

Financing and Governance

Patterns of funding the internationalization of higher education, *Liviu Matei, Julia Iwinska (Central European University, Budapest)*

Funding and restructuring the university sector in a context of global competition, *Enora Pruvot, Thomas Estermann (European University Association)*

The Evolving Landscape of South-east Asian Higher Education and the Challenges of Governance, *Assoc. Prof. Sauwakon Ratanawijitrasin (Faculty of Social Sciences and Humanities, Mahidol University, Thailand)*

Influence of the funding models on the social dimension of higher education, *Lea Meister, Asnate Kažoka (European Students' Union)*

Funding mechanisms for current challenges in the EHEA: A comparative perspective, *Mirela Vlăsceanu (National University of Political and Administrative Studies, Bucharest)*

Financing university research in post-communist EHEA countries, *Ernő Keszei (Eötvös Loránd University Budapest, Hungary)*

Policy Incentives and Research Productivity in Higher Education. An Institutional Approach, *Lazăr Vlăsceanu (Department of Sociology, University of Bucharest, Romania), Marian-Gabriel Hâncean (Department of Sociology, University of Bucharest, Romania)*

Patterns of funding the internationalization of higher education, *Liviu Matei, Julia Iwinska*
(Central European University, Budapest)

The paper proposes to shed new light on the phenomenon of internationalization of higher education by mapping patterns of funding of internationalization.

Internationalization is one of the most significant developments of our times in higher education. Its momentous relevance concerns universities and higher education systems themselves, but it extends well beyond their boundaries. It impacts on the development and competitiveness of national and regional economies, on migratory fluxes, on international relations and geopolitics, or on the shape and dynamics of various aspects of social identity. As a consequence, there is a frenzy of both attempts at and actual policies and initiatives by various actors to promote internationalization, shape internationalization, to participate in and take advantage of this historic phenomenon. Actors include higher education institutions, groups and individuals from within such institutions, associations of universities, state agencies, non-governmental organizations, international organizations, and the list can continue. The amplitude of the phenomenon is mirrored by a growing corpus of research trying to understand what internationalization is actually about, and how to engage with it. Research on the internationalization of higher education, including from a policy perspective, is as important as it remains largely lacunary at present. The paper proposes a mapping of internationalization from the perspective of its funding, focusing on the European Higher Education Area, but seen in a global comparative perspective. It identifies a series of patterns in response to the following questions: What is funded in internationalization (what aspects, dimensions, or objectives)? How is the funding of internationalization organized (what are the sources, funding policies and/or mechanisms)?

Funding and restructuring the university sector in a context of global competition, *Enora Pruvot, Thomas Estermann*
(European University Association)

Traditional funding patterns for universities are changing across Europe, as a response to societal and economic developments. In a context of enhanced competition for public resources, funding efficiency in large sectors such as higher education and research, which in Europe relies heavily on public support, is becoming a more pressing political objective.

Public authorities are eager to get more for the money invested in universities. Since 2008, the economic situation of many European countries has significantly deteriorated, and authorities are often expecting more outputs with less money as EUA's annual Public Funding Observatory shows. Apart from steering universities through funding modalities, many systems engage in some degree of restructuring the higher education landscape in order to rationalise costs, increase visibility and altogether boost international competitiveness of their higher education institutions.

The present analysis is drawn from the DEFINE project¹ on funding efficiency in higher education, which provides data and recommendations supporting the improved design and implementation of university funding mechanisms and thereby contributing to enhanced funding efficiency in the sector.

¹ The DEFINE project is run by EUA in collaboration with CIPES, the Centre for Research in Higher Education Policies (PT), and the Universities of Oxford (UK), Aalto (FI) and Erlangen-Nuremberg (DE), and the Copenhagen Business School (DK). It is co-funded by the European Union under the Lifelong Learning Programme.

The project in particular looks at performance-based funding, excellence funding schemes, mergers and other concentration measures. In this regard it examines the interplay between pressure and influence coming from the system level (mainly via public authorities) and action taken at institutional level. Evidence shows that the relative influence of these two levels differs according to the measure considered. While calibrating funding mechanisms is a tool in the hands of public authorities, merger and concentration processes can equally be driven by the universities themselves. The implementation of efficiency measures can be the outcome of both internal drivers (at institutional level) and external drivers.

The Evolving Landscape of South-east Asian Higher Education and the Challenges of Governance, *Assoc. Prof. Sauwakon Ratanawijitrasin (Faculty of Social Sciences and Humanities, Mahidol University, Thailand)*

From the time the Association of South-east Asian Nations (ASEAN) was established over four decades ago, the Southeast Asian region has experienced waves of rapid change when countries moved towards greater liberalization in their socio-economic activities and closer interdependence regionally and globally. Within this context, domestic and global forces have significantly transformed the region's higher education sector. The changing landscape in higher education is chiefly characterized by massification, internationalization, diversification, and marketization.

The need for skilled human resources to drive economic and social development, which is increasingly regionalized and globalized, has led to increase in demands for higher education in three forms—larger number of student population, higher interest in cross-border knowledge and experience, the need for more variety of academic programs. These new and increasing demands have caused tension to the traditional model of higher education in the region, which was mostly small, inward-looking, with mainly government-owned and funded universities operating under bureaucratic management.

Responses by the supply side for these emerging demands have been significant. First, governments in all the countries have built more higher education institutions (HEIs), as well as allowing private sector to play a bigger role. Second, government universities are given greater autonomy, or restructured into autonomous ones. The level of university autonomy varies among the countries, from Singapore with highly independent universities to a centralized system in Myanmar. Thailand and Indonesia have a mixture of public autonomous, government-managed, and private universities. Third, although governments continue to fund higher education, they can no longer keep up with increasing demands to provide free education. HEIs are required to seek additional sources of financing. Forth, academic degree programs, courses, and modes of delivery have been greatly diversified. Among the new arrangements are joint-degree programs, international programs, distant-learning, and branch campuses of foreign universities from within and outside Southeast Asia.

These developments have brought new challenges. Inadequate capacity in terms of infrastructure, qualified faculty staff, financial resources to meet the expansion and diversification have become supply-side constraints. Increasing competition among the larger number of HEIs for scarce resources, student enrolments, and ranking can lead to diversion of priorities away from provision of quality education.

The competing demand couples with competing supply in an imperfect market raise concern over access to and quality of education. The increase in university autonomy calls for more accountability and responsiveness.

The majority of South-east Asian countries have established national education quality assurance bodies. While some QA agencies are more advanced than others, all face the challenge of inadequate capacity to ensure that quality education is delivered by all existing and emerging programs and institutions.

Along with granting greater autonomy to public universities, many governments have restructured their governance models. Governing Board, called University Council by many in the region, have been established and granted power to appoint university president, as well as broad oversight authority over the functions of university executives and financial management. Challenges remain. Because of the unfamiliarity of the new arrangement or unwillingness to leave full autonomy to HEIs, in many circumstances old bureaucratic management operates within the new system, from appointment of governing board members to the way the board functions. Capacity building and experience sharing can help strengthen university governance, which in turn, improve accountability and responsiveness to society.

The move towards regional integration—the ASEAN Community—in 2015 adds another important dimension to the shift in the region's higher education landscape. The need of harmonize has led many governments to change their education systems. Recently the Philippines introduced K-12 system; Myanmar introduced academic credit system, Thailand shifted the beginning of academic year from June to August. Regional organizations—ASEAN Quality Assurance Network, South-east Asian Ministers of Education Organization-Regional Centre for Higher Education and Development, and ASEAN University Network have conducted programs to promote student mobility, regional framework for quality assurance, and others to bring the region closer together. Still, many areas require more systematic actions. With increasing student mobility, credit transfer among most HEIs in the region continues to be based on bilateral arrangements. Although several multilateral systems exist, each has its own limitations and is not universally adopted.

On the eve of regional integration, South-east Asia can draw from the experience of Europe—especially the Bologna process—to develop its own systematic and extensive collective actions towards a regional higher education area.

Influence of the funding models on the social dimension of higher education, *Lea Meister, Asnate Kažoka (European Students' Union)*

Studying the relationship between the funding of higher education and the social dimension of higher education is as important as it is difficult.

World-wide trends (e.g. massification, internationalization) have contributed to increased accessibility of higher education, but despite the huge rise in the number of students there are still major obstacles in terms of access for several social groups.

It is generally accepted that the financing available to students (both by the state and their family) plays an important role in relation to the social dimension. However, it has been quite difficult to establish a direct link between financing and the social dimension of higher education.

In 2010, the European Students' Union launched FINST (Financing the Students' Future), a research exercise aiming at mapping the landscape of funding systems for higher education in Europe (current situation in higher education financing, choice of indicators for financing). An important finding from FINST is that when looking at the student support systems provided by the state, different countries are usually trying to target specific goals with them. In particular, funding models can be used as tools related to the social dimension of higher education and participation in general.

In this paper we look at different higher education financing models in Europe and analyze their impact on the social dimension. Based on this analysis, we put forward recommendations for higher education financing policies taking into account the social dimension.

Funding mechanisms for current challenges in the EHEA: A comparative perspective, Mirela Vlăsceanu (*National University of Political and Administrative Studies, Bucharest*)

This paper proposes a comparative view of financing mechanisms used in the EHEA in respect to their capacity of tackling the current challenges of massification and performance. The hypothesis is that financing mechanisms are diverse not only in respect to how they allocate resources, but also in relation to their capacity of attaining some of the various goals of higher education. The reason for this is that they reflect the particular conditions of higher education from the period when they were established, conditions which may or may not still be present in the national systems today. As such, their impact on the different missions of higher education varies and their suitability can be assessed in relation to what goals are considered a priority by policy-makers and their capacity of assisting in the attainment of these goals. The article thus compares financing mechanisms such as negotiated budgets, formula-based allocations or performance-based mechanisms (especially competitive funds) by selecting pairs of European countries where each of them is used and analyzing their impact on efficiency, equity and performance of the respective higher education systems. Particular attention is devoted to the trade-offs that emerge and to dysfunctions that some of these introduce in the systems. The purpose is to identify elements pertaining to the national context which favor or hinder the success of a particular financing mechanism. The analysis also highlights the impact of these funding mechanisms on current challenges face by European higher education, such as the decrease of available funding for higher education or the need for competitiveness on a global knowledge market.

Financing university research in post-communist EHEA countries, Ernő Keszei (*Eötvös Loránd University Budapest, Hungary*)

“The future of mankind depends largely on cultural, scientific and technical development; and this is built up in centers of culture, knowledge and research as represented by true universities” (Magna Charta Universitatum). European initiatives aim to achieve a balanced geographic distribution of local research potential also in HEIs, which would necessitate a balanced financing of research in different

regions. This contribution shortly deals with different financing strategies during the history of HEIs, then reviews actual budget data of leading universities from some countries in different regions of the world and Europe. Collected data reveal a distinct difference concerning the magnitude of research budget between universities in the US, Eastern Asia, Western Europe and Eastern Central Europe, the strikingly least favorable situation being in the latter region. As a case study, a short account of the R&D situation of Hungarian HEIs is also given. A concise analysis of the data suggests that universities' financing should be reconsidered in the post-communist EHEA countries and solutions to improve infrastructural and human resources influencing their research potential should be found. The authors suggest that this improvement can only be achieved with a concerted effort of using European and national resources, along with the creation of a research-friendly legal environment.

Policy Incentives and Research Productivity in Higher Education. An Institutional Approach, *Lazăr Vlăsceanu (Department of Sociology, University of Bucharest, Romania), Marian-Gabriel Hâncean (Department of Sociology, University of Bucharest, Romania)*

The question addressed in this paper is whether and how the increase of research funding in higher education leads to a higher scientific productivity and to an increased impact measured by current procedures (i.e. H-index and G-index distributions). Recently collected data from the Romanian universities shows that increased financial resources is associated with an inflated number of publications which have a rather low impact. We thus follow the idea that higher research productivity and impact is not determined only by growing funding, but also by appropriate policy incentives. Consequently, we analyze the institutional arrangements carried away by the recently implemented reforms in the Romanian higher education and suggest that their institutional incentives could also bring along an increase in the impact of research productivity. In the context of economic crisis and scarcity of public resources, we argue that a higher research productivity and impact may better be delivered through providing institutional incentives that generate responsible and efficient resource allocation and spending in university research centers.