generation. Likewise, of the generation that obtained its higher education during the Soviet period and then had to change professions or even take low-skilled jobs in post-Soviet Russia, a significant part thinks that higher education represents a chance to get an interesting and well-paying job. Maybe that explains why 1.23 million of the 1.3 million graduates of secondary school enrolled in higher education institutions last year. In a transitional society such as Russia higher education’s strategic importance rises as people recognize the need to return to higher education for a “better” education, one that is more specialized and market oriented.

Equal opportunity with regard to education is an ideal a society should aspire to. However, we should distinguish between higher education in general and relevant higher education. Russian universities are quite differentiated, ranging from the elite to the low quality. Who will obtain an education oriented to the current context is an important question. Of course, what constitutes a relevant education is problematic in such an unstable society. As yet it has not been decided what kind of society Russia is striving to build and what kind of an economy it will have. The answers would help to resolve many problems and clarify the goals and perspectives of Russian higher education.

World Class Reform of Universities in Austria

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Austrian universities have long been characterized by high dropout rates and lengthy time-to-degree. The strong tradition of democratic governance structures, with many committees, has also resulted in a slow decision-making process. Universities are known for their lack of flexibility in institutional management. For example, shifting funds between categories has been impossible. Also, funds are budgeted on an annual basis—leading to what has been coined “December fever” (i.e., heavy year-end spending in departments and institutes).

Austrian universities have had internally based performance measurement systems and an underdeveloped sense of public accountability. They have been under almost no competitive pressure either for students or for faculty. At the same time, the universities are highly regulated institutions, with state laws and mandates stipulating almost everything—from salaries, employment, academic programs, and decision-making structures to exam and graduation procedures.

As the range of targeted problems indicates, the pressure for reform was felt by both institutional leaders and policymakers. Accordingly, the ministry prepared a
new Organization Act, which was passed by Parliament in July 2002 and is expected to be implemented in October 2003, encompassing regulations for decision-making structures, employment, and academic programs. The New Organization Act of 2002 focuses on institutional autonomy, performance contracts, unified budgets, governing boards, and evaluation.

Universities will become independent of the state ministry and transformed into public corporations. The ministry will step back into a supervisory role, steering universities from a distance through performance contracts. Universities will be able to make the decisions on employment, academic programs, and resource allocation without ministerial approval. Performance contracts will form the major steering tool both between the ministry and the university as well as within the university (between the rector and the institutes or departments). Contracts will be based on performance measures, like number of graduates or research productivity. Part of the budget will be allocated based on performance. Universities will negotiate three-year unified, lump-sum budgets. With this, the universities gain complete autonomy as to which categories the budget will fund (e.g., personnel, equipment, materials, and books).

Governance structure will also change dramatically with the new Organization Act. A new element will be introduced—university boards. These will consist of five to nine outside members, nominated by the ministry and the university senate. They will decide on crucial issues like the rector, the organization plan, the budget, or the employment structure. The rector will take on a senior management function, supported by a team of vice rectors. The senate will lose most of its powers, focusing instead on academic programs.

**Governance structure will also change dramatically with the new Organization Act.**

Evaluation will remain a major part of the university, encompassing courses, whole programs, and departments or institutes. Overall, quality control should involve all parts of the institution and should be used for promotions and resource allocation.

Clearly, Austria is in the lead among all German-speaking countries for introducing far-reaching reforms. The challenges are enormous and the contested issues are well known (i.e., democratic governance, financing the initial phases). Aspirations are high but it remains to be seen how universities in Austria will deal with this next, and largest, piece of reform in the long and arduous journey to becoming world-class institutions.