

# TRENDS AND CHALLENGES IN FUNDING AND GOVERNANCE OF UNIVERSITIES IN EUROPE

Thomas ESTERMANN, Enora BENNETOT PRUVOT, Veronika KUPRIYANOVA

## Author info

*Thomas Estermann is Director for Governance, Funding and Public Policy Development at the European University Association (EUA). He is responsible for designing and developing EUA's work aimed at strengthening universities' autonomy, governance, management and their financial sustainability.*

*Enora Bennetot Pruvot is Deputy Director for Governance, Funding and Public Policy Development at the European University Association. She is responsible for implementing the Association's work in this area.*

*Veronika Kupriyanova is Policy Analyst at the European University Association, with a specific expertise on efficiency and effectiveness.*

## Abstract

*Higher education Institutions in the 21st century face grand global challenges, while at the same time many stakeholders have increasing expectations of universities. In Europe universities have been equally facing a complex financial situation in which conventional models of funding have been transformed and continue to evolve. This paper addresses some of the trends observed in the last decade connected to university funding and governance in relation to these global challenges and what kind of reforms are needed at system and institutional level to address them.*

SUMARIO: I. Six common global challenges for universities that impact on funding for universities. II. Trends in funding of universities. 1. Trends in public funding for universities in Europe. 2. Efficiency, effectiveness and value for money: the new mantra for higher education & research. 3. High expectations in Funding reforms. III. Governance and leadership to address challenges and trends. IV. Conclusions.

## I. SIX COMMON GLOBAL CHALLENGES FOR UNIVERSITIES THAT IMPACT ON FUNDING FOR UNIVERSITIES

**H**IGHER Education Institutions (HEIs) across Europe are facing a complex situation due to evolving funding models, high expectations from students, governments and other stakeholders, new opportunities offered by technology, increasing competition between universities and other teaching and research providers, as well as new and emerging forms of collaboration. Traditional modes of funding have been transformed and continue to evolve. There are many challenges that impact on funding for universities, but the following are commonly accepted as some of the most important:

### **Policy and regulatory turbulence:**

The most common challenge faced by many European higher education systems is that they are confronted with constant reform and regulatory changes that they must adapt to. Many of these deal with new models of public funding. Dealing with policy and regulatory turbulence can be a challenge at both system and institutional level, in particular in relation to long-term strategic planning and the use of resources. Both academic and administrative staff must deal with the response to those regulatory changes in addition to their core activities in teaching, research and regular administrative support to the university mission. Often there are no additional resources available for implementation of new strategies and activities, which puts great pressure on involved staff.

### **Pressure on public higher education funding and increasing demands for efficiency, effectiveness and value for money:**

The economic crisis of 2008 led many countries to reduce public funding for universities. Despite the positive economic development in many systems, there is still growing stress on the sustainability of funding and mounting pressure to explore new sources of income. The efficiency of funding in terms of the capability to meet certain policy goals in a cost-effective way is therefore highly important. Public funders as well as other stakeholders demand from universities that they deliver value for the money they receive from public funding or tuition fees.

### **The globalisation of higher education, particularly in terms of research talent and international student mobility:**

In the global knowledge economy, nations, corporations, and public organisations are competing across borders for talent, reputation and financial resources. Universities too are fuelled by global rankings and the increasingly global flows of students, researchers and funding (1). Educational transformation

---

(1) WENDE, M. C. van der (2011), «Global Institutions: the Organisation for Economic Cooperation and Development», in: R. King, S. Marginson & R. Naidoo (eds.), *Handbook on Globalization and Higher Education*. Edward Elgar. pp. 95-114.

is not a self-contained phenomenon; it takes place in a globalized environment marked by expansionary tendencies (2). These globally driven phenomena therefore have an impact on most higher education systems and institutions.

### **Pressures to collaborate and to compete:**

The competition for limited resources, talented staff, students and reputation between universities and other teaching and research providers has been intensifying over the last decade. But while competition has been forcing institutions to strategically position themselves and operate in a market-like situation there is also a push towards greater collaboration among universities. Novel forms of collaboration have paved the way for “co-opetition” (competitive cooperation). University partnerships are highly diverse and cover collaborations at different levels and between various types of actors but have an impact on the governance and funding scenarios.

### **Digitalisation and new technology:**

Digitalisation impacts universities in both their research as well as teaching mission and forces change in management and administration. The implementation of change agendas that respond to digitalisation and embrace the opportunities of new technology can face several challenges. A tendency to favour a fragmented investment approach, which results in the dissipation of scarce resources and under-investment is only one example of the difficulties to address this.

### **Changing stakeholder expectations:**

As universities have become more important to national cultural, economic and social life over the past two decades, business, government and industry expectations have increased sharply across Europe. Governments expect universities to demonstrate not only greater accountability and transparency, but also to achieve higher performance at all levels, specifically requiring them to achieve a substantially larger contribution to socioeconomic growth and, more recently to public savings. This is reflected in greater demands for efficiency, effectiveness and value for money. Business and industry stakeholders expect universities to supply new employees with higher, more complex skills that match the changing needs of innovation and entrepreneurship. They also rely on universities to improve performance and global competitiveness, through collaborative research activities, access to and shared use of infrastructure, human resources and knowledge resources. Students expect greater value in terms of a quality learning experience and employability, and in terms of better services, for example, more flexible access to university buildings and facilities.

---

(2) MITTELMANN, J. H. (2018), *Implausible dream, the world class university and repurposing Higher Education*, Princeton University Press.

## II. TRENDS IN FUNDING OF UNIVERSITIES

There has been a broad array of policy responses to some of the global challenges described in chapter 1. They range from linking public funding for universities to performance, using output indicators rather than input-based funding or introducing private sector and market mechanisms in steering universities. Other responses promote institutional mergers, foster the differentiation of institutional profiles or create excellence hubs through specific funding schemes. Many of these revisions aim at enhancing efficiency, effectiveness and international competitiveness.

This chapter outlines some of the observed trends and addresses the related consequences on university funding and governance, the impact such measures have on the institutions, as well as on their interaction with society and different stakeholders. An outline of the evolution of public funding to universities over the last decade reveals a contrasted picture across Europe and helps to understand the current emphasis on efficiency, effectiveness and value for money in higher education. Efficiency has become a key element as well in the discussion on European funding.

### 1. Trends in public funding for universities in Europe

The European University Association (EUA) started to collect data via its Public Funding Observatory in 2008, with the objective to capture the latest trends impacting Europe's universities and offer up-to-date information on over thirty higher education systems across the continent.

The monitoring reveals that there is a continued divide between higher education systems that increase public funding, and those that reduce investment (3). It also shows that 2012 was the most difficult year in terms of cuts, with 15 systems having reduced funding between 2008 and 2012. The 2018 data confirms the signs of the gradual improvement of public funding for universities in Europe since 2015, which was the first year when more systems invested than reduced funding. In 2018, only 8 systems applied funding cuts which is comparable to the level in 2008.

---

(3) BENNETOT PRUVOT, E., ESTERMANN, KUPRIYANOVA, V. (2020), *Public Funding Observatory Report 2019/2020*. Brussels; EUA.



*Figure 1: Funding divide between European higher education systems*

The Public Funding Observatory shows as well various funding trajectories in the period between 2008 and 2018. Several broad groups of systems with similar patterns (with still some variation within these groups) such as «sustained growth» (like Austria, Germany, Norway, Sweden or Switzerland for example) «improving patterns» (like Ireland) and «decline» can be classified. The latter group (figure 2) in which public investment in universities has declined since 2008 includes Estonia, Spain, Italy, Serbia, Lithuania and Northern Ireland. While there were some recent improvements in Estonia and Spain, these countries are still quite far from offsetting previous cuts.



Figure 2: Systems with declining funding

Data from the observatory show 18 systems where public funding levels were higher in 2018 than in 2008. But looking at funding trends in isolation only shows part of the picture for the countries analysed. Trends in student enrolment are crucial to better apprehend the developments in various systems. Figure 3 shows that some systems face a challenging situation despite increased funding, as their student numbers have grown more than their investment efforts. In only 8 systems funding growth is superior to student enrolment growth. In 10 systems the demographic pressure is not met by enough investment, as student number growth was higher than investment growth.

The situations nevertheless vary significantly. Turkey for example has the highest demographic pressure, Poland and Slovenia on the other hand are faced with a declining student body. Sweden is one of the countries that stand out in terms of investing much above growth in student numbers.

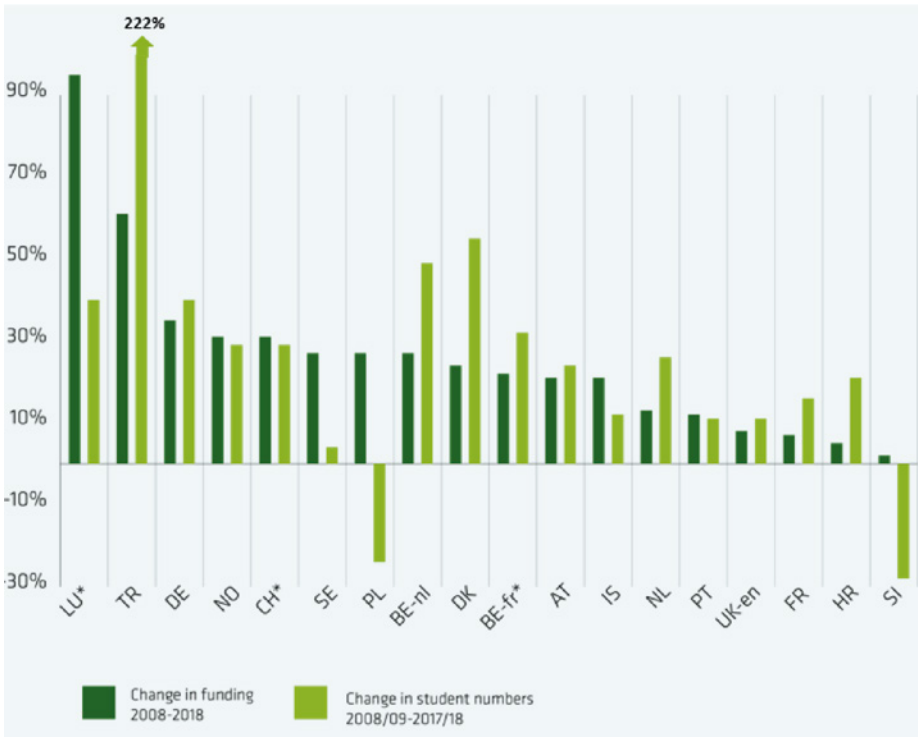


Figure 3: Systems with increasing funding to universities between 2008 and 2018

On the other hand, there are still 15 systems that have reduced funding in 2018 in comparison to 2008. In 10 systems, both funding to universities and student numbers decreased in 2018 compared to 2008, with variations regarding the relative pace of funding cuts and demographic decline. 5 systems decreased funding to universities across the period 2008-2018, whilst student numbers increased (Ireland, Northern-Ireland, Romania, Serbia and Wales).

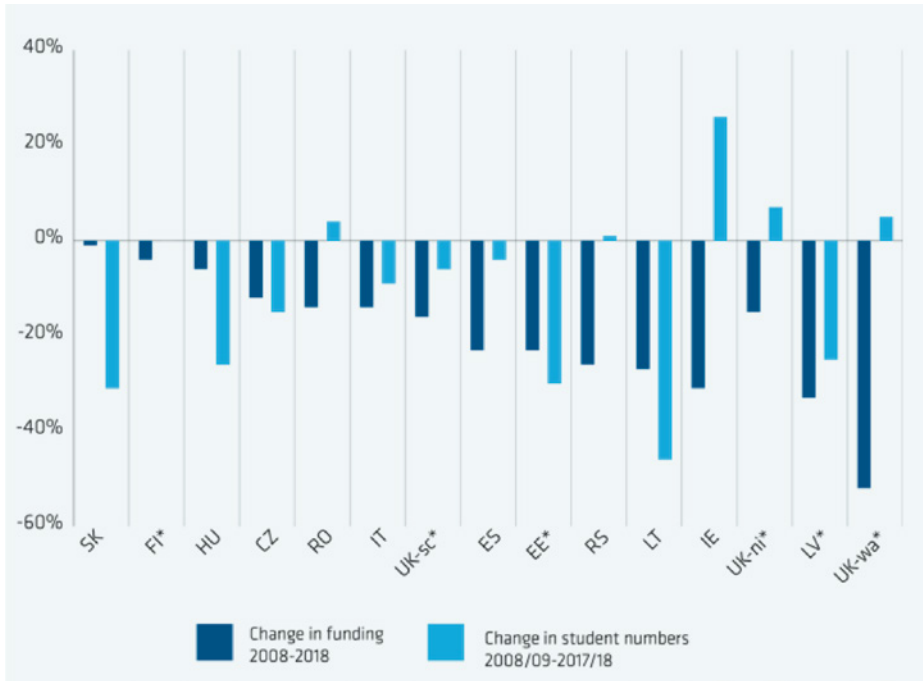


Figure 4: Systems with declining funding to universities between 2008 and 2018

Spain features in the group of countries that have reduced funding more than their student numbers decreased. Public funding dropped by 21 % in 2008-2019, while student numbers decreased by 5 %. Despite some marginal investment effort in 2018 and 2019, Spain’s university funding is still below 2008 levels.

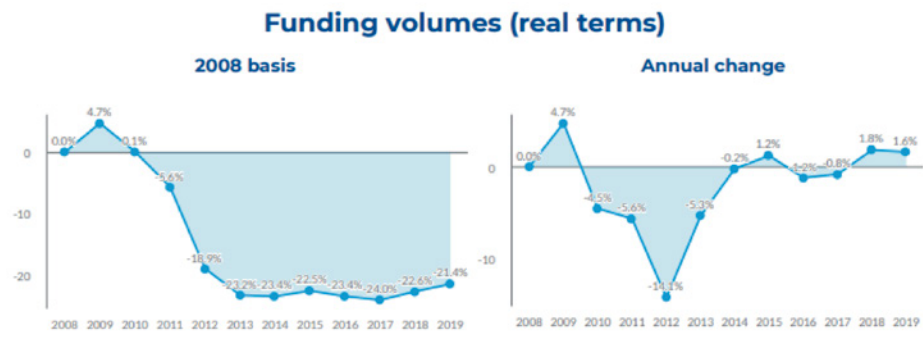


Figure 5: Funding trends Spain



The commitment of governments to higher education and research can also be analysed by considering funding dynamics in relation to economic growth. The Observatory shows that 12 countries feature an average annual funding growth rate that is higher than the average annual GDP growth over the last decade. A few countries, like France, Hungary, Poland, and Slovenia, have been investing at a slower rate and appear to have margin for manoeuvre in a context of significant economic growth. There is an even greater potential in Central and Eastern Europe and the Baltic states, as several countries including the Czech Republic, Romania, Slovakia, Estonia and Lithuania have yet to channel economic growth into re-funding higher education and research. In Ireland, public authorities have only recently started to take corrective measures towards the sector, despite post-crisis steady economic growth. Spain features as well in these countries where economy is in expansion and a robust economic growth forecast show that a greater investment effort is possible in the future to close the gap.

Italy is the only country characterised by funding cuts greater than the average negative annual economic growth over the period under review.

The Public Funding Observatory provides information as well on the impact of funding changes on various areas of university's activities. This shows that both research and teaching continued to benefit from some re-investment in 2019 in some countries. In 7 systems, additional funds were allocated for both teaching and research. Two systems (England and Sweden) prioritised support for research and 3 others (Hungary, Romania and Wales) gave preference to teaching.

A more positive trend has also emerged for staff and infrastructure. Compared to 2018, investment in infrastructure improved in Ireland, Serbia, and Turkey. Spain features as well in this group of countries, but research has been particularly affected in Spain by the recent funding cuts.

The Czech Republic improved its financial support for staff. The positive impact of funding increases on Dutch research and teaching can only be felt in nominal terms.

The lack of investment still negatively affects the state of infrastructure in England and Scotland. In addition, these two systems suffer from the negative impact of funding changes on research and teaching. In Denmark universities fell pressure on funding for teaching which might be due to the country's flat funding curve exacerbated by the rapidly growing student numbers.






Funding	Research	Teaching	Staff	Infrastructure
				
<b>Positive impact</b>	BE-nl, CZ, IE, NL, RS, SE, SK, TR, UK-en	BE-nl, CZ, HU, IE, NL, RO, RS, SK, TR, UK-wa	CZ, HU, RO, RS, SK, TR	ES, IE, TR, RS
<b>No impact</b>	DK, FR, HU, IS, RO, SE	ES, FR, IS, SE	BE-nl, DK, ES, FR, IE, IS, SE	BE-nl, CZ, FR, HU, IS, RO, SE, SK
<b>Negative impact</b>	ES, UK-sc	DK, UK-en, UK-sc		UK-en, UK-sc

Figure 6: Impact of funding development on university activities and areas

## 2. Efficiency, effectiveness and value for money: the new mantra for higher education & research

Universities face different public funding patterns as has been shown in the previous chapter, but in almost all systems the interest of policy makers and higher education institutions in efficiency and effectiveness has been growing. It has been particularly fuelled by changing funding, governance and accountability frameworks, as well as growing competition among universities and the evolving student body in various countries across Europe.

Two practical questions arise in that context: how can universities deliver their mission while ensuring efficiency and effectiveness of their operations and what kind of conditions are necessary to support them in this process? The USTREAM (*Universities for Strategic, Efficient and Autonomous Management*) project (4) explored the concept of efficiency in the higher education context, analysed the key drivers, enabling conditions and barriers to efficiency of universities and mapped system-level and institutional efforts to foster efficiency, effectiveness and value for money across Europe.

Efficiency is a relevant topic for most systems and institutions in Europe. It will continue to dominate the future higher education agenda and should therefore be approached from a more strategic and pragmatic angle, as one of the ways to achieve the university's goals, rather than a threat or burden imposed externally. Although there is a great diversity of interpretations and levels of engagement with

(4) ESTERMANN, T. & KUPRIYANOVA, V. (2019), *Efficiency, effectiveness and value for money at universities: a USTREAM report*. Brussels: EUA.

the topic, there is a broad consensus across the sector that economy, efficiency and effectiveness as well as value for money are equally important and inextricably intertwined in the higher education context.

A constructive and balanced approach to efficiency in the higher education context requires addressing all levels –system, sector, institutional and individual– and all university settings including both strategic and operational management and academic matters. Multiple activities pursued at these levels and areas for the purpose of efficiency foster the achievement of the university’s missions and goals. Under this approach, efficiency in the higher education context is inextricably linked to effectiveness and value for money.

The ability of universities to act strategically and efficiently depend on government policies. It is key for universities to be autonomous in making decisions in order to be agile and fast. In addition, a sustainable funding environment is needed to ensure their investment in human resources and tools that support efficiency, effectiveness and value for money. A survey conducted in the framework of the project underlined that the commitment of the institution’s leadership, institutional autonomy, inclusiveness and participation of all relevant institutional actors in the design and implementation of the efficiency agenda are among the key enablers of efficiency.



Figure 7: Enablers for efficiency and effectiveness in universities

To date, universities in Europe have been quite successful in boosting their operational efficiency. Operational efficiency is driven by the need to streamline business processes and optimise the use of resources. It combines a broad range of activities or measures performed to ensure the efficient implementation of day-to-day university operations, including facility and space management, procurement, finances, HR management and student support services. Operational efficiency measures can result in internal institutional reorganisation, or institutions sharing resources to optimise their operations. Such gains must be sustainable and effective in the long run.

The future potential of efficiency in the higher education context lies with learning and teaching as well as research where new powerful forms of collaboration

and asset sharing emerge and need to more actively promoted. Examples include optimisation of the academic offer, digital learning and use of ICT for teaching and learning purposes, use of learning analytics to identify students at risk and reduce drop-out and research profiling, among others. The question of academic efficiency arises on all institutional levels, including faculty and departmental levels and concerns all individuals involved in research and teaching activities. Institutional measures in this area can include the definitions of teaching load, class sizes, and research output requirements.

Further room for progress is also associated with embedding efficiency and effectiveness in a strategic governance framework of universities and pursuing a more coordinated and consistent approach across the entire institution based on a dedicated strategy or action plan. Efficiency in strategic governance relates to activities that underpin performance management and institutional development; accountability and stewardship of institutional capital (financial, intellectual, human, relationship, natural, reputational, etc.); an institutional ‘efficiency culture’ based on leadership and staff engagement, investment in skills, technology and capacity-building; internal and external communication, engagement of governing bodies and integrated reporting (e.g. through value for money reports). Most activities in this area have a long-term nature and support the institution-wide development.

One of the ways to be more efficient is to explore novel forms of collaboration, which pave the way to so-called co-opetition, or competitive cooperation. University partnerships can be highly diverse and cover collaborations at different levels and between various types of actors.

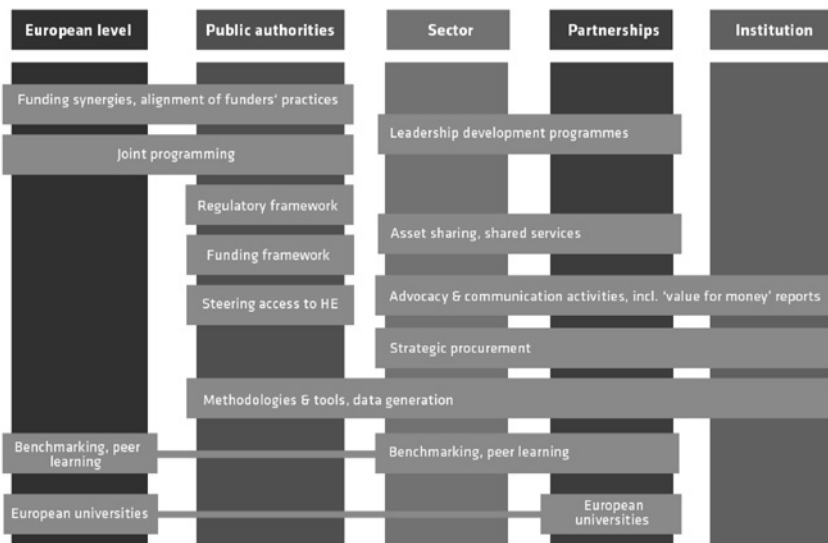


Figure 8: Interdependent efficiency actions at system, sector and institutional levels

Figure 8 demonstrates the interdependency of efficiency related actions at various levels. To pursue efficiency actions, individual institutions must have proper knowledge of what works and what does not in the higher education context. Such knowledge can be obtained most effectively from the exchange of good practice, joint methodologies and approaches as well as joint leadership programmes at the sector level. At the same time, pursuing many efficiency measures can be restricted if the existing autonomy or funding frameworks do not allow universities to do so. Hence, it is up to the higher education sector to communicate to the national policy makers about such bottlenecks and help establish the key enabling conditions.

### 3. High expectations in Funding reforms

The trends described before provide context to understand the rationale underpinning the funding reforms that have multiplied throughout Europe in the last decade. The quest for a rationalised, more efficient higher education landscape motivates the re-development of funding allocation models or the design of so-called excellence schemes. EUA analysed the topic of performance-based funding and funding for excellence in previous work (5). The analysis showed that policymakers often place excessive trust in the capacity of performance-based funding to have high impact and allow the system to achieve ambitious objectives with stagnating or even decreasing investment.

The «Define» study, which focused on designing efficient strategies for university funding, underlined that the choice of funding allocation mechanism is best made based on well-defined and shared overall objectives at system level (for instance: address student drop-out; widen participation; generate capacity in certain areas; etc.). This allows then to assess whether tools such as partially output-based funding formulas, or performance contracts, might usefully support these goals. Funding formulas rely heavily on numerical proxies which are meant to translate performance in quantitative terms but fail to address quality in an adequate way. Performance contracts offer more leeway for this, allowing for more tailored approach to qualitative objectives agreed between public authorities and institutions. Each system must be able to select the mix of funding allocation tools that best supports its overall vision, while taking account of the large part of fixed costs that characterises the universities' financial structure and therefore offering stability and predictability to the sector.

### 4. Efficiency and Simplification of European funding

Many European universities benefit from European Funding, either through the Frameworkprogrammes for research and innovation, the mobility programmes like Erasmus+ or the European Social Funds. Challenges related to European funding has been a low success rate and complex participation rules, that impact on the efficiency and effectiveness of those programmes. Those rules for participation

---

(5) BENNETOT PRUVOT, E., CLAEYS-KULIK, A.-L. & ESTERMANN, T. (2015), *Designing Strategies for Efficient Funding of Universities in Europe*. Brussels: EUA.

in EU funding programmes have a direct impact on university activities and financial sustainability. A more efficient and effective management of EU-funded projects would have the potential to redirect resources to the core objectives of the programme, thus increasing its added value and impact.

Missed opportunities for effective simplification directly translate into significant costs for beneficiaries and public funders at all stages of the project life cycle, from proposal preparation to implementation and auditing.

The Horizon 2020 dashboard statistics (6) show that that only around 12% of Horizon 2020 proposals submitted since the launch of the programme received funding. EUA calculated on the basis of the number of Horizon 2020 proposals that remained unfunded and the average cost evaluated through a survey, that around 9 billion Euros have been already spent on unsuccessful proposals. Universities as the largest beneficiaries of the Frameworkprogramme have spent alone nearly 5 billion Euros.

Another aspect of financial sustainability is that European Funds do not cover the full costs of the projects and require a co-funding of the beneficiary institution. The co-funding provided by beneficiaries has been estimated to be around 12 billion Euros (until 1.11.2019), which shows that institutions need to provide substantial resources for engaging in pan-European partnerships. It is therefore very important that universities engage in these programmes strategically, but at the same time it's essential that European regulators improve the efficiency of this program.



Figure 9: Costs connected to inefficiencies in Horizon 2020

(6) Horizon 2020 dashboard statistics retrieved on 01.11.2019.

Simplification should be also pursued in the project implementation and control phases. For instance, participants may find the information in the Horizon 2020 Annotated Model Grant Agreement unclear, causing high error rates and reducing access to the programme. In its *2017 Audit in brief*, the European Court of Auditors reports on most errors being related to the reimbursement of ineligible costs declared by beneficiaries.

Despite the progress achieved under Horizon 2020, EU funders' efforts aimed at fostering simplification have been mainly directed towards the standardisation of procedures for all programme beneficiaries and an increased use of simplified cost options, such as lump sums. However, although improving clarity and certainty of action, this approach does not take into consideration beneficiaries' diverse profiles, which could be better met through the provision of several options to accommodate different needs. Importantly, it might also reduce cost coverage for beneficiaries.

Simplification should ultimately lead to the achievement of a coherent set of rules, mindful of the diversity of actions and participants, and that ensures both high-quality processes and an effective use of resources. In this regard, a wider acceptance of nationally recognised institutional management and accounting practices of beneficiaries appears as a natural way to enhance efficiency and participation in the programme (7).

Following in the footsteps of national competitive research programme funders, EU policy makers could rely increasingly on the accounting practices developed by the university sector in several European countries. Improving the alignment of funders' practices for both accounting and auditing purposes between the national and the EU level would be a major step towards achieving this objective. It would also contribute to reducing the costs of EU audits which are estimated to be five times more costly than national audits.

Authorising the use of nationally accepted institutional accounting methodologies for cost calculation and reporting through an adequate and improved certification procedure would be a solution to these problems.

### III. GOVERNANCE AND LEADERSHIP TO ADDRESS CHALLENGES AND TRENDS

To address the challenges and trends outlined in this paper, universities need to have adequate regulatory frameworks and empowering governance arrangements.

The debate on these topics has intensified over the last decade and many systems have changed and developed their arrangements and rules.

Several European countries undertake significant experimentation in the field of university governance. Different regulatory frameworks may co-exist, as is the case in Portugal (for «foundation universities»). It may also concern the whole sector, as in Norway where the law makes it possible for universities to choose among two types of selection procedure for their executive head.

---

(7) European University Association (2018), *Taking simplification of EU funding to the next level: the university perspective*. Brussels: EUA.

Many systems also discuss intensively the inclusion and selection of external members in the university governance bodies. So-called dual governance models are nowadays more frequent than unitary models; dual structures tend to facilitate the inclusion of external members in the strategic, or supervisory, board-type governing body. What profiles are sought, and how they are selected varies across countries. A key question is the role of public authorities in their appointment, and how independent from the government these members are when contributing to the steering of the university. The inclusion, and above all selection procedure for external members thus lies at the heart of the complex issue of accountability and autonomy of universities – towards government and society.

Governance arrangements have a significant effect on financial and strategic decisions. Drawbacks in this area, as in public funding, can have a profound impact on the capacity of universities to fulfil their missions towards society.

Apart from appropriate governance arrangements institutional leadership plays an important role in addressing the six key challenges highlighted in chapter 1.

The selection procedures for the institutional leadership vary from country to country. Across Europe there are four basic categories:

- Election by a specific electoral body, which is usually large, representing (directly or indirectly) the different groups of the university community (academic staff, other staff, students), whose votes may be weighted.
- Election by the governing body, which is democratically elected within the university community (usually the senate, i.e. the body that decides on academic issues).
- Appointed by the council/board of the university (i.e. the governing body that decides on strategic issues).
- Appointed through a two-step process in which both the senate and the council/board are involved.

These different election and appointment procedures have an impact on how change and transformation processes can be implemented in an institution and play therefore an important role in responding to the many challenges. Despite significant commitment from actors across the institution, many strategies to implement change fail to deliver their objectives. While there are many reasons for this, a successful strategy implementation is often lead by effective institutional leadership.

Finally, it is clear that senior academic and administrative staff play an important role in achieving institutional objectives and strategies (both in different roles).

The degree of independence to hire core academic and administrative staff is therefore crucial for universities to fulfil their missions. The EUA autonomy scorecard (8), which gathers data from 29 higher education systems provides comparative data for this question.

---

(8) BENNETOT PRUVOT, E. & ESTERMANN, T. (2017), *University Autonomy in Europe III: The Scorecard 2017*. Brussels: EUA.



There are significant differences in recruitment procedures for senior academic and administrative staff across Europe, ranging from a large degree of independence in the recruitment of staff (typically more often found in the north of Europe) to more formalised and restrictive procedures (typically more often found in the south of Europe).

Figure 10 provides an overview of which systems can decide freely on the recruitment of their senior academic and administrative staff and which systems face restrictions.



Figure 10: Restrictions of recruitment of senior staff

Restrictions on recruitment of senior academic and administrative staff include for example an external confirmation of appointments, the number of posts being controlled externally, or that the recruitment is carried out by an external authority. These restrictions may apply to all or part of the considered staff categories. A series of other limitations, less frequent, also exist in different systems. An example

is the requirement to have an annual recruitment plan approved by an external authority, which provides a framework for all the ensuing recruitments during the year (as is the case in Slovenia and in some of the universities of the French speaking community of Belgium). The recruitment of senior academic staff is more often regulated than that of senior administrative staff. This relates to the fact that civil servant status is more frequently found among senior academic staff than senior administrative staff. Appointments of some categories of senior academic staff, usually full professors, need to be confirmed by an external authority in Croatia, Hungary and Poland. The number of posts for some or all senior academic staff is regulated in Croatia, France and Italy. Specific requirements apply to the recruitment of senior academic staff in Latvia, who need to have a certain proficiency level in the Latvian language. Universities are more often able to recruit senior administrative staff independently. However, 10 countries impose various restrictions on this type of recruitment. Some appointments must be confirmed externally in Portugal, while the number of some senior administrative posts is regulated in Croatia, Denmark and Italy. In France, the recruitment of senior personnel working in libraries and central administration is carried out by an external authority through a national competition.

There are some specific challenges faced by Spanish universities and it is considered that Spanish universities require reforms in certain areas, especially in relation to human resources. The civil servant status of academic staff is another challenge in attracting and employing international academic staff.

#### IV. CONCLUSIONS

All the above elements show that it is necessary to promote a holistic and nuanced approach towards steering of universities. Smart steering consists in developing enabling frameworks and providing stable and adequate funding for universities to thrive and fulfil their missions. This requires the right mix of governance settings and financial allocation tools that are fit for purpose and that fit in the systems' environment. It is important that the different parameters are chosen in function of the agreed aims and goals for the sector. Far more than technical matters, governance and funding provisions set the «optimal background» for universities to deliver what is expected from them.

Institutions and in particular their leaders play a key role in delivering on the high expectations placed on them. They need to develop a long-term vision and build and support the implementation of a clear strategy, very often connected to a transformation and change process.

In order to respond to the challenges facing the management and governance of universities today, it will be crucial to place greater emphasis on promoting the development of leadership and management capacity, for example through training and support for leaders and senior and managers.

While there is a responsibility at institutional level to support this, policy makers also need to put more emphasis and provide more for example financial support to leadership and development programmes.

## REFERENCES

- BENNETOT PRUVOT, E., CLAEYS-KULIK, A.-L. & ESTERMANN, T. (2015), *Designing Strategies for Efficient Funding of Universities in Europe*, Brussels: EUA.
- BENNETOT PRUVOT, E. & ESTERMANN, T. (2017). *University Autonomy in Europe III: The Scorecard 2017*, Brussels: EUA.
- (2018) «University Governance: Autonomy, Structures and Inclusiveness», in: Curaj A., Deca L., Pricopie R. (eds.), *European Higher Education Area: The Impact of Past and Future Policies*, Springer, Cham.
- BENNETOT PRUVOT, E., ESTERMANN, T. & KUPRIYANOVA, V. (2020), *Public Funding Observatory Report 2019/2020*, Brussels: EUA.
- ESTERMANN, T. & KUPRIYANOVA, V. (2019), *Efficiency, effectiveness and value for money at universities: a USTREAM report*, Brussels: EUA.
- European University Association (2018), *Taking simplification of EU funding to the next level: the university perspective*, Brussels: EUA.
- European Court of Auditors (2018), *2017 audit in brief*, <https://www.eca.europa.eu/Lists/ECADocuments/auditinbrief-2017/auditinbrief-2017-EN.pdf>.
- MIDDLEHURST R., TEIXEIRA P. (2012), «Governance Within the EHEA: Dynamic Trends, Common Challenges, and National Particularities», in CURAJ, Adrian, & SCOTT, Peter, & Vlăsceanu, Lazăr, & WILSON, Lesley, *European Higher Education at the Crossroads*, Springer.
- MITTELMANN, J. H. (2018), *Implausible dream, the world class university and repurposing Higher Education*, Princteon university Press.
- WENDE, M. C. van der (2011), «Global Institutions: the Organisation for Economic Cooperation and Development», in: R. King, S. Marginson & R. Naidoo (eds.). *Handbook on Globalization and Higher Education*, Edward Elgar.

