

The Need for Change

Historic Dimension and Current State

What is an “Enterprising University”? What is entrepreneurial thinking and why do we need it in the context of universities as non-profit organizations? Should we stimulate change rather by “push” or by “pull”, by pressure or by reward? The answer to these questions is rather short: A university can be called “enterprising” or “entrepreneurial”, if it has the ability to use its own creativity and energy to fulfil its tasks.

Of course, universities do not have the purpose to earn money. As non-profit organizations they should make good science. That means: They should fulfil their tasks in research, academic training, transfer and other related fields as good as possible. If we trust in the responsibility and creativity of these institutions, we should stimulate change by “pull” and “reward” rather than by “push” and “pressure”.

In 1998, Burton Clark gave a number of valuable hints how this can be accomplished and what an Entrepreneurial University can look like.¹⁾ In his concept, one of the key features is adaptivity, which means that universities need the capability to transform themselves. Therefore, universities need a strengthened steering-core in order to make decisions and to act strategically on academic as well as on managerial ground. Moreover, universities need an expanded developmental periphery, which basically means a dense and strong network with other social and economic

players. Other important characteristics are an integrated entrepreneurial culture and a diversified funding base. All these features surround the academic heartland, which Clark wants to be stimulated. These five elements are, according to Clark, crucial for an Entrepreneurial University.

The Center for Higher Education Development (CHE Centrum für Hochschulentwicklung) tries to spread similar goals under the label of an “unbound university”. According to this vision universities should be autonomous, scientific, competitive, distinctive, economic, international und open to the new media.

This text will concentrate on these elements rather than on the question of whether we need entrepreneurial thinking in universities as the German Higher Education sector has moved a long way in that direction during the last few years.

Humboldt’s heirs

It is impossible to speak of German universities without mentioning Wilhelm von Humboldt.

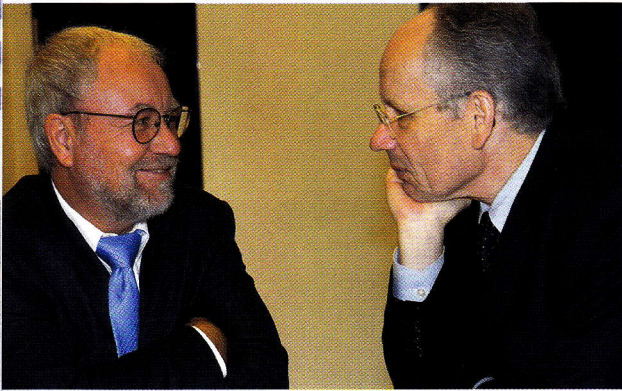


What Humboldt saw very clearly, was that the social reforms intended by him and a number of reformers in early 19th-century Prussia could not take place unless science and the way of thinking learned and taught at universities were adapted to changed social circumstances and challenges. After its rise in the 18th century, Prussia had become a backward country relying on antiquated ideas. Many Prussians were lacking creativity and initiative. These skills had to be spread by reformed universities, as Humboldt knew quite well.

Humboldt’s reforms were successful, so German universities became highly appreciated institutions of higher learning. Especially in the late 19th century, they were perceived as exemplary and so they served as models for famous American universities such as Johns Hopkins University or the University of Chicago.

by Professor Dr Detlef Müller-Böling,
Director, Centrum für Hochschulentwicklung,
Gütersloh

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Whereas in the 19th century, German universities were the pacemaker of economic, cultural and social reform, they became more or less static institutions during the second half of the 20th century. On a general level, they were treated as subordinate parts of an administrative machinery by the federal governments and their ministries. Moreover, many universities felt and acted as if they actually were nothing but subordinate administrations. To them, a putative freedom of science in a golden cage seemed to justify a smothering bureaucratic care. Entrepreneurial thinking, creativity and self-responsibility of the whole institution – not just of individuals or chairs – dropped out of the running.

Meanwhile, on the social level a lot was changing. Processes of globalization, of demographic change and of an ever accelerating frequency of technological innovation were building up a tremendous pressure on education systems in Germany and elsewhere. Not just in Germany, internationally the access to Higher Education was widened on an enormous scale. After the Second World War and the Korean War, the United States

opened Higher Education institutions to new students by the GI-Bill in 1953. A similar expansion took place in Germany. Nevertheless, the German Higher Education system remained unimpressed in the course of an unprecedented process of massification. In 1977, the slogan of “Tunnelling the mountain of students” was invented, which basically meant that the system should ignore the “overload” and sit it out. Despite the fact that the “Bildungsexpansion”, the “expansion of education”, during the 1960s and 1970s led to an enormous increase in the number of students and to an impressive number of newly founded universities such as Dortmund, Constance, Kassel or Bielefeld, neither the structure of programmes nor the structure of academic training were adapted to the changed social framework and the increasing number of students. Fossilization was the consequence. Due to a lack of responsibility, an irresponsible squandering of valuable resources such as time, money and working-power took place.

Massification is not a peculiarity of German social and academic history. International comparisons show that basically not the increase from 5 to 30% of an age-group is the problem, but the lacking willingness and capability to adapt the structures of universities to these changed circumstances. Especially in Germany, universities were lacking what Clarke calls “adaptivity”. Instead, processes of levelling differences off were predominant. Universities were integrating theological, agricultural and medical schools as

well as professional schools dedicated to the training of schoolteachers. The only differentiation left to reflect different orientations was the binary differentiation of universities and universities of applied sciences or of “Universitäten” and “Fachhochschulen”.

Moreover, there was not just a tendency of levelling functional differentiations off, but there was also a decreed qualitative equality of all universities. The idea, that qualitative differentiation might be a reality was a provocation! So was the claim that a concentration of certain institutions on certain fields of academic action might be helpful. Despite these “golden principles” of an alleged equality, drop-out-quotas of up to 50%, lengthy times in school of often more than six years and an average age of graduates of more than 28 years showed that there were alarming problems.²⁾ Though the amount of money spent on academic training increased, the overload rose even more.

Changes in the making

For the time being, the amount of money spent on Higher Education kept universities from the compulsion to adapt to changed circumstances or, first of all, to develop more adaptivity. Moreover, ministries were not inclined to give more freedom to universities. The change did not begin unless the money was getting scarce. Though these financial constraints served as an impulse, meanwhile we have reached the maximum limit. The good thing is that while universities had to take responsibility for the slander fare, they have

won a new degree of self-responsibility and they have built up new managerial competence. Now we have an indicator-based funding and “management” by pressure is replaced by management by contract. Principles and processes related to the concept of New Public Management are spreading through the whole German Higher Education system, maybe except for Bavaria. A new sense of partnership between universities and the state is emerging.

Today, the German system of Higher Education shows how keen and how successful efforts to adapt to changed realities are. Started in the late 1980s, they were constrained by the challenges of the Reunification in the 1990s. But meanwhile, a lot is changing in Germany. Our system of education is winning permeability while universities are unleashed. The swiftness with which many of these processes take place is remarkable. It is also very impressive how the climate has changed from a lame and timid towards a creative and active stance. It is a good sign that the number of graduates has increased by 4.6% in the last year.³⁾

What exactly is happening?

1. Autonomy has become a crucial goal. The state has reduced its claim to managerial rights and has given way to a much more adequate principle of self-management for most institutions of Higher Education. In general, the relationship between universities and the state is adjusted to the goals of autonomy and partnership.

On the governmental level, a productive competition among the federal states is taking place. Nearly all of them are trying to introduce the most up-to-date legal framework and to outdo their fellow states. One approach is to give financial autonomy to universities. Global budgeting and management by contract are principles introduced by nearly all of the federal states. By now, institutions of Higher Education are managed based on their output, not longer on the input. Moreover, they have been given the right to structure and organize themselves according to their own strategies.

On the university level, New Public Management in combination with new structures of internal governance leads to a decen-

tralisation of responsibilities. Despite the fact of decentralisation, these responsibilities do not lack transparency anymore. Universities have become fit to decide on their fate by introducing new structures of internal governance and by overcoming the old and irresponsible structures of the “Gruppenuniversität”. Values and skills of leadership are becoming more appreciated in the academic realm than they had been before. In the terms of Burton Clark, one can speak of a Strengthened Steering-Core. Universities use their organizational autonomy to create new departmental structures so they can adapt to the changes science is going through. By the introduction of performance-based salaries, high performance as universities themselves define it has become worthwhile for professors.

2. Being economical is a result of increased autonomy. For the achievement of high academic quality, universities have been given the responsibility for an appropriate use of their resources. They have to act more economical and they show an impressive amount of creativity while trying to enhance their funding base. Intensified business-relationships have become a valued characteristic of certain universities like for example the Technical Universities of Dresden or Munich. Moreover, they intensify their fundraising-activities or they offer new and attractive seminars people have to pay for. The most important step for developing a diversified funding base in the sense of Burton Clark would be the introduction of tuition fees.

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3. German universities have become competitive. They have taken up the competition on an emerging market of Higher Education. They do it on a national as well as on an international level. The perspective of demand has gained a new importance. Universities perceive themselves as suppliers of crucial social services to the public, rather than as self-sufficient ivory towers. In the future, universities can make their own choice and select their students. A fair and reliable system of admissions will be one of the key features German universities will have to develop. But the same thing happens vice versa: The best students can choose the best among the competing institutions. Moreover, a similar situation has developed for teachers and researchers. And even the disciplines and departments have become participants in an academic competition. Different universities compete for resources as their departments do in an internal process.

4. In an era of globalization, careers of learning as well as careers of teaching and research are becoming more and more international.

Moreover, the competition among different systems of education is increasing. German universities have understood that. They market their country and themselves as parts of the organization GATE and offer their bid on fairs all over the world. And they are very successful in doing that, as recent data from the OECD about the high attractiveness of Germany for incoming students has shown. Behind the United States, Germany is – together with the UK – the second most important destination of international students. 12% of the 1.9 million students studying abroad have chosen German universities.⁴⁾ Moreover, in the course of the Bologna-Process, German universities are enhancing the international connectivity of their programmes. Therefore, the whole German Higher Education sector could show a little more self-confidence.

5. To rise to the increasing competition, universities had to develop a distinctive profile. By now, differentiation is playing a major part in Germany after the fiction of equality has been abandoned. Rankings and leaguetables such as the one provided by the Center for Higher Education Development had some influence on this change of minds. They verify which departments show a good performance and which departments do not. And they show this in a very detailed manner, based on up to 40 indicators. But distinctiveness is not just a question of the visibility of performance. Not less important is the concentration on certain fields of academic action and the effort to follow a clear and realistic strategy.

Using the managerial freedom in questions related to competitive internal funding is an important means of doing that. But nevertheless it is important to market the strengths of a university.

6. Thinking about new ways of teaching and learning has received important impulses from e-learning. Blended learning and new media have become a part of everyday life in German seminars.

7. Central objective of all of our efforts is the strife for high quality and academic excellence in teaching and research. This is what Burton Clark has called the stimulated academic heartland. All the other elements and steps are means to this sole purpose. The debate about elite universities in Germany recently represents the high public interest which these issues enjoy. An important step was the insight that quality on the academic field can be made visible and can be compared on a competitive level. The goal of showing high performance and to reach a high level of quality has led university to establish new systems of quality management.

Certainly the most important stimulation of our German academic heartland stems from the current introduction of consecutive Bachelor's and Master's programmes. With this reform, the German system of Higher Education has to go through a process of fundamental but very necessary change. There is no other way to overcome the omissions of the 1960s and 1970s. In the future, differentiation will not take place between types of institu-

tions but between different programmes. Research-based as well as research teaching can both be related to the claim of academic quality. Nevertheless, their relation to active research is different.

Whereas what can be called “research-based teaching and learning” or “forschungsbasierete Lehre” is put up by university teachers who have some research experience and who know how to teach in Bachelor’s programmes and professional Master’s programmes, publication in top journals is not required or expected from these university teachers.

“Research teaching and learning” or “forschende Lehre” is put up by university teachers who are active researchers themselves. An active participation in research should be required from those who teach in scientific Master’s programmes and in PhD programmes.

A differentiation between programmes and teachers according to these categories is indispensable as proper research teaching for two million students would be nothing else but fiction.

Next steps

Of course, the need for reform has not reached its end yet. There are a number of clear-cut next steps which should direct our way in the next few years.

Instead of accrediting each university case externally – as it is done now – entire universities should be accredited and should take the responsibility for the quality of their programmes. The current model is far too expensive and time-consuming.

With the rather likely introduction of tuition fees, we will have to make sure that universities themselves will get the additional money. Fees will have to be market-oriented as well as socially responsible.

Fair access, deregulation and permeability will have to include the whole system of education. As the OECD says, access to universities in Germany has to be deregulated.⁵⁾ In the course of taking responsibility for a more successful organization of studies after having introduced admission and tuition fees as well as an indicator based management, an integral care for advice and service will gain im-

portance. To win good employees and to care for an adequate management of human resources is a task of Entrepreneurial Universities, not just of single university teachers. We have to overcome our binary distinction of Fachhochschulen and Universitäten. Differentiation has to be related to programmes, not to institutions.

In Germany, research centers outside universities held by the Helmholtz-Gemeinschaft, the Max-Planck-Gesellschaft, the Fraunhofer-Gesellschaft and the Leibniz-Gemeinschaft are very strong. Together, they get as much as 3.7 billion Euro.⁶⁾ These institutions of top research have to be integrated into our universities.

When these questions are solved, new ones will come up. As we can learn from other countries as well as from history, a university system will never work like a well-wound up clock. To think that universities could be a static system was the main flaw of the way of thinking which replaced Humboldt’s approach. If we understand that reforming universities is a permanent process, we will have made a giant leap in the direction of creating Enterprising Universities. ≡

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¹⁾ Burton R. Clark: *Creating Entrepreneurial Universities. Organizational Pathways of Transformation*, London/ New York: IAU, 1998, pp. 3–8.

²⁾ *Fleißige Juristen, alte Studenten*, in: *Frankfurter Allgemeine Zeitung* 2.10.04, p. 55.

³⁾ *Ibd.*

⁴⁾ OECD: *Education at a glance 2004*.

⁵⁾ *Ibd.*

⁶⁾ *BLK-Bildungsfinanzbericht 2002/2003, volume II, p. 118.*