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The Use of Performance Models in Higher Education: A Comparative International Review

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Abstract
Higher education (HE) administrators worldwide are responding to performance-based state agendas for public institutions. Largely ideologically-driven, this international fixation on performance is also advanced by the operation of isomorphic forces within HE's institutional field. Despite broad agreements on the validity of performance goals, there is no "one best" model or predictable set of consequences. Context matters. Responses are conditioned by each nation's historical and cultural institutional legacy. To derive a generalized set of consequences, issues, and impacts, we used a comparative international format to examine the way performance models are applied in the United States, England, Australia, New Zealand, Sweden, and the Netherlands. Our theoretical framework draws on understandings of performance measures as normalizing instruments of governmentality in the "evaluative state,"

supplemented by field theory of organizations. Our conclusion supports Gerard Delanty's contention, that universities need to redefine accountability in a way that repositions them at the heart of their social and civic communities.

I. Introduction

In recent years, the imposition of performance models on institutions of higher education has become a widespread practice. National systems are in place in France, Britain, the Netherlands, Scandinavia, Australia, and New Zealand. In federations like Germany, the US, and Canada, individual *Länder,* states, and provinces have taken the initiative (Brennan, 1999; Woodhouse, 1996).

Performance models include, but are not limited to, social technologies like performance indicators. They are situated within broader, ideological mechanisms variously characterized as public sector reform, new public management (NPM), or what Neave, in the context of higher education (HE), calls "the evaluative state" (Neave, 1998; 1988). These mechanisms attempt to impose accountability on public sector institutions and improve service provision, by measuring performance against managerial, corporate, and market criteria.

Accountability and service improvement are common goals of all HE performance models. But different national systems adopt different combinations of supplementary goals. These include stimulating internal and external institutional competition; verifying the quality of new institutions; assigning institutional status; justifying transfers of state authority to institutions; and facilitating international comparisons (Brennan, 1999:223). The particular combination of goals depends on specific national contexts, and the balance within them of accountability, markets, and trust (Brennan, 1999; Trow, 1998).

But the foundations of these structural changes extend beyond ideological reform of public-sector institutions. They are rooted, as well, in the post-war transition from élite to mass systems of higher education (Scott, P. 1995). Arguably, the momentum of massification alone would have enforced restructuring of the HE system in most jurisdictions (Neave, 1998; Dill, 1998). The *combination* of HE expansion and the emergence of the evaluative state produces international convergence around the implementation of performance models.

Furthermore, convergence proceeds at a far-from-uniform rate. It is modulated by path-dependent national institutions and entrenched cultural traditions, and the divergent starting points of each national system. Broadly speaking, public universities in the Anglo-Saxon countries are moving from a position of strong autonomy to one of subordination to centralized, state control. For continental Europe and Scandinavia, where strong state control was the norm, more control of higher education is being ceded to the institutions.

These apparently contradictory trajectories converge at the level of institutional performance and accountability (Henkel and Little, 1999) where, as Newson (1998:113) has pointed out, "criteria such as 'efficiency,' 'productivity,' and 'accountability' are becoming embedded in the routine day-to-day decision-making that takes place in 'local' units throughout the university." At this level, the proliferation of a few dominant models can be explained, in part, by the operation of isomorphic forces within

institutional fields, whereby "lead" organizations set the pace for "followers" (Powell & DiMaggio, 1983.)

Performance models have now been in place long enough for studies of consequences to be undertaken (Neave, 1998; Dill 1998). For example, a recent 15-country OECD study, under the direction of John Brennan and Tarla Shah of Britain's Open University, considers the impact of performance models in 40 participating institutions. On the basis of early analyses, Brennan (1999) reports that while impacts are conditioned by the nature of the individual institution and the distribution of authority in the HE system, performance mechanisms appear to have raised the profile of teaching and learning in HE institutions. He finds that overall impact is increased when the mechanisms gain legitimacy at the faculty and department level, and that increased centralization and managerialism is characteristic at the level of the institution. In some countries, Brennan suggests, evaluation and assessment mechanisms tilt the distribution of power away from faculty and towards senior managers and administrators. But in other countries, where the management layer is traditionally weak, the impacts of external evaluations are more important.

A potential weakness of this otherwise exhaustive study is its reliance on institutional self-reports. By surveying a wide range of methodologically diverse studies from different national contexts, we hope to distill a robust set of findings. We first construct the theoretical framework of the "evaluative state," through which to view the policy and administrative implications of performance models. We then consider the theoretical importance of accounting tools in performance measurement, before defining the terms and trends in performance-based HE management. Next, utilizing a comparative international format, we summarize the impact of HE performance models in the United States, England, Australia, New Zealand, Sweden, and the Netherlands. Where appropriate, we add the results of cross-national studies. Finally, we attempt to synthesize our findings into a generalized set of consequences, identifying system-level effects, technical performance issues, institutional effects and management issues, impacts on teaching and research, and on faculty and academic departments.

II. The Evaluative State

Fundamental changes in the policies and practices of most OECD countries have followed a cultural shift in the public management paradigm over the last two decades. Public sector reforms induced fundamental changes, not only in policies and practices, but also in the culture underlying the public administration of nation-states (Strange, 1996; Aucoin, 1995; Charih and Daniels, 1997; OECD, 1995; Keating 1998). This new culture took as axiomatic market-like principles of cost-recovery, competitiveness, and entrepreneurship in the provision of public services (Power 1996; Charih and Rouillard, 1997). Criteria of economy and efficiency were supported by “broad accusations of waste, inefficiency, excessive staffing, unreasonable compensations, freeloading, and so forth” (Harris 1998:137). "Rational" corporate management techniques were installed incorporating accounting, auditing, accountability, and performance criteria. The intent was not only to make public institutions less costly and more effective, but also to normalize and entrench private sector principles (Hood, 1991, 1995; Savoie, 1995; Harris, 1998). The application of these criteria to HE produced elaborate exercises in "visioning," "re-engineering," and "quality assurance," structured on the basis of

transparent and auditable accountability for performance (Power, 1996).

International convergence around these ideals renders the putative retreat of the state somewhat illusory (Dominelli and Hoogvelt, 1996; Strange, 1996; Dale, 1997). Rather than regulating directly, however, the state now regulates from a distance, assuring accountability through refined forms of "remote control" or steering (Burchell et al., 1991; Barry et al., 1996; Power, 1995). Neave neatly points to the paradox: “what some regard as a lighter form of surveillance…goes hand in hand with a veritable orgy of procedures, audits, [and] instruments of administrative intelligence which, in their scope and number…make those which upheld the state-control model appear rustic” (1998:266). By using these mechanisms to steer from a distance, the state ensures its performance agenda is internalized by the institution. Thus regulation becomes self-regulation, and state control becomes self-control—a type of self-disciplining Foucault (1978) called "governmentality."

In his study of Continental European HE systems, Maassen (1997) empirically identified this move. In the countries Maassen studied, detailed regulation of the inputs and processes of HE is no longer practiced. Instead, institutions themselves create the conditions for achieving the outcomes required by the state, thereby demonstrating the effects of “remote steering” (Maassen 1997:125). To induce self-regulation and self-surveillance in institutions, Maassen found that European governments are also abandoning existing rigid legal frameworks—a move Neave (1998) calls "dejuridification"—in favour of "framework laws." Maassen suggests that European HE is undergoing the most far-reaching transition since that from élite to mass systems. What we are seeing, he speculates, might be “only the beginning of a long-term trend that will change HE far more fundamentally than we can imagine” (1997:125).

According to Neave, the beginning of this long-term trend was the emergence of the evaluative state “from two very different discourses, the one European and political, the other mainly American and economic” (1998:278). In the first discourse, control of universities mirrored broader democratic issues, while the second was a direct bid to substitute market control for state control. The former tended to predominate in France, Sweden, Belgium, and Spain, according to Neave, while the latter dominated in the UK and the Netherlands and rooted itself earlier. Both discourses converged, Neave says, around three major displacements in HE.

One displacement is increasing concentration on strategic planning and systems development. Another marks the emergence of powerful, intermediary "buffer bodies" to serve as the state's agents in evaluation and surveillance. The third is the proliferation of increasingly demanding performance models, including quality assessment and assurance; continuous improvement; performance-based funding, budgeting, and management; strategic planning and budgeting; and total quality management. In one way or another, all these models rely on measurements or "indicators" of performance.

III. Issues in Measuring Performance

Paradoxically, the evaluative state's self-regulating "governmentality" requires fidelity devices to measure and induce compliance. Largely, these calculative practices (Miller, 1994) or rituals of verification (Power, 1995) employ accounting tools, such as budgets, cost/benefit analyses, cost-centre comparisons, financial audits, and an increasing array of performance and compliance audits (Power, 1995; Porter, 1995;

Harris, 1998). Accounting tools enable “actions on the actions of others…to remedy deficits of rationality and responsibility” (Miller: 1994:29). They are characterized by their surveillance and control capacities, i.e. ability to determine norms, then discipline performance against them (Hoskin and Macve, 1993).

Despite appearances, accounting techniques and numbers are not neutral reflections of "reality." Rather, they selectively construct reality from complex webs of social and economic negotiations. An accounting "fact" is actually a contingent and partial accomplishment. Yet contingency and partiality disappear in inscription. Tabulated, calculated, and double-underlined, accounting "facts" appear incontrovertible—the very essence of stability, objectivity, and impartiality.

In a university setting, the apparent objectivity of such "facts" can undermine autonomy, “open[ing] up the routine evaluation of academic activities to other than academic considerations, and…mak[ing] it possible to replace substantive judgements with formulaic and algorithmic representation” (Polster and Newson 1998:175). A financial calculus thus underpins the discourse of performance in HE, and constitutes its instrumental logic. The instrumentalities include performance indicators, quality indices, and benchmarking standards. In a detailed study of institutions in three commonwealth countries, Miller (1995:1) found that these market-based, managerial instrumentalities “have modified or come to dominate the governance and culture of universities in Australia, the United Kingdom, and Canada”. Commenting on the lack of faculty resistance, Miller argues that as academics become constrained, monitored, and documented by performance criteria, they come to collude in the construction of their own fate (cf Harley and Lowe 1999).

Performance indicators (PIs) are the key instrumentality. Watts (1992) studied the major OECD countries, looking at accountability and performance measures. Of the eight commonalities he found, PIs were by far the most significant. PIs replace traditional input measures, like the number of students enrolled, with goal- or result-oriented estimates of outcomes or value-added, such as the quality and employability of graduates. Identifying one of their most contentious aspects, Watts (1992:87) comments that “many of these efforts have found...real problems in trying to measure quantitatively the unmeasurable.”

Harris (1998:136) reminds us that despite their objectified and factual appearance, much of the accounting and other data used to construct PIs derives from the subjective exercise of judgement. Similar judgements are also exercised on the indicators themselves, which are interpreted to infer "facts" that then “create the domain of the factual” (Harris, 1998: 136). Because PIs focus on readily quantifiable inputs and outputs, they tend to neglect the more complex social variables that resist measurement (Newson, 1992; Harris, 1998). And, because of the difficulty of linking measurable outputs to inputs and processes, there is a danger is that “targeted goals, as reflected in indicators, often become ends rather than means” (Harris, 1998:136).

El-Khawas and colleagues note that “academics have resisted the move towards performance indicators, arguing that [they] are reductionist, offer inaccurate comparisons, and are unduly burdensome” (1998:9). As a result, she notes, some governments are introducing PIs incrementally, requiring universities to generate an increasing amount of quantitative data for intermediary bodies. Others have embedded PIs in institutional contracts or other forms of conditional funding. While debate continues on their appropriate use, she says, in most countries public officials advocate the development of a few relevant performance indicators, together with comparisons among institutions and over time. She differentiates England, which “took a further step by linking the amount of research funding to performance scores of academic

departments" (El-Khawas et al., 1998:9). In the studies cited later, we will find more variation than El-Khawas suggests in the numbers and types of indicators tracked. We will also see that the pattern of linking funding to performance extends beyond research to HE budgets more generally. And we will find performance-linked funding in, for example, the United States, Australia, and New Zealand as well as in England.

While there is no single, agreed-upon definition of PIs, the one developed by Cave, Hanney, and Kogan (1991:24) is still applicable:

> a performance indicator is an authoritative measure—usually in quantitative form—of an attribute of the activity of a higher education institution. The measure may be ordinal or cardinal, absolute or comparative. It thus includes both the mechanical applications of formulae (where the latter are imbued with value or interpretative judgements) and such informal and subjective procedures as peer evaluation or reputational rankings.

One of the principal causes of controversy surrounding the use of PIs is their link to performance-related funding and budgeting. It is important to differentiate between these terms. According to Burke and Serban (1998:2), "the advantages and disadvantages of each are the reverse of the other. In performance funding, the tie between results and resources is clear but inflexible. In performance budgeting, the link is flexible but unclear." Performance funding ties separate and usually small allocations of funding directly to institutional performance against a normally limited number of indicators. In performance budgeting, a longer list of indicators provides an overall picture of institutional performance; this then supplies the context in which a decision on the institution's *total* budget allocation is made. The former enhances the incentive to improve performance, but punishes circumstances beyond institutional control. Further, the small sums allocated are disproportionate to the effort required to generate the data. The flexibility of the latter allows for extenuating circumstances, but diminishes specific incentives to improve (Burke and Serban, 1998.)

Johnstone (1998) confirms these differences, and notes that both are rooted in conceptions of administrators as "rational actors" who will maximize whatever is rewarded. According to Johnstone, conventional budget drivers—particularly full-time equivalent enrollments—induce institutions to "over-enroll" at the cost of quality and can lead to a concentration on popular programs that can be taught cheaply (1998:16). In contrast, performance-based budgets use criteria such as degrees awarded, time to completion, graduates' external performance, faculty success in attracting competitive research grants, and faculty reputations with peers. However, says Johnstone, proponents of performance criteria are beginning to realize that there is a need to balance "multiple, difficult-to-measure, and not always compatible goals" (Johnstone, 1998:16). For example, to maximize student accessibility, institutions are encouraged to accept promising but less-qualified students. This goal is incompatible with maximizing completion rates or postgraduate examination performance.

The offsetting advantages and disadvantages of performance funding and performance budgeting helps to explain why increasing numbers of states in the U.S.A. are adopting both systems (Burke and Serban, 1998). While examples of performance models could be found in some states (e.g. Tennessee) as early as the 1970s, by 1998 they were utilized in half the states in the U.S.A. Reported intentions predict that 70% of states will have adopted performance funding or budgeting models by 2002 (Burke and Serban, 1998).

There is more than rational judgement at work here; a "bandwagon" is rolling.

Organizational theory assists our understanding of this phenomenon. Powell and Dimaggio (1983), for example, have pointed to the role of isomorphic forces in stabilizing institutional and organizational fields around a dominant model. The forces at work may be regulative, normative, cognitive, or any combination thereof, depending on the nature of the field (Scott, R. 1995). Thus the particular combinations of state policy, programs, and funding (regulative); academic values and norms of accountability (normative); and the way the social purpose of HE is framed (cognitive) might be expected to produce fairly similar institutional responses to performance criteria that may, nevertheless, differ in important respects in different national and sub-national contexts.

Further, formal organizations like universities and colleges tend to adopt prevailing "rituals of rationality" to increase their legitimacy and chances for survival (Meyer and Rowan, 1977; Kaghan, 1998). These rituals of rationality increasingly include principles of profitability and "good management" derived from the private sector. Public universities and colleges, therefore, can be situated in a larger institutional framework where the *system* of organizations is isomorphically aligned around ideological commitments to private sector principles of rationality.

But as Kaghan (1998:172) points out, institutional theories tend to focus at the macrostructural level and pay little attention the "microdynamics" of specific practices. To attend to this level of detail, we now consider the way performance models are enacted in different national contexts. A comprehensive examination of US and UK experiences is followed by less detailed analyses of Australia, New Zealand, Sweden and the Netherlands.

IV. Performance Models in Context

1.State Models in the United States

Policy-makers in the U.S.A. were among the first to experiment with monitoring the performance of publicly funded institutions of higher education. In the 1960s and 1970s, state officials began examining possibilities of allocating resources to institutions according to how well they achieved state objectives and outcomes (Layzell, 1998).

Tennessee was the first state to implement performance funding in higher education. Well regarded in the US, the program is considered a success. The Tennessee State Higher Education Board initiated a pilot program in 1975. By 1979, state officials, working with advisory groups, had developed a set of ten performance criteria. These, and the associated measurement and reporting procedures, were applied to all public universities and colleges (El-Khawas, 1998). During 1980-81, public institutions were able to earn up to 2 percent above formula allocations, based on performance against these criteria (Albright, 1997). The plan has been reviewed and updated at five-year intervals since then. Today, the amount of discretionary funding available to reward good performance stands at 5.5 percent of an institution's overall budget. Explicit goals are targeted over an extended period of time, allowing institutional behaviour to be shaped towards desired ends.

Because of isomorphic forces, the success of the Tennessee program led to the development of similar programs in Arkansas, Missouri and Ohio (El-Khawas, 1998). But conformity is far from total. Texas is among several states that have studied, proposed, and rejected performance funding—largely because of a lack of support from

state legislators, combined with cumbersome reporting requirements, and reduced institutional autonomy (Albright 1997). On the other hand, the State of South Carolina has adopted measures that ties allocation of the state's entire budget for public higher education to institutional performance against 37 specific indicators (Burke and Serban, 1998) .

One notable characteristic of Tennessee-style performance funding is that it is non-competitive. All institutions can access these supplemental "bonus" funds. If one fails to obtain its share of the supplementary funds, the others do not benefit. Generally, however, policy-makers today are less favourably inclined to voluntary institutional improvement; systems of mandated public accountability are becoming the norm. As with the introduction of the Tennessee model, we see a tendency to copy other states' systems, in an attempt to develop a common core of indicators to address common problems.

A study by the National Association of State Budget Offices (NASBO, 1996) reviews measures adopted by 38 states in addressing calls for HE improvement and accountability. These include budget reforms, restructuring of governance, performance-based funding, and privatization of teaching hospitals. We cannot report on this study in detail, or present the responses of all the participating states. However, certain states can be considered "indicators" of the changes induced by performance models in all states.

Arizona's Budget Reform Act of 1993 resulted in the development of a master list of state government programs in 1995, complete with mission statements of institutions, functional program descriptions, goals, performance measures, funding and staff information. This was the first opportunity for state analysts to determine budgets and funding sources for higher education. Subsequently, in an attempt to increase graduation rates without increasing the budget, a "short" Bachelor's Degree program (three-years) was implemented at Northern Arizona University. As well, certain programs implemented a twelve-month academic year. Faculty could elect to take their break in either fall or spring instead of summer. To ensure a steady supply of enrollees, the Arizona Legislature introduced a bill to provide HE scholarships to students who graduated high school in three consecutive academic years and retained a GPA of at least 3.0 (out of 4.0). State funding would be shifted from the K-12 system to the HE system to fund the new measures.

In 1995, Arkansas moved from an enrollments-based funding policy to one focused on productivity outcomes. The Institutional Productivity Committee and the State Board of Education developed sixteen performance measures. Amendments to the Revenue Stabilization Law resulted in the creation of a Higher Education Institutions Productivity Fund, authorized to provide an additional $5 million and $10 million in fiscal years 1996 and 1997 respectively, on the basis of institutional performance on these measures.

Also in 1995, the Governor of California agreed to provide lump-sum funding to the University of California, and California State University for a period of three years for general support, capital outlays, and to service debt requirements. In exchange, the universities were required to increase enrollments and the portability of courses between institutions; implement new productivity and efficiency increases each year; improve student graduation times; and restore faculty salaries to competitive levels. Meanwhile, in the Kansas fiscal 1997 budget, and the Kentucky 1994-1996 Appropriations Bill, appropriation increases to higher education were based on performance funding concepts and principles.

On July 1, 1995, Minnesota merged three of the state's public, post-secondary systems under a single governance structure. For 1995 and 1996, a portion of state

appropriations to the University of Minnesota and the state's colleges and universities was made contingent upon achievement of performance goals. For example, for the University of Minnesota, $5 million of the 1996 appropriation was placed in a performance incentive account, to be released in $1 million increments for achieving each of five performance measures. The measures related to: a) recruitment and retention of freshman students with high academic averages in 1995; b) increase in the intake of minority students in 1996; c) increase in the number of women and minority faculty hired in 1995-96; d) increase in graduation rates between 1994 and 1996; and e) increase in the number of credits offered through telecommunications between 1995 and 1996.

Missouri adopted policies that ensure the recognition of institutional performance through appropriate incentive funding. In fiscal years 1995 and 1996, funding was appropriated to reward institutions based on their attainment of certain goals: a) assessment of graduates; b) graduation of minority students; c) number of students pursuing graduate education; d) teacher-education graduates scoring in the upper half of national exams; and e) job placement rates in major field. In fiscal year 1996, more that $7 million of the ongoing untargeted funding for four- year institutions was distributed according to these performance goals.

While other states, including New Mexico, New York, North Carolina, North Dakota, Oklahoma, South Carolina, Utah, Washington, and Wyoming have all undergone budget reform, restructuring, and the implementation of performance measures, none has gone to the extreme of South Carolina. In 1996, at the urging of a group of prominent business leaders, the State Commission for Higher Education implemented the most significant performance-based funding program to date. The program was phased-in. By the 2000 fiscal year, as stated earlier, 100% of state HE funding will be allocated on the basis of institutional performance on 37 specific indicators. This high number of indicators, as well as the total linking of funding to performance, runs counter to conventional wisdom on performance models.

Agendas beyond Performance

The above review of performance models makes evident the extent to which they can be used to advance state agendas other than those strictly concerned with accountability and performance. In the case of Minnesota and Missouri, for example, performance models are used to address state requirements for equity and equality in public institutions. Thus the state can use these models to force HE institutions to advance compliance with long-range state objectives. If the institutions successfully comply, they are rewarded. Otherwise, there is an implicit threat that the state will step in and take control of budgets and governance structures. But state policy is subject to change with each election. In between, there may be insufficient time for political objectives to be fully integrated into an institution's governance and funding structure.

A recent study by the State Higher Education Executive Officers (SHEEO, 1997), provides a snapshot of the experience of 48 states in implementing performance measures. The study indicates that:

- thirty-seven states used performance measures in some way
- this is more than double the number three years previously
- twenty-six states plan to expand or refine current efforts
- most states adopt performance measures for accountability purposes
- twenty-three states use performance measures to inform consumers about higher education

- twenty-three states use performance measures to distribute state funds to higher education institutions (Network News, 1998:1-2).

Most of the performance models referred to in this study fail to differentiate between longer-term state interests and short-term public demands. As well, in the twenty-three states where performance measures supply information to consumers of HE, the information reported is deemed more useful to policy-makers, than for assisting individual consumers to make informed educational choices.

Responses to US Performance Models

The SHEEO and the NASBO studies cited above seem to indicate a shared understanding between state officers and HE institutions about the importance of performance models. This may not be the case. In a survey of higher education policy issues (Ruppert, 1998), a total of 1008 respondents, consisting of political leaders (n=519) and higher education leaders (n=489), from 12 Midwestern states were asked to identify the most critical issues facing post-secondary education in the approach to the 21st century. Keeping higher education affordable was a major concern for both groups, but political leaders ranked it as their first priority, while higher education leaders ranked it second. Overall, how to pay for higher education (funding policies) was considered the Midwest's second highest priority. For higher education leaders this was the number one priority, while political leaders ranked it sixth out of nine issues. Capacity for change was the third priority for higher education leaders while political leaders ranked this item fifth. Not surprisingly, political leaders ranked ensuring accountability second, and productivity and cost efficiency third priority, while higher education leaders ranked these sixth and eighth respectively. With such disparities on the relative priorities of key issues, will the two groups support one another? Or is the stage set for increased tensions, in the form of either active or passive resistance to state mandated measures?

In analyzing responses to the SHEEO survey, Albright (1998) reports that in states implementing performance-based funding, HE institutions accrue certain advantages. They benefit from increased communication with, and support from political leaders; the funding provides an alternative to enrollment-based subsidies, and acts as an incentive to improve performance. By aligning planning goals with budgets, institutions can respond to calls for accountability and reinforce confidence in higher education. However, the design and implementation of a performance model is not accomplished without difficulty. Ways must also be found to balance decreasing institutional autonomy and increasing state review and control. Qualitative methods must be used to supplement quantitative measures when studying institutional processes. There is a need to overcome the complexities of measuring "quality," particularly as it pertains to student learning, and to find measures that adequately reflect differences in institutional missions. While some states have been more successful than others in introducing performance measures, it is still too early to attempt to identify a single "best" US model.

In terms of future prospects, a survey of state finance officers reports data on legislative action plans for 1999 (McKeown-Moak, 1999). From the perspective of state officials, the financial outlook for US higher education is better now than in years. State appropriations reached the highest level ever in FY99, increasing four times faster than the Consumer Price Index. HE's share of state general funds increased for the first time in over a decade. Average tuition fees are rising steeply. State officials proclaim that such positive economic conditions for higher education have not existed in the last two

decades.

At the same time, administrators in HE institutions prepare for reduced appropriations and increases in the use of performance models. Student debt loads continue to rise at an alarming rate, and institutions that originally welcomed new federal tax credits now face the added costs of compliance and record keeping. Added to this, are increased competition for state resources; demands for up-to-date curricula that keep pace with the economic and market change; approaching reelection campaigns for state legislators; tensions with faculty and staff about internal restructuring to accommodate performance criteria; and threats to restructure HE governance. Taken together, these factors indicate the prospect of continuing struggle for US higher education leaders.

A final note: Congress enacted changes to the Higher Education Act in October 1998. Beginning in the 2001 academic year, colleges and universities must submit comprehensive reports on attendance costs for students, to the National Committee on the Cost of Higher Education. NCHE will then publish trend information on tuition fees and financial aid by institution, and compare this information with the Consumer Price Index. Failure to comply will net the recalcitrant institution a fine of $25,000. Compared to the burgeoning costs of reporting, some might consider the fine the more fiscally prudent option for financially- starved institutions.

2. England

In England, performance models were first introduced in the early 1980s as an ideological initiative of the Thatcher government. Continuing under Thatcher's successor, John Major, they then, as in other countries, transcended the partisan divide into Tony Blair's New Labour administration.

A number of intermediary agencies are responsible for administering the performance agenda. These include the Higher Education Funding Councils of England (HEFCE), Wales (HEFCW), and Scotland (SHEFC), which administer the Research Assessment Exercise (RAE), and the Higher Education Quality Council (HEQC). Under the recommendations of the Dearing Report, the latter was succeeded by the Quality Assurance Agency for Higher Education (QAAHE) in 1997. QAAHE administers quality audits and the Teaching Quality Assessment (TQA).

The Research Assessment Exercises and Teaching Quality Assessments represent longstanding programs of performance assessment. Both are controversial, for various reasons. The purpose of the former is the highly selective distribution of funding in support of high-quality research. It evaluates on the basis of perceived national and international standards. The latter justifies public support on the basis of quality and quality improvement, and rewards "excellence" in these areas. TQA evaluations are mission-dependent. They inform rather than determine funding, and are less oriented to quantitative data than the RAE, although both programs use performance indicators.

TQA indicators include student entry profiles; expenditures per student; progression and completion rates; qualifications obtained; and subsequent destinations. Institutions are assessed on six core aspects rated on a four-point scale. The RAE looks for indicators relating to research publications; research grant income; numbers of assistants and students employed; and the research environment. It rates seven categories and relies on the subjective judgements of peer panels concerning the national and international standing of the research departments assessed (Stanley and Patrick, 1998). In contrast to this "arm's length" determination, TQAs involve site visits by external assessors and encourage critical self-assessment of weaknesses as well as strengths. Much of the criticism focused on the RAE stems from the statistical ranking of

institutional performance and the publication of those rankings in the media, with subsequent reputational and funding effects. Criticism is also leveled at the underlying methodology, the emphasis on outputs and the reliance on statistical data rather than qualitative assessments, as well as the additional workload institutions face in complying with performance models.

The 1997 National Committee of Enquiry into Higher Education (Dearing, 1997) made performance requirements even more explicit. Dearing recommended the development of performance indicators and benchmarks for "families" of institutions with similar characteristics, on the principle that the interpretation of performance should take account of sector context and diversity. In response, the Higher Education Funding Council (HEFCE) set up a Performance Indicators Study Group (PISG) to develop indicators and benchmarks of performance, rather than descriptive statistics. The latter, while they are “helpful in the management of institutions, can only be judged in the light of the missions of institutions and do not purport to measure performance” (PISG, 1999:8). In this regard, the group comments disparagingly on the publication of "misleading and inaccurate" league tables.

In the first stage of its study, the group focused on producing indicators for the government and funding councils that would also inform institutional management and governance. Its immediate priority was the publication of institutional-level, output-based indicators for research and teaching. Process indicators, such as the results of TQAs, were rejected. By the time of its first report (PISG 1999), the group had prepared proposals for indicators relating to: participation of under-represented groups; student progression; learning outcomes and non-completion; efficiency of learning and teaching; student employment; research output; and HE links with industry. All except the latter related to both institutional and sector-levels. Responding to Dearing's concerns about interpretive contexts, the group developed a set of "context statistics" for each indicator to take account, for example, of an institution's student intake, its particular subject mix, and the educational backgrounds of students. These will allow “the results for any institution to be compared not with all institutions in the sector, but with the average for similar institutions” (PISG, 1999:6).

The next stage of the study will look at the information needs of other stakeholders, particularly students and their advisers. The third stage will respond to a call from the Chancellor of the Exchequer to improve the indicators on student employment outcomes. The PISG acknowledges that PIs in HE are “complicated and often controversial” and that “the interpretation of indicators is generally at least as difficult as their construction” (1999:12). They note that PIs require agreement about the values (inputs) that make up the ratio, reliable data collection, and a consensus that a higher ratio is "better" or "worse" than a lower ratio. The literature supports that none of these is easily negotiable nor guaranteed in advance.

Faculty Responses to Performance Models in the UK

Among faculty and at the institutional level, responses to performance mechanisms tend to follow a "strategy of accommodation" that focuses on technical rather than normative aspects, and involves participation in the development of measures to make them "more meaningful or less harmful" (Polster and Newson, 1998). Consequences of this strategy in the UK include: the imposition of performance accounting systems for rating faculty productivity; favouring of research that attracts funding; a competitive transfer market in the CVs of "high performing" researchers; heavier and lighter teaching loads for "less productive" and "more productive" researchers respectively; an associated deterioration in teaching conditions; and a reordered system of state-appointed buffer

bodies to allocate funding on the basis of externally determined criteria (Polster and Newson, 1998: 177). These elements recur in the following detailed discussion of the findings of two UK studies. Each examines the implications of performance models for faculty in English universities

Henkel (Henkel, 1997) studied seven disciplines across six different types of universities, interviewing 105 adminstrators and academics at various levels in the hierarchy. The study sought the implications of three performance policies: the research assessment exercise (RAE); the Higher Education Quality Council's (HEQC) academic audits for quality assurance; and the Higher Education Funding Council for England's (HEFCE) teaching quality assessments (TQA). In five of the universities studied, Henkel found a significant trend to "centralized decentralization"—strong central management coupled with maximum devolution of responsibility. This involved the creation of well-defined new roles at the centre, and the proliferation of non-academic support units. In part, these were to mediate the state's performance expectations and policies, now interpreted as *corporate* standards. Budgets were being devolved, usually to the department level, and the iteration between the centre and departments was deemed increasingly important. The new challenges were creating adaptation and status problems for administrators in some universities. But in others, administrative roles were expanding to meet the requirements of the new state policies. One administrator referred to his new authority to “open the black box of academic decision making” (Henkel, 1997:140).

While those at the centre spoke of iteration, individual faculty and the basic units were more aware of centralized authority. Many academics expressed "bitter resentment" about the inordinate administrative requirements necessary to comply with performance models, and strongly objected to the amount of time taken away from academic work (141). Many expressed nostalgia for the élite system, and saw the new models as attempting to compensate for the consequences of that system's disappearance. Thus, performance models were viewed as connected with “an undervaluing of individualization, excellence, and risk, espousing instead a "predictable mediocrity"” (ibid). Some also saw the new models as facilitating instrumentalism and "satisficing" behaviour on the part of students, as well linking with market values of consumerism and customer-led education. At issue as well was the emergence of differentiated contracts “based on competitiveness, insecurity, the casualization of academic employment, and…the attenuation of institutional loyalty” (142).

Henkel's findings are affirmed in a study of what Dominelli and Hoogvelt (1996) describe as the "Taylorization" of academic labour. Taylorization is achieved through the fragmentation, sequencing, and commodification of faculty work “into component parts or activities, each part being translated or "operationalized" into empirically identifiable and quantifiable indicators or measures” (79) These discrete "technical competencies" may then be “subject to cost-efficiency scrutiny and put up for tender” (79). The elimination of professional autonomy is another key aspect. Functional analysis defines "competences," which are then further defined by performance criteria—the assessable outcomes.

What are the consequences of "Taylorization" and performance models for academics? Dominelli & Hoogvelt describe increased workloads; shrinking resources; dramatic declines in social status; and truncation of functions. They cite the following statistics:

- between 1987 and 1993, student numbers in HE increased by 50% while academic staff numbers increased by only 10%, and total spending per student fell by 50%.

(p.82 and fns 35 and 36)
- in the same period, core staff increased by 1.2% while staff employed on temporary and short-term contracts increased 23% (p83)
- in the OECD, between 1980 and 1990, the UK was the only country with real negative growth in pay (-3.8%) for academic teachers (p83)

Echoing Henkel's findings, these writers suggest that the English performance model is built on the following characteristics: (1) decentralized budget management; (2) peer pressure and peer scrutiny of "performance"; and (3) flexible production techniques.

The UK's Research Assessment Exercise (RAE)

The RAE is a major and recurring evaluation of research performance. For a comprehensive Foucauldian analysis of the RAE as a routine operation of surveillance and assessment dependent on coercion and consent, see Broadhead and Howard (1998). The last RAE was 1996; the next will be in 2001. The RAE directly affects the allocation of funds from the higher education funding councils. Council research budgets have not increased for some years so, for institutions, competition for research funds is a zero-sum game with winners and losers. And, since the binary system of universities and polytechnics was unified in 1992, this "flat" amount of funding now has to be allocated to more than 40 institutions—twice the original number (McNay, 1999). Reporting on the consequences of the 1992 and 1996 RAEs, McNay found that “money was a great driver in participating in the RAE and the money that flows from it was the main means by which it exercised influence for behaviour change” (1999:192).

Institutional submissions to the RAE describe research performance and plans for each academic area, and list by area all "research-active" staff, together with details of their research output—publications, discoveries, patents, and so on. A series of panels then judge performance—by a variety of different and not necessarily compatible means—against approximately 70 criteria. The scale runs from 1 (research of little consequence) through 5 (research of international renown), to 5* (outstanding) (Williams, 1998). Funds to support research in a particular institution are subsequently calculated from an aggregation of these determinations. Units that do well have funding for the next five years, while poorly rated units try to limit the damage resulting from lost income (ibid.).

To discover the impacts of the RAE, McNay conducted 30 institutional case studies; surveyed administrative and academic staff in 15 institutions; and interviewed external stakeholders in the funding councils, industry, learned societies, and professional bodies. Overall, he finds that the RAE's impacts extend beyond funding, to affect “institutional strategies, priorities, and use of general resouces, not just those flowing from RAE (1999:199).

He reports the following *institutional-level* impacts (1999:195-6). First, he found more refinement of research policy and strategy, with research now focused in a smaller number of priority areas. Next, the research function is better managed and more efficient but administrative requirements have increased, with an increase in centralized research management and the number of committees. Third, these changes are primarily expressed through strategic policies and practices relating to research staffing. For example, some universities adopted more exclusionary recruitment criteria favouring "proven" researchers, and used the same exclusionary criteria to designate some existing research staff "non-active." Contradicting other studies, McNay finds “*some* spending on attracting "stars" [the CV transfer market] but this was marginal” (1999:196).

Next, participation in the RAE caused an organizational restructuring that gradually but effectively separated research from teaching. Research centres freed staff from teaching responsibilities and graduate schools focused on research, leaving undergraduate teaching responsibilities to the departments. Overall, 71% of unit heads reported the RAE's positive impact on research, while 62% report its negative impact on teaching. These results are hardly surprising since, as McNay states, “the Dearing enquiry takes the breach [between teaching and research] as a *fait accompli*” (1999:198).

Finally, and paradoxically, the RAE generated a virement (reallocation) of funds from higher-graded to lower-graded departments. This reallocation was policy in several of the institutions studied. Largely, the virement is a strategic response to an anomaly in the RAE framework. RAE funding flows from "improvement." Top-rated departments have no room for improvement on the RAE scale so receive no increase in funding. But lower-rated areas can improve their performance and increase their funding. Therefore “financially, improvers were better than star performers at the funding ceiling” (McNay, 1999:196). McNay also found internal reallocations of teaching funds to support research activities.

At the *unit level,* heads of research units were generally positive about the impact of the RAE on productivity but expressed concerns about the related increase in stress. Other concerns included: inhibition of new research areas and interdisciplinary research; increasingly conservative approaches to research; and the aforementioned rupture between teaching and research. Two other issues were important at the unit level. First, concern was expressed at the rewarding of publication rather than dissemination. It was felt that the RAE focused too exclusively on prestige journals “mainly read by other academics, including panel members making RAE judgements”, whereas dissemination could often be more effectively achieved through professional and popular journals read by end-users (1999:198). McNay points out that there is a risk of “the academic world…talking only to itself and so sterilising its work” (201). Second, staff management was a major issue for unit heads—both the determination of researcher status (active or inactive), and the reorganization of individual researchers into teams.

At the individual *researchers' level*, only 34% in McNay's study believed the RAE had improved the quality of their research. Most said the exercise had had little or no impact on them, apart from the stress and time-loss associated with the administration of performance exercises. Nevertheless, half now worked more in teams and about a third reported some constraint on choice of research topics. About 58% believed that the research agenda and priorities were defined by people other than researchers, “despite the peer-review process of RAE and the prominence of academics in committees of the research councils and other funding bodies” (199).

Williams (1998:1079), a medical researcher involved in leading the RAE exercise for his research group, takes a more combative stance. He believes the RAE uses “restrictive, flawed, and unscientific criteria” and produces “a distorted picture of research activity that can threaten the survival of active and productive research units”. He says the exercise is “unaccountable, time-consuming, and expensive” and should be made more objective. Williams identifies a number of major flaws in the RAE: restrictive survey criteria; dubious performance indicators; loopholes and abuses; inefficiencies and unnecessary expense; subjective unaccountable panel reviews; bias towards established groups; and damage to other aspects of scholarship like teaching.

McNay finally considers a number of *system level* impacts of the RAE. Through what Williams (1998:1079) calls “the double blessing of money and prestige”, and the RAE's competitive nature, the state seems to have succeeded in increasing research achievements in exchange for little if any growth in the overall research budget.

However, the costs are no less real.

McNay believes the research/teaching split was at least anticipated and probably intended. Each was funded and assessed separately and held separately accountable. Staff could be designated "teaching only" as well as "research only. And, increasingly, research and teaching were organized in different forms. McNay notes that in the 1996 RAE, the education panel was the only one that would accept teaching material as evidence of research output, and that “the teaching curriculum is being affected as senior staff in universities withdraw support from [departments] with low RAE grades, so that taught courses close” (200). Increasingly, staff rewards are research driven and some teaching funds are being reallocated ("raided") to finance research. Yet, as McNay points out, 80% of HE funding is for teaching. He questions the privileging of the "scholarship of discovery" over the "scholarship of transmission."

Another empirically based study investigated the RAE's impact on academic work in two social science and two business disciplines (Harley and Lowe 1999). In the study, some 80% of respondents identified changes and recruitment patterns in their discipline generally. Of these, three- quarters attributed the changes directly to the RAE and a further 18% held the RAE partly responsible. A quarter of the sample characterized the changes in terms of *less emphasis on teaching skills;* just under two-thirds in terms of *greater emphasis on research;* and just over two-thirds in terms of *greater emphasis on publication.* More than three-quarters of the sample cited changes in recruitment and selection policies in their own departments as a result of the RAE. Asked about the changes taking place in their disciplines, 52% characterized them as "bad," 18% as "good and bad," and 23% as "good." In terms of impacts on their own work, 53% said the RAE had influenced it and only 10% indicated no influence whatsoever.

3. Australia

In Australia, the country's 40 public research universities and two private institutions are subject to a common framework of funding and regulation, that provides some 60% of their total funding and subjects them to the performance requirements of the Higher Education Funding Act (Marginson, 1998). Reform commenced in 1988, with the abolition of the binary divide between universities and colleges of advanced education, and has continued since that time. Reform included a number of early initiatives: a system of discipline reviews conducted by panels of experts reporting to the minister; the development and testing of a system of performance indicators; allocation of special funds to support performance initiatives; and establishment of a fund to improve teaching (Harman, 1998). There was strong emphasis on managerial modes of operation, adequate levels of accountability, and maximum flexibility in decision-making (Meek and Wood, 1998). Resulting changes have proved so extensive, the process is often referred to as the "Australian Experiment."

During 1993-95, a number of innovative performance features were introduced under the rubric of an annual academic audit focused on processes and outcomes (Harman, 1998). Participating universities would conduct a self-evaluation and prepare a detailed portfolio. Peer-review panels would visit and assess the institution's effectiveness in performance outcomes and processes. Universities would be ranked on the basis of effectiveness and outcome excellence and the rankings, together with detailed reports, would be published annually. As in England's RAE, these rankings and their publication were by far the most controversial element of the scheme. Results were widely reported in the media. High-ranked universities found their prestige had increased, while those who performed poorly experienced reputational damage. Finally, the process would be driven by the incentive of incremental performance funding, allocated according to the rankings, to a maximum of 5% of annual budgets for the

top-ranked institutions (Harman, 1998).

Institutions have welcomed the additional funding and the program has garnered the support of institutional leadership and others who saw a need for management reforms and a greater client focus. Criticism has been severe however, much focused, as in England, around the contentious ranking system which favours the older, more-established universities; the underlying methodology and the reliance on narrow statistical data; the additional workload; and the negative effects on less-favoured institutions. Some have argued that, especially in teaching and learning, results are temporary. Others share Dill's (1998) opinion, that the cost/benefit ratio of the whole exercise is flawed, especially for the lower-ranked institutions where the consumption of scarce resources on these initiatives has bred staff resentment.

Nevertheless, the new government elected in August 1996 committed itself to continuing performance models, albeit with a 5% reduction in operating grants and other funding restraints (Meek and Wood, 1998). The Higher Education Council was made responsible for the government's new program, which includes the integration of various models; institutional reviews of performance improvements every three to four years; and public reporting of performance improvements. As of 1997, universities had been asked to submit a copy of their strategic plan, together with information on the key indicators they used to judge their own performance; current outcomes and intended improvements; and improvements since the last evaluation (Harman 1998:345).

A survey by Taylor and colleagues (Taylor et al., 1998) of Australian academics in three universities sought perceptions of the impacts of these and earlier reforms. The survey revealed a high level of concern in many areas and a fairly dismal assessment of future prospects for teaching and research, as well as of the standard of undergraduate students and the extent of academic freedom. The quality of new students, teaching, and research are all identified as in decline, while the undervaluing of teaching in comparison with research persists. Changes in university management to a more corporate style are seen as a threat to academic freedom. More established research universities are concerned that scarce research funds are being stretched too widely. This perception is leading to new divisions in the unified higher education sector. The writers believe that “the tension between staff desire for academic freedom—with its often time-consuming collegial decision-making—and management's need for flexibility is set to continue” (269). Academics' entrenched distrust of administration “will not be ameliorated by the growing managerial desire to conceive of higher education as a corporate service industry”. They conclude that “there is a real danger that management and academic staff will polarize” (ibid.)

Another study (Marginson, 1998) coined the term "new university" to capture the institutional impact of the constellation of changes introduced under the reform agenda. This extensive study of 17 universities found: the emergence of a new kind of strategic leader in the presidential office; eclipse of collegial decision-making and emergence of management-controlled, "post-collegial" mechanisms; changes in research management with consequent effects on academic work; commonalities and variations among the "new universities"; and that the changes corresponded with systems of "new public management." These results are confirmed in the study of governance and management by Meek & Wood (1998).

Currie and colleagues (Currie, 1998; Currie and Vidovich 1998) conducted a qualitative study based on interviews of 153 Australian and 100 American academics at six universities: Sydney, Murdoch, and Edith Cowan in Australia; Arizona, Florida State, and Louisville in the US. Additional data were drawn from studies and interviews in Canada and New Zealand. Currie's theoretical framework was constructed around

Foucault's concept of governmentality; Lyotard's ideas on performativity; and theories of globalization and pervasive neoliberal market ideals. The focus was managerialism in Australian and US universities. A large majority (+85%) of respondents in the study reported increases in accountability and surveillance over the last five years. There was a sense that performance data were being gathered without any clear perception of how they were to be used.

Other perceptions included: declining budgetary control by faculty; predominance of private-sector approaches to management; the sense that universities no longer thought of themselves as primarily educational institutions; and a suspicion that salary and administrative costs for senior and middle management were burgeoning. Divisions between faculty and central administration were reported to be widening, with the academic function becoming subordinated to the administrative function. Full-cost recovery was a major theme (Fisher and Rubenson, 1998), as were efforts to run the university like a business. Those areas closer to the market flourished while the rest had to battle for survival. A majority of faculty (73% in US; 59% in AUS) said decision-making had become “more bureaucratic, top- down, centralized, autocratic, and managerial” (Currie, 1998:26). Of the rest, 19% in the US and 17% in AUS identified democratic decision-making as present at the unit level, while bureaucratic and corporate managerial procedures predominated at the institutional level.

4. New Zealand

New Zealand's 32 post-secondary institutions currently enroll some 200,000 students, just over half at the seven national universities. In September 1997, the New Zealand government released a green paper on tertiary (higher) education. The proposals were radical enough to prompt student protests in the streets of Auckland, Christchurch, and Wellington. Some 74 students were arrested attempting to break through a police barricade at the Parliament Buildings in Wellington. A student leader said that the proposals, if enacted, would turn the NZ into the “most right-wing country in the world” in terms of HE funding (Cohen, 1997:A44). An earlier, leaked version of the document used the term "corporatization," and painted a picture of “voucher-bearing students attend[ing] higher education institutions that were more private than public. The institutions would be expected to turn a profit” (ibid.). The language of the official version was more temperate.

Its release was followed by a year of extensive consultation and policy development—almost 400 submissions were received—culminating in a November 1998 white paper. In substance, the new policies have been compared to the UK's Dearing Report. Both the UK and NZ documents “suggest a future in which institutions will bear much more responsibility for their own affairs, particularly their financial affairs” (Cohen, 1997:A44). The white paper establishes the ground rules for what the government calls “a high-performing tertiary sector” (Creech, 1998). The policy direction follows the "evaluative state" model long established in New Zealand. It calls on universities to “lock-in quality” and sets up a number of mechanisms to ensure performance will occur.

A new intermediary body—Quality Assurance Authority New Zealand (QAANZ)—will “rigorously test” the teaching and research of every institution in the sector. Funding will depend on performance tests being met. As well, university governance will be reformed. Governing councils will be limited to twelve members, including faculty, outside experts, and students. The government reserves the right to intervene in the affairs of any institution deemed at risk, whether academically or financially, “to protect the taxpayers' investment”. All institutions will have to

demonstrate their financial viability before receiving further government funding.

The awarding of government funds for research will also be modified, along the lines of Britain's RAE, to introduce competition. Of the $100 million annual research budget, 20% will be set aside initially as a “contestable pool”. To qualify, researchers will need a demonstrated track record in their fields and a "strategic" focus that both benefits the national interest and is cost-effective. In 2001, after a review of the country's research requirements, the plan is to increase the contestable portion of the annual budget to 80%.

These recent moves continue the process of cultural change in the New Zealand Higher Education System, that began with the "neoliberal experiment" in 1984. In a program of radical social and economic restructuring, successive governments have reconfigured the country once called "the welfare capital of the world" (Roberts, 1998:3). As in Australia, and Britain under Thatcher and Major, welfare benefits were slashed, user-pay systems were introduced in the public sector, and state assets privatized. The public sphere was transformed by the introduction of quasi-markets (Marginson, 1997). The trend towards devolution with strong state steering is that of the "evalulative state." Bureaucrats now talk the language of "inputs," "outputs," and "throughputs" (Roberts, 1998). Students pay a higher proportion of their educational costs and are designated as "customers." The teacher-student relationship has become contractual rather than pedagogic (Codd, 1997). The emphasis on performance and accountability for results is pervasive. The discourse is of "international competitiveness" and "enterprise culture" (Roberts, 1998:3). Transforming educational institutions into corporate entities “geared toward the ideal of making a profit or at least minimizing losses and efficiencies” has been an important objective (Roberts, 1998:3). Regular performance reviews—based on a variety of performance indicators—are mandated for all levels of the institution, to ensure efficiency objectives are met. The development of a National Qualifications Framework, which breaks down the "educational product" into "unit standards," facilitates the Taylorization (Dominelli and Hoogvelt, 1996) and commodification (Peters and Marshall, 1996) of higher education in New Zealand.

5. Sweden

The evaluation movement arrived in Sweden later than elsewhere in Europe, with performance models first appearing on the political agenda towards the end of the 1980s (Nilsson and Naslund, 1997). It is also developing somewhat differently than in other Nordic countries with a clear trend linking program reviews, institutional evaluations, and national evaluations. Considerable movement can be detected away from the system of highly centralized state control of HE, that saw the country through the expansive period of the 1960s and 1970s. Decentralization was the *motif* of the 1980s. In 1989, the Minister of Education appointed a national commission to begin investigating the quality of higher education. The Liberal-Conservative government of 1991-94 signalled continuing commitment to deregulation of HE policy, with their 1992 proposition: *Universities and Colleges of Higher Education—Freedom for Quality.* They disbanded the central HE authority (Universitets-och höhskoleämbetet—UHÄ) and allowed individual insitutions to communicate directly with the Ministry of Education regarding funding.

Infused with neoliberal ideology, the new government sought to provide institutions with more autonomy in their dealings with the state. They established a national Secretariat for Evaluation of Universities and Colleges (subsequently to become the Office of the Chancellor) with a mandate to determine “various indicators of quality which can be used as the basis for allocating funds for undergraduate education” (SFS,

1992, cited in Nilsson & Naslund, 1997: 7). When this proved unrealistic at a national level, each institution was given responsibility for establishing a program of quality development. With the institution of the 1994 proposition (*Teaching and Research—Quality and Competitiveness)* 5% of each institution's resource allocation was based on an evaluation of its quality development program and iimplementation efforts (Nilsson and Naslund, 1997). When the Social Democratic government assumed power in 1994 they did away with this premium, declaring that "quality enhancement is not simply something that is expressed in special programmes but is basically an attitude which must characterize the day-to-day work of each institution (Nilsson and Naslund, 1997:7).

The Social Democratic Government also restructured the intermediate authority into separate free-standing units— including the National Agency for Higher Education (Högskoleverket)—to ensure that institutional performance programs were reviewed regularly. Thus, beginning in 1995, efforts to improve the quality of performance, rather than the quality of education, became the focus of assessment. Concurrent with this decision came the announcement that total funding of undergraduate education was being cut by 10%. Bauer and Kogan (1997) argue that while there appears to be a general trend in devolution of authority from the state to institutions, and while the notion of a national system of performance indicators has been abandoned, the State has actually increased its performance requirements. Feedback of results is an important function in the new steering system. Greater autonomy has thus been obtained at the costs of increased demands for accountability, and a more systematic approach to assurance. This is described by Wahlén (1998), as a shift from a system of management by rule, to one of management by goals or results. The system includes the evaluation of individual educational subjects at a National level, the evaluation of education programs for accreditation, and an emphasis on the development of a professional culture in which university staff take responsibility for their work and its results. Recently, as well, a new requirement calls on universities to report student outcomes according to class, ethnicity, and gender. In performance models generally, social engineering ambitions are never far away.

Finally, all 36 institutions of higher education in Sweden must undergo a quality audit to ensure that mechanisms are in place, before the year 2000, for the efficient use of resources. From early indications, university reactions to these moves are mostly positive (Wahlen, 1998:38).

In a study of performance systems in the Nordic countries, Smeby & Stensaker (1999) found evidence in all four countries of balance between internal institutional needs and external societal needs. None of the countries link assessment with resource allocation nor are there direct attempts at political steering. Rather, the intent seems to be ameliorative and, as such, may bolster academics' trust in these systems (1999:13). Despite surface similarities, however, differences in design and practice are apparent, reflecting the differing institutional and political endowments of each country. While the authors accept that performance models represent the new "meta-discourse" of HE policy, they suggest that "the processes involved imply, at least in the Nordic countries, very incremental changes to existing structures of power within higher education" (1999:13). In Norway and Finland, for example, these systems are considered "policy experiments." In Denmark, the process is undergoing reassessment at the end of the first round, while in Sweden the history of decentralization and delegation predates the new meta- discourse, extending back to 1977. The authors conclude that "changes to the existing external and internal "power balance" between state and institutions…occur very slowly in all four countries" (ibid.). This study therefore supports a "historical

institutionalist" interpretation of path-dependent policy change (Hall, 1997).

6. The Netherlands

Together with France and Great Britain, the Netherlands was among the first European countries to institute a formal performance model system in the mid-1980s. The original approach combined self-evaluation with peer review by visiting expert committees. The focus was the program, rather than the institution. The state strongly advocated performance indicators, but these were resisted by universities. The model was refined in the Ministry of Science and Education's 1985 publication *Higher Education Autonomy and Quality,* which set out a new coordination relationship between the HE sector and the state (Maassen 1998). More autonomy would be granted, but in exchange for cooperation in the development of a comprehensive system designed to regularly assess the performance of university performance. The state would not completely devolve its authority, but would be selective about the arenas of its involvement. As well, the coordination relationship was open to other stakeholders such as employers and local authorities. According to Maassen, the system incorporated a drift towards market-oriented criteria (1998:20). Universities were to develop strategic, performance-based self-knowledge—*institutional profiles*—and were encouraged to adopt managerial modes of behavior and business principles.

Originally, the state intended the Inspectorate of Higher Education to administer the performance model. But through a compromise deal in 1986, the universities and higher professional schools (the Netherlands has a dual system) were able to involve their own representative organizations in the process, and the IHO was bypassed. In practice, two separate systems were developed: one for universities coordinated by the Association of Cooperating Universities in the Netherlands (VSNU); the other for the higher professional sector coordinated by the HBO-Council (Maassen, 1998:21-2). Both emphasized the dual performance goals of quality improvement and accountability. The VSNU's pilot project began in 1988 and the full system became operational in 1989.

While adapted from the North American model, the Dutch system differs because it is collectively owned by the institutions. Largely because of this, over time, the emphasis has shifted from the accountability end of the spectrum towards the improvement end. As well, evaluation results do not feed into the policy or funding process; there are no political consequences. It is felt direct links would lead to strategic behaviour and tend to undermine the improvement process (Maassen, 1998:25). This creates something of a dilemma since real incentives are lacking, yet if incentives were introduced, power games would prevail. According to Maassen, the Ministry's response has been to abstain from short-term interventions, but with the threat of medium- to long-term consequences in the absence of results. Thus the IHO plays a meta-evaluative, monitoring role. So far, the trust invested in institutions appears not to have been misplaced. Faculties and departments seem to take their responsibilities under the system seriously.

But, in the absence of incentives, what does "taking responsibilities seriously" mean? Has the low-key approach to performance produced any real change? A study of Dutch higher education by Frederiks & Westerheijden (1994) concluded that the quality of teaching is receiving considerably more attention than before the reforms. Many programs and faculties now have “special committees or specially appointed staff members for the quality management of education” and the topic “has certainly gained an important place on the agenda of [university} decision makers” (1994:200). As well, in contrast to the former singular focus on pedagogy, the input and output characteristics of education—informing potential students, and investigating the labour market

prospects for graduates—are now receiving attention. Frederiks & Westerheijden suggest that a "quality culture" is emerging in Dutch higher education.

In terms of responses to self-evaluations and the recommendations of visiting peer-review committees, the authors find that while measures *are* taken to address outstanding issues, the relation between taking measures and observing improvement is obscure. There is no evidence that “the large amount of resources invested leads immediately to an equally large improvement in the quality of education” (ibid.). Nevertheless, the authors find a surprisingly high level of satisfaction with the Dutch performance model. Surprising for two reasons: the traditional reluctance of autonomous organizations to submit to external scrutiny, and the heavy administrative burden involved in constructing an adequate self-evaluation.

Despite generally high levels of satisfaction, however, Maassen forecasts change. Specifically, this relates to Holland's role in the EU, and the general harmonization of HE under EU rules. Some type of accreditation approach may well replace the peer review system in the coming decade.

V. Summary and Conclusions

The politics of performance is deeply embedded in the "evaluative state" and the trend to performance measurement is unlikely to be reversed. Indeed, with the normalization of performance expectations and the broadening of knowledge missions beyond teaching and research, accountability and performance criteria are likely to become ever more complex and embedded. Gibbons predicts “new bench-marking methodologies and the production of a range of bench-marking studies right across the higher education sector” and the use of quality indicators to rank universities “by region, by country and even globally” (1998: 50).

With the globalization of performance in prospect, our study shows deep flaws in the conceptualization, measurement criteria, and impacts of these models (see Appendix for more details.) At the technical level, for example, we report lack of clarity in definitions of what constitutes "good performance," and absence of agreement on the adequacy of specific indicators. At the broad system level, we identify increasing differentiation and stratification as universities were defined by their performance rankings as "good," "bad," or "indifferent" performers, and as either "research" or "teaching" institutions. Increasingly, teaching and research are being defined as measurable products rather than processes of learning or enquiry. The proliferation of buffer bodies to mediate compliance with performance models was a feature of all systems studied.

In terms of institutional effects, we find a performance- linked focus on missions and visions that promote increased efficiency and calls for more effective, centralized management. Funding is increasingly linked to performance on various measures, variously defined, few of which account for traditional moral or social imperatives. A consistent complaint is the amount of time and expense involved in conforming to proliferating compliance requirements. Individual departments and faculty members report erosion of disciplinary boundaries and decline of collegiality, as well as polarization between departments and the locus of administrative control. Throughout, we find a strong consensus that the costs of compliance with performance regimes far outweigh the benefits.

Our review of the experience of different states and institutions raises a number of empirical questions deserving of further study. Is there any evidence that performance-based funding will actually improve institutional performance in the long run? Is the money allocated in these programs a large enough incentive for participation, or is the implied threat of greater state intervention and the loss of autonomy sufficient motivation? Does compliance indicate agreement with the concept and process? Are the ways states deal with non-compliance effective? Do attempts to meet general, institution-level performance measures create goal dissonance and other difficulties at different internal levels? To what extent is the increased demand for detailed reporting an additional burden? Will institutions engage in aggressive competition in attempts to demonstrate compliance? If funding is at stake, is there a possibility that quality of education will be sacrificed in the rush to meet external standards and access additional funds?

Only longitudinal empirical research can answer questions like these, and determine whether performance models have enduring value for the conduct of higher education. Further study is clearly needed. Given the evidence to date, there seems to be no "ideal" model or mix. However, if one country stands out, it is the Netherlands. Of those national systems reviewed here, the Dutch seem to have mastered the positive aspects of performance models while avoiding many of the more negative consequences. This is the reason, no doubt, that many countries in Continental Europe follow a "softer" Dutch-style model, involving qualitative measures and far less prominence for performance indicators than in the UK and US. States, territories, and provinces that have yet to implement these models, might want to consider the contrasting understandings of "performance" in the European and Anglo-Saxon systems, and review relative strengths and weaknesses, before committing resources.

In conclusion, few would argue against the ethic of accountability that animates performance models, nor would they disagree that what performance models measure is important. But the "fatal flaw" of performance models is that they reduce performance to what is measurable, when so much of importance is not. Because performance models focus on instrumental and utilitarian concerns, the fear is that the intrinsic value of education may be lost.

As it becomes more accountable in a "knowledge society," can the university survive in its traditional form? Survival may depend on a much broader definition of accountability, according to Delanty (1999); one that encompasses public and civic commitment. The best way to guarantee the future of the university, he says, is to reposition it at the heart of the public sphere, “establish[ing] strong links with the public culture, providing the public with enlightenment about the mechanisms of power and seeking alternative forms of social organization.” Further, with university knowledge becoming such a central social, economic and political resource, why be “a tool of the state and market forces”? Why not, instead, become an agent of social and political change? (ibid.). The central task, we would argue, is to embrace a social mission, banish lingering élitism, and advance the democratization of knowledge.

Appendix: Summary of issues and impacts of performance models internationally

In the tables below, we itemize the consequences, impacts, and issues attached to the performance models we reviewed in a set of tables. As this article makes clear, some of these effects are more pronounced in Anglo-Saxon systems, others in European systems. We do not differentiate among the systems nor do we make a determination

whether the consequences are good, bad, or indifferent, since these are open to interpretation and will be conditioned by the reader. We have organized the effects into five categories: (i) overall system-level effects; (ii) technical performance issues; (iii) institutional effects and management issues; (iv) impacts on teaching and research; and (v) impacts on faculty and academic departments. Clearly, many of the effects "spill-over" into other categories and may even appear mutually contradictory. It is worth reiterating that, whatever the commonalities, legacies count. Whether cultural, institutional, national, or ideological, the differences between systems are as great as the convergence among them. Finally, the classification scheme is both provisional and heuristic and should not be read otherwise. No attempt is made to rank-order the effects or to exhaustively reproduce every element previously discussed. We try, instead, to convey generalities.

System-level effects

- possible differentiation of universities into research institutions and teaching institutions
- increased stratification, as rankings differentiate "good," "bad," and "indifferent" performers
- more isomorphism as valid differences are erased by conformance to a limited number of indicators
- "newcomers" have to compete with established institutions for limited funds
- established institutions have to share "steady state" funding with newcomers
- proliferation of external intermediary bodies to administer performance and quality programs and mandate consequences of noncompliance and "poor performance"
- more "rational" basis for funding decisions therefore better justifications for HE funding
- bilateral systems unified
- social engineering ambitions
- broad frameworks replace regulation (dejuridifation)
- proliferation of stakeholders to be accommodated

Technical performance issues

- lack of agreed-on definitions of what constitutes "good performance" (quality)
- lack of agreement concerning the adequacy of specific performance indicators
- incompatibilities between performance measures, so that maximizing some means underperforming on others
- inability of quantitative measures to capture contextual and institutional differences
- use of dubious proxies of performance
- reduction of complexity
- subjective bias in construction and interpretation of measures
- appearance of "objective" neutrality
- more, and more directly useful data; revelations about previously unknown aspects of performance
- increased ability to "prove" accountability for public funds
- susceptibility of measures to changing political agendas

Institutional effects and management issues

- increased efficiency and more effective management
- focus on "missions," priorities, and identification of strengths
- growth of non-academic management-support functions with the power to intervene in academic decisions
- funding increasingly linked to performance, on various measures, variously defined
- increased competition, both within and between institutions
- increased surveillance, both internal and external
- centralized, corporate decision making, supported by budgetary and performance-based criteria
- increased time and costs to administer and conform to proliferating compliance requirements
- possibility that short term gains from compliance will produce "long-term pain"
- possibility that the "short term pain" of compliance will produce long term gains
- evidence that universities are becoming more market-like; strategic behaviour to maximize market gains
- evidence that universities are abandoning traditional societal and moral imperatives
- better understandings of institutional missions and new, more dynamic perspectives on the management of institutions
- better responsiveness to the needs of public, political, and other stakeholders
- limited financial incentives

Impacts on teaching and research

- performance defined as measurable product (publications; external research funding; job-ready graduates) rather than process (learning; inquiry)
- separation of research and teaching
- more-rigorous definitions of "active research"
- focus on quantity rather than quality of research
- focus on quantity rather than quality of publications
- devaluation of teaching in some systems, with shift of resources to research
- less time for *performing* teaching and research due to *conforming* with compliance procedures
- peer-reviewer "burn-out" as more are called on to participate in assessments and audits
- preference for research with measurable outcomes, within a defined time frame, that carries external funding
- shift in pedagogical emphasis as students demand more "relevance"
- value-for-money approach: students are no longer learners in pursuit of understanding, but customers taking delivery of a commodity
- impact of cost/benefit and cost-recovery constraints on course diversity
- narrow definitions of research performance discourage risk-taking and innovation

Impacts on faculty and academic departments

- erosion of disciplinary boundaries
- decline of collegiality
- individual projects discouraged in favour of "team efforts"
- polarization between faculties/departments and central administration
- detrimental effect of compliance exercises on faculty workloads
- decreased faculty time for students and community service
- increased stress, anxiety, uncertainty, and resentment
- resistance to the measures although this tends to be passive rather than active
- "Taylorization" of faculty work means more short-term contracts and less security
- loss of autonomy over individual work
- demands for more productivity

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