market mechanisms and competitive or performance- and output-based funding, with clear institutional mission descriptors or performance contracts. While the de jure binary may linger in some countries, the creation of a broadened and unified higher education system will further undermine its veracity. This will be a game of survival of the fittest. ■

Performance-Based Funding of Universities: The Italian Experience

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A common international trend in higher education systems is the growing autonomy of universities, especially in financial matters. The role of central governments has become setting political priorities and financial incentives for stimulating autonomous universities to accept these priorities as objectives. It is important to design good models to allocate public resources among universities.

This trend is particularly relevant in Italy, where traditionally universities have held little autonomy and were subject to strong control by the central government. Starting in the 1990s, numerous reforms have taken place in Italian higher education. The objectives of these reforms ranged from improving the financial autonomy of universities, giving them autonomy in the organization of teaching matters, and establishing procedures for higher education assessment. The most important change involved the budget situation. A law approved in 1993 defined new principles for allocating resources from the central government to universities. The traditional procedure was based on line-item budgets: the central government allocated to each university budgets for each activity (e.g., teachers' wages and buying scientific facilities). This system had many problems since it did not encourage universities to form their own strategies about resource utilization. This mechanism was replaced by a lump-sum (block grant) budget, autonomously managed by each university. This reform forced universities to become more accountable. Now they have to manage resources without bounds and suggestions set by the Ministry of Education, Universities, and Research.

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The First Allocation Model

After a period in which the allocation of public funds to universities was decided through a completely discretionary political process, in 1997 a formula-based funding model was introduced. The formula had the explicit goal to equilibrate the resources among universities. The previous situation was characterized by allocations related not to indicators about universities' activities but rather to their political ability in contracting with the ministry, creating an imbalance across institutions.

The formula was adopted from 1997 to 2003, but it was used for allocating only a part of the public budget: the main part of it was still distributed according to traditional procedures. The amount actually allocated through the formula was only 1.5 percent in 1997, but it increased to about 10 percent in 2003.

This formula faced two main problems. It did not consider research activities, which are important for all the Italian institutions. Moreover, the weight attached to the number of students (70%) excessively benefited large universities. Because of these problems, the government abandoned this formula and commissioned the National Evaluation Committee for a new one. The committee has rigorously worked on a perform-