

Davide Donina, Michele Meoli, Stefano Paleari: *Higher Education Reform in Italy: Tightening Regulation Instead of Steering at a Distance*

Abstract

In December 2010, a comprehensive reform (Law 240/2010, or ‘Gelmini reform’) changed the institutional governance and internal organization of Italian state universities. This paper describes the new legal framework and evaluates how it has affected the power-sharing arrangement and coordination mechanisms in the Italian higher education system thus far, by analysing the following governance dimensions: external regulation, external guidance, competition, academic self-governance, and managerial self-governance. Though Law 240 was presented as a fundamental change with respect to the traditional Italian governance regime, based on detailed state regulation and academic self-governance, it did not have any substantial impact on power distribution. The policy suffers from strong path dependency, presenting only reactions to solve previous inefficiencies, and stimulating adaptive behaviours of Italian universities. Law 240 does not depict a new governance regime for the Italian higher education, and bureaucratic fulfilment remains the dominant approach for universities.

Keywords: Institutional governance; Italian higher education; Gelmini Law (Law 240/2010); Higher education reform; Governance regime; University policy.

Introduction

Universities are increasingly expected to fulfil diverse needs and respond to demands from society. Changing expectations since the late 1970s have led European governments to reform the governance of higher education (HE) both at the systemic and institutional levels. These reforms have yielded a redefinition of the state’s role and changed the balance of power within the HE sector (Ferlie et al., 2008).

Many European countries developed policies of ‘steering at a distance’ (Kickert, 1995) by reducing state control and increasing autonomy, and coordination mechanisms in the HE sector changed from a traditional state-dominated type of regulation to an approach wherein various actors play a role (‘multi-actor governance’). However, reforms frequently express a path-dependent nature, and every HE system reflects country-specific regulatory and coordination regimes, which largely reflect national historical and institutional developments.

This reform process is occurring also in the Italian HE sector. The Parliament passed Law 240/2010 of 30 December (‘Gelmini reform’), a comprehensive reform of institutional governance and internal organization of Italian state universities which proclaims autonomy and accountability as its basic principles (Article 1).

This paper describes the new legal framework and evaluates its effect on the power-sharing arrangement and coordination mechanisms in the Italian HE system hitherto, by analysing the governance dimensions identified by Schimank (2002): external regulation, external guidance, competition, academic self-governance, and managerial self-governance. This framework, already used in several comparative studies (Kehm and Lanzendorf, 2006; de Boer et al., 2007; CHEPS, 2009; Schimank and Lange, 2009; Westerheijden et al., 2009), facilitates both historical and international comparison. For this reason, we use it to analyse the reform trajectory of the Italian governance regime from a historical perspective.

The article starts with a literature review on the relationship between the state and universities and on the coordination mechanisms in HE systems. Afterwards, we focus on the Italian case and, before introducing the changes resulting from the reform, we present the historical context of the Italian HE governance policy and the climate in which the new act was passed. Finally, we analyse the new coordination mechanisms in Italian university governance and conclude with a discussion of how coordination mechanisms in the Italian HE sector have changed: although the new legal framework was supposed to represent a turnaround with respect to the past, it continues to tightly regulate the HE system and has not substantially affected the Italian HE governance regime.

Higher Education Governance: Models and Coordination Mechanisms

Higher Education institutions (HEIs) have always been regarded as a special type of organization. Mintzberg (1979) described universities as professional bureaucracies, because they operate within a strongly structured institutionalized field, while academics are characterized by a high degree of autonomy. Universities have been regarded as loosely coupled organizations (Weick, 1976) wherein single organizational units have great autonomy even if they formally belong to the same organization, and university governance has been considered a matter of 'organized anarchy' (Cohen et al., 1972; Cohen and March, 1974) because the units pursue autonomous interests with a limited influence of central decisions. Because of these specific features, during the 20th century, HE governance was generally studied as a 'stand-alone' sector of state intervention, not directly or easily comparable with other types of organization, even within the public sector (Maassen and Olsen, 2007; Ferlie et al., 2008).

The literature on HE reform (Braun and Merrien, 1999; Gornitzka and Maassen, 2000; Kehm and Lanzendorf, 2006; de Boer et al., 2007, 2010; de Boer and File, 2009; Huisman, 2009; Paradeise et al., 2009a; Amaral et al., 2012; 2013) widely reports how HE systems have transformed in European countries since the 1980s. These studies mainly present a country focus, because each national system is embedded into its own regulations and bears nuances and peculiarities. Different interpretive frameworks provide a lens through which the reform trajectories are assessed, and among the various frameworks, two main approaches are evident: the actor-centred and structure models (Orr and Jaeger, 2009).

Most publications emphasize the state-university relationship, focusing on public policies and instruments by public authority to qualify the role of the state (Olsen, 1988; Neave, 1988; van Vught, 1989; Neave and van Vught, 1991; Kickert, 1995). Recently, these studies (Ferlie et al., 2008) tried to evaluate HE sector reforms within the main narratives of public management reform identified by Pollitt and Bouckaert (2011) or within other conceptual frameworks of public services reform or

welfare regimes (e.g. Esping-Andersen, 1990; Peters, 2001). Other studies evaluated different relationships in the sector, such as that between the state and academic profession (Musselin, 2013). Though nowadays the state is still the most influential actor and retains a substantial amount of influence, the government role as a 'lone coordinator' has changed (Huisman, 2009), evolving towards the role of a market engineer ('meta-government'; de Boer and Jongbloed, 2012). Moreover, policy implementation depends on cooperation and negotiation involving other actors as well. Consequently, the actor perspective, focused on the role of the state, appeared limited, and a more holistic approach was needed.

Thus, another stream of research identified the (collective) actors involved in HE sector governance and described their relationships, taking into account fundamental potential tensions, in order to qualify the prevailing mode of regulation. In this perspective, studying public policy and its content is less important than understanding the policy regime producing them (Ferlie et al., 2008). The seminal framework for the structure model of governance was Clark's (1983) 'triangle of coordination' used to evaluate the institutional balance of power. According to Clark, the market, state, and academic oligarchy are the basic dimensions/mechanisms of coordination in the system of rules for actors in HE. His work provided a framework for analysing coordination in terms of relative influence and was useful in early comparative policy studies (Goedegebuure et al., 1994). The triad was further developed by different authors. Clark himself identified hierarchical and entrepreneurial leadership of HEIs ('organization') as a fourth basic mechanism (Clark, 1997; 1998). Braun and Merrien (1999) suggested that the state dimension can be further split into two different dimensions: regulation and guidance. Then, Schimank (2002) identified five governance dimensions as relevant and proposed the 'governance equalizer' model based on the ensuing five dimensions (Kehm and Landendorf, 2006; Schimank and Lange, 2009; Moscati, 2012):

1. *External regulation*: refers to the strict determination of processes which must be observed by academics and universities with respect to the organization of their activities. External regulation is typically exercised by the state and concerns traditional top-down authority. It regulates by directives, with the promulgation of an authoritative set of rules, usually legal rules, through which the government prescribes detailed behaviours.
2. *External guidance*: relies on the setting of overall development goals, general objectives and procedural rules, leaving universities room to manoeuvre. These goals may be prescribed or agreed upon by the actors involved. Therefore, external guidance is exercised by either the state, intermediary institutions, or other societal actors (representatives of industry or non-profit organizations) outside the science system to which certain powers to guide has been delegated. Government remains an important stakeholder but how and by what means goals are achieved are left to universities and academics.
3. *Competition*: refers to the distribution of scarce resources (primarily public funds, but also students and academic staff) through competitive processes among and within universities. The success or failure is determined by either their quantitative performance indicators measured in terms of outputs (performance-related funding) or the quality of proposals (tenders) with respect to a given project (i.e. research project or overall planning objectives in the sector) for which money is available. The latter type of 'qualitative performance' is evaluated by peers or other experts.
4. *Academic self-governance*: constituted by professional communities (i.e. disciplines) and their mechanisms of consensus building, based on strong egalitarianism balanced by the authority of

reputation, as well as on self-evaluation and control of activity through peer-review. The peer review-based self-steering of the academic community is wielded, for instance, in decisions of funding agencies. Within universities, this mechanism has been institutionalized in the form of collegial decision-making bodies.

5. *Managerial self-governance*: characterized by formal hierarchical leadership position within universities. The role of university leadership in internal goal setting, regulation, and decision-making is at stake. This means that the roles of the executive head (top-level of managerial self-governance) and middle management (intermediate level) are re-defined by strengthening their capacity to make decisions with a series of hierarchically well-distinguished roles. The leadership commitment is focused on reaching certain objectives and power is exercised as either intra-organizational regulation or intra-organizational guidance.

The weight of individual governance dimensions varies across countries, time, and policy fields. The particular strength or weakness of the individual mechanisms of coordination in a specific system of rules forms a power parallelogram representing a 'governance regime'. In the following sections, we will use these coordination dimensions to analyse the reform trajectory of the Italian governance regime from a historical perspective.

Background to University Governance in Italy

In the past, the Italian university system was seen as a typical example of the Napoleonic model: HE and research were seen as part of public services, and universities as public agencies. Academics were civil servants, teaching and research operations were centred around disciplines, recruitment was assisted by prominent academics representing the national disciplinary community (Paradeise et al., 2009b). Various laws defined detailed substantive and procedural rules for institutions, and thus, the university organizational culture of governance was highly legalistic and procedural (Reale and Potì, 2009). Consequently, Clark (1983, 127) described Italian HE governance as a 'combination of authority of state bureaucracy and faculty guilds in a power structure which expresses the interest of two groups: state officials and senior professors'. Institutional leadership was weak: the rector was elected as a *primus inter pares* whose main functions were internal consensus building and mediating among different, often divergent, interests of internal disciplinary groups (Capano, 2008). Elected academic leaders shared the floor with administratively appointed leaders, with dual leadership at each organizational level. The collegial decision-making bodies (Administrative Board, Academic Senate, and faculty councils), composed mainly of professors, dominated internal university governance.

Law 168/1989 introduced structural changes and greater autonomy as the new principle for regulating the relationship between the state and universities. However, the ministry preserved the same professional powers and duties (Capano, 2010): rules for recruitment, status of personnel, level of salaries, ceiling for tax on students and for the expenditure on personnel, and basic rules for the composition of HEIs' government bodies. Indeed, external regulation by the state through a large number of detailed rules and academic self-governance remained the dominant dimensions of governance.

In the 2000s, the ineffectiveness and inefficiency of governance structure were clearly perceived as a problem. The inherited governing structure led to a situation whereby internal governance ranges

from an assemblearistic state, where the Academic Senate and Administrative Board, who officially held power, simply satisfied the requirements of the most important internal interests, to a situation in which the rector prevailed, despite having little official power (Boffo and Dubois, 2005; Capano, 2008). Typical examples of the latter were rectors who renewed their terms many times. Moreover, the elected leaders (rectors, deans, and department heads), beholden to the electorate, could not act strategically or decisively, indeed were incapable of focusing resources on strategic research areas. Academic collegiality resulted in few decisions and were too slow (Moscati, 2012), complex because of the aversion to focus, and tangled up in red tape. Even though, in theory, there was a clear separation of powers between the two collegial governing bodies, in practice, the specialization was not real. There was a large-scale isomorphism in their composition and functioning, and almost bi-cameral dynamics characterized institutional decision making (Paletta, 2004): each issue that arose was scrutinized in some way by the collegial body that did not exercise formal power over it (Capano, 2008). The overlapping of competences produced a work overload on central decision-making, responsibilities were unclear, and a distributive approach to internal policy-making was generally adopted (Capano, 2010).

Consequently, in 2004, the then Minister of Education and University Letizia Moratti, and some highly regarded think tanks established advisory committees for reforming internal university governance (Capano, 2008). Two strategies emerged: incrementalist and radical. The incrementalist proposal suggested maintaining the election of the rector, elected members in the Academic Senate, eliminating the traditional involvement of the deans, and a board appointed by the rector. The radical proposal suggested abandoning the election of institutional positions (rector and deans) in favour of an appointment-based system, and establishing a board with strong planning and financial powers, responsible for rector appointment and at least half-composed of lay members. Under the latter proposal, the Senate, through a special majority, could dismiss the rector, and greater substantial and procedural autonomy would be granted.

At the same time, the outside society demanded greater efficiency, effectiveness, and accountability. In recent years, a climate of distrust has emerged in the public opinion, as universities have been associated with wasting financial resources and inefficiency: typical media headlines referred to professors as *baroni* ('barons', or privileged class). In the meanwhile, from a political viewpoint, HE has not been seen as an important issue (Capano, 2010; Banfi, 2013), the government has not pursued any real policy strategy, and universities have simply been perceived as a financial burden, although Italy is the state among OECD countries with the lowest percentage of public expenditure on tertiary education compared to total public expenditure (OECD, 2013). The pressure to reduce public expenditures has been felt as more and more urgent, due to the financial problem arising from the large public debt, and has put even more pressure on HEIs for efficiency. In this context of financial distress, the Parliament passed Law 240/2010 to reform the institutional governance of universities.

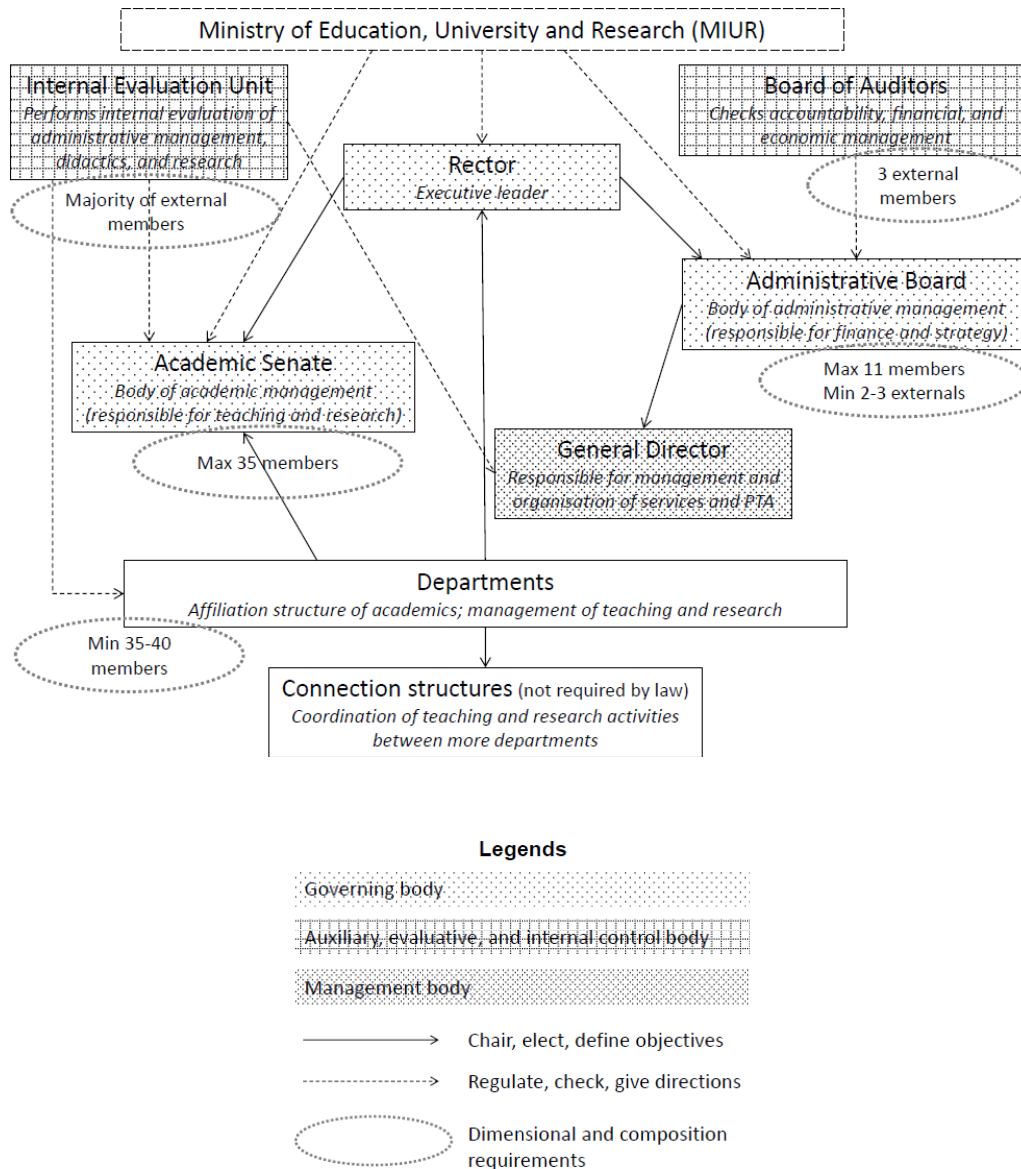
The New Legal Framework for Italian State Universities

This section describes the main tasks and changes introduced by the reform to the governing bodies and internal structures of Italian universities (Table 1).

Law 240/2010 is a comprehensive reform of Italian state university institutional governance. Like the previous framework law (Law 168/1989), Gelmini reform allows HEIs to draw their own statutes but, at the same time, governs constitution, attributions, organization, duties, and powers of various

bodies, forcing for the first time the rewriting of all Italian state university statutes through a dedicated committee nominated in every institution according to guidelines set by law. Consequently, Italian state universities show internal organizational uniformity. The new ‘standard’ framework for institutional governance provides for six central bodies: three governing bodies (Rector, Academic Senate, and Administrative Board), two auxiliary, evaluative and controlling bodies (Internal Evaluation Unit and Board of Auditors), and one managerial body (General Director) (Figure 1).

Figure 1: Organization chart of ‘standard’ institutional governance after the ratification of Law 240



The rector is the executive head of the university, continues to be elected directly from among full professors working at any Italian university, and is then appointed by the Minister of Education, University and Research. The electorate is composed of the three university estates, whose votes may be weighted differently according to each university. The rector performs directive tasks as well as operative and managerial assignments, being responsible for the pursuit of the university’s objectives and for day-to-day management within the framework established by the Board. S/he is also the university legal representative, has powers of proposal and coordination of teaching and

research activities, and presents proposals for three-year planning, the annual and three-year budget, and of the annual consolidated account. Further, s/he recommends a candidate for the role of General Director and starts disciplinary procedures. A major innovation of the office is that the rector is elected for a non-renewable six-year term (formerly, each institution freely determined the length and renewability of the mandate). Moreover, the rector no longer has to come from the university where s/he is appointed, but may be selected from any Italian university. S/he is an *ex-officio* member of both the Academic Senate and Administrative Board and can chair both collegial bodies.

The internal governance clings to the dual collegial governing structure with both the *Consiglio di Amministrazione* (Administrative Board) and *Senato Accademico* (Academic Senate), but Law 240 revisits their decision-making powers, distinguishing their tasks. The main decision-making body becomes the Administrative Board, capped at 11 seats, making it smaller. The Board must include the Rector, student representatives (at least 15% of the members, elected from among the student body), and external stakeholders. While the former law allowed institutions to decide the representation of lay members, the reform requires a minimum number, dependent on the board size: two if the board has fewer than 11 posts, three if it has exactly 11 seats. The once compulsory representation of different academic staff status (full professors, associate professors, researchers) and of technical and administrative staff is now optional. Law 240 instead introduces the concept of professionalism for appointed board members, who are selected not as representatives of internal disciplines and constituencies, but based on individual skills, either 'managerial experience' or 'cultural-scientific competencies'. Every university can choose if the Board is chaired by the rector or an external member. The Board ratifies the rector's proposals for three-year planning, annual and three-year budgets, annual consolidated accounts, yearly and three-year financial and personnel planning, offering or closing academic courses, creation/transformation/closing of organizational units (with the advice of the Academic Senate), is responsible for institutional financial sustainability, the purchase or sale of the institution's assets and credit operations, tuition fees, and the appointment of the General Director. Finally, it ratifies changes to the statutes by an absolute majority vote.

The Academic Senate is the other collegial governing body. Its members are elected from among the academic community, and each university estate votes for its own representatives. The Senate may be larger than the Board but is capped at 35 members, proportional to the university size. Law 240 prescribes that, the rector apart, at least 15% of the members have to be elected from among the student body, and at least two-thirds from among the academic staff (one-third of them from among department heads), respecting institutional scientific-disciplinary differentiation. Among the latter group, not all middle-management executives must be included (faculty deans were *ex-officio* members under the former legislation). The Academic Senate oversees teaching and research activities, student services, offering/transforming/closing academic courses, facilities, departments, and other organizational units, and approving institutional rules. It provides advice regarding the annual and three-year budget and annual consolidated account. It must ratify alterations to the statutes with an absolute majority. Finally, the reform allows the Senate to propose a motion of no confidence in the rector, with a majority of two-thirds vote, after the rector has been in office for a minimum of two years. If this motion is approved by the rector's electorate, s/he is dismissed.

The *Nucleo di Valutazione* (Internal Evaluation Unit) and *Collegio dei Revisori* (Board of Auditors) are evaluative and controlling bodies. The Internal Evaluation Unit consists of a majority of external

members, for whom Law 240 introduces the concept of 'professionalism'. It is responsible for evaluating teaching, research, and personnel activities to improve individual and institutional performance; providing information for strategic orientation to university management; and linking internal and national evaluation, as an operative branch of the National Agency for Evaluation (ANVUR). The Board of Auditors instead is in charge of accountability and financial compliance. It includes three executive and two substitutes, all externals. Only the chairperson is chosen from the university; the other members are appointed respectively from MIUR and the Ministry of Economy, one executive and one substitute each.

Law 240 maintains dual leadership structure at each organizational level. At the central level, the rector shares the floor with the General Director, who replaces the Administrative Director. S/he is appointed from among candidates with multi-year experience in managerial tasks from the Board, by proposal of the rector, with the advice of the Senate. The change of name highlights the assignment to the General Director of not only the overall organization and management of administrative matters, but also non-academic personnel, according to the Administrative Board's guidelines.

Law 240 profoundly affects even internal organizational structures. Previous legal guidelines specified faculties and departments as internal organizational units, detailing their competencies, but without restricting their size. Gelmini reform establishes a single internal academic structure – the department – though providing for the possibility of a maximum of 12 'connection structures' to coordinate and rationalize teaching activities and manage common services, which are optional for institutions with fewer than 500 academic staff members. The reform defines the duties of the new departments and brings them together teaching and research activities, previously assigned, respectively, to the faculties and (old) departments. Every department must include a minimum of 35 academic members (40 if the university has more than 1000 academic staff members) from homogenous disciplinary areas and is headed by an elected director. S/he has a representative role, without budgetary allocation or personnel management powers. The real decision-making power is held by the department councils, the executive collegial body comprising all the departmental academic staff members, elected representatives of students and non-academic staff, and, optionally, other representations. They are responsible for making proposals about personnel recruitment, which are subsequently evaluated and approved by governing councils.

However, the main change regarding personnel is the introduction of the position of a non-tenure researcher, replacing the former status of tenured researcher. The new status applies only to new entrants. The contract for new researchers lasts three years and may be extended only once for two years. Following this, in the status of researcher, s/he may be given only another temporary contractual agreement of three years, neither renewable nor extendable. The reform, instead, does not affect the civil servant status of academic staff, who are hired according to public administration rules, with wages and working conditions governed by law.

Table 1: Key tasks and changes to the new main bodies and structures of Italian universities

Body	Key tasks	Changes
Rector	Main decision-making body	Term of office set by law (6 years)
	Legal representative	Term not renewable
	Responsible for political and strategic orientation	Major role in the governance
	Fulfil operational and managerial tasks	
	Residual competences	
Academic Senate	Responsible for teaching	Size cap (proportional to institutional dimension; maximum 35 members)
	Responsible for research	Can dismiss the Rector by a motion of no confidence
	Responsible for services to students	
Administrative Board	Main decision-making body	Size cap (11 members)
	Responsible for strategic decisions	Professionalism of members: managerial competences (previously elected)
	Responsible for financial sustainability	Presence of a minimum number of lay members
General Director	Management and organisation of services	Not only administrative tasks but also managerial ones
	Management and organisation of non-academic personnel	Becomes responsible of non-academic personnel management
Internal Evaluation Unit	Evaluation of teaching	Professionalism of members
	Evaluation of research	Majority of lay members
	Link internal and external governance	
Board of Auditors	Responsible for accountability and financial regularity	
Departments	Responsible for teaching and research	Unification into departments of teaching and research functions
		Composed by a minimum number of academic staff members

Coordination Mechanisms in the Italian HE Governance

This section discusses the consequences of recent policy changes deriving from the enforcement of Law 240/2010, by analysing the five coordination dimensions pinpointed by Schimank (2002).

External regulation

External regulation by the state was the traditional method of governing the HE sector. In recent decades, several European countries adopted New Public Management (NPM) principles, devolving authority to the external stakeholders and institutional level and introducing market-like mechanisms.

In Italy this process happened to a lesser degree than elsewhere. The Ministry still prescribes detailed regulation in certain areas such as degree structure, academic working conditions, rules for recruitment, and tuition fees. Egalitarian principles and the strong drive towards homogeneity (Minelli et al., 2012), aimed at granting citizens an equal footing when applying for public employment jobs, are fundamental to the structure of Italian public sector. Thus, the quality of educational programs offered by different Italian universities should be considered equal throughout the nation, justifying the attribution of the legal value to university academic qualifications, which safeguards the homogeneous value of the degree, even when institutional performances differ (Reale and Potì, 2009). As the reform does not modify it, the legal value of university academic qualification persists.

Legislative restrictions also impose a high level of standardization on the structure of academic degrees. Ministerial guidelines define educational objectives to be fulfilled, contents, duration, composition (number of examinations), minimum commitment expected from students, and minimum number of academic staff to start new programmes.

The state's regulatory role is evident even in personnel management. By law, personnel expenditures should not exceed 90 per cent of an institution's basic funding (*Fondo di Finanziamento Ordinario, FFO*), but this number is about the average in the system. Moreover, academic staff salaries are fixed nationally: institutions are not allowed to introduce performance-based contracts, and since 2011, personnel wages have been frozen. Even staff turnover is limited by law and the ministerial decree 95/2012 tightens it from 50 per cent (since 2009) to 20 per cent for the next three-year periods. Following these restrictions, academic and non-academic personnel have been rapidly declining (Table 2).

Academic staff internal promotion is possible only through an open recruitment selection procedure, wherein a disciplinary-based scientific evaluation panel, composed of Italian academics working in pertinent disciplinary field assesses the scientific merit of the candidates who previously obtained a national qualification, granted on the basis of previous individual research performance. Disciplinary fields have been revisited (ministerial decree 159/2012) and reduced in number, from 370 to 184, but the selection procedure is unchanged.

Table 2: Students, academic and non-academic staff in the Italian state universities on 31 December of each year

State Universities	2012	2011	2010	2009	2008	D	D %
Bachelor & Master Students	n.a.	1.625.787	1.665.060	1.684.726	1.699.038	-73.251	-4,3%
Tenure Academic Staff	52.456	53.901	55.199	58.307	60.254	-7.798	-12,9%
Full Professors	13.841	14.532	15.169	17.174	18.218	-4.377	-24,0%
Associate Professors	15.435	15.884	16.229	16.858	17.547	-2.112	-12,0%
Tenure Researchers	23.180	23.485	23.801	24.275	24.489	-1.309	-5,3%
Non-tenured Researchers	1.770	1.049	732	408	304	1.466	482,2%
Non-academic Staff	55.810	57.459	58.966	61.873	69.916	-14.106	-20,2%

Personal processing based on Statistica MIUR and CINECA data. Figures refer to the 67 Italian state universities. For institutions with missing data, we estimated them as average between the previous and following years.

Finally, Law 240/2010 established outstanding organizational uniformity for institutional governance, creating smaller decision-making bodies and bigger departments, setting quantitative standards and restrictions, and governing their constitution, attributions, duties, and powers.

Clearly, the state is concerned with the preparation, promulgation, and enforcement of laws and ministerial decrees, with a tendency towards uniformity of administrative action. The bureaucratic stance tends to be rule following, with actions based on legal control. The hegemonic administrative paradigm (Capano, 2003) and principle of legality (law as the basis of administrative action) (Reale and Potì, 2009) persist in the HE sector: the relationship between the state and universities remains linked to a command and control policy scheme.

External guidance

External guidance entails authority devolving from the state to other actors who become involved in university development planning and defining objectives and priorities.

Funding policy is a powerful steering mechanism for the exercise of external guidance. However, the performance-based component of FFO is limited to a small amount (910 million in 2012, about 13 per cent of the total of 7 billion), and tolerance bands restrict losses of the worst performing institutions to prevent financial problems, decreasing efficacy. Research funds are allocated based on

ex-ante evaluations of research proposals, but project tenders are not driven by national priorities set by the government.

Law 43/2005 mandated that every university formulates a three-year development plan, but the plans are not used as steering mechanisms to select congruent performance indicators or for setting targets tied to strategic objectives. The ANVUR, the agency with authority to evaluate quality, focuses on collecting standard quantitative data and provides a low level of flexibility, not allowing institutions to choose their own quality assurance mechanisms and performance indicators.

The state instead has increasingly delegated financial management and coordination of university policies to the regional level; thus, regional stakeholders have acquired greater political influence on university decisions (Rossi, 2009). Strong local interests led universities to delocalize offers to peripheral towns (Lazzeretti and Tavoletti, 2006; Rebora and Turri, 2009), but this increased costs, so the government established new regulations on minimum standards (ministerial degrees 554/2007 and 17/2010) to favour the closure of small decentralized courses and locations.

Law 240/2010, instead, increased the role of external stakeholders in the institutional governance and in the decision-making process through the compulsory involvement of lay members in the Administrative Board, giving universities the opportunity to increase their presence above the minimum. However, including non-university actors in institutional governing bodies is not seen as an important steering mechanism and accountability measure but rather as an undue interference in internal university affairs. Thus, lay representation will not likely be increased from the minimum to a majority of seats, as happens frequently in other European countries.

Competition

Worldwide competition among and within universities for resources, students, and best academics is increasing, reflecting the belief in the market as an effective regulating force and the idea that competition should provide a mechanism for allocating resources efficiently.

Deregulation is one prerequisite for a competitive orientation. As described above, the level of regulation in Italy remains high. Consequently, competitive pressure at the institutional level in the Italian HE sector is modest.

The competition for students is limited by legal regulations and minimum standards for all courses, which constrain opportunities for innovation and differentiation. Further, the legal value of university academic qualification strongly limits students' interest to select the best university. The freedom to choose is also restricted by costs, particularly if the university is far from home, because of the lack of student accommodations (Minelli et al., 2012). Therefore, the mobility of Italian students is generally quite low (more than 85% of enrolled students study in their home area, a percentage that has held relatively constant over the last decade; CNVSU 2011), and geographically close universities compete with each other for students (Rossi, 2009). The fact that the performance-based component of FFO assigned to every university partially depends on the size of the (regular) student base, as well as tuition fees, has contributed to making increasing enrolment a priority for all institutions.

The government has tried to introduce competitive mechanisms in institutional funding through the performance-based component of FFO since 2008. However, the main portion is still allocated according to actual and historical expenditures, the formula used to calculate performance-based

component consists also of indicators tied to institutional dimension, and the introduction of tolerance bands to restrict the losses of weak performing institutions limit its efficacy.

Public research funding has also shrunk: *Progetti di Rilevante Interesse Nazionale* (PRIN) funds, the main research grants, decreased from 170 million in the biennium 2010/11 to 38 million in the PRIN 2012. These funds are earmarked for research projects selected by evaluation panels composed of academics and grounded on competitive ex-ante evaluations of proposals. Therefore, proposals are evaluated by peer review, and, until the PRIN 2010/11, the tenders were divided on the basis of 14 scientific-disciplinary areas. In the PRIN 2012, the areas were reformed on the basis of the three European Research Council macro-sectors. The distribution of scarcer resources and competition for funding increase competitive pressure among individual researchers and projects, making research grants more selective but, at the same time, lowering the number of successful projects and increasing the importance of accessing alternative funding sources such as foundations, industries, and the European Union grants.

Finally, competition for academic staff at the institutional level is limited by tight regulation and academic civil servant status: salaries are set at the national level; universities are not allowed to recruit according to their own methodologies and priorities; and the academic staff is subject to the minimum teaching duties defined by the Ministry. To recruit an outstanding academic from another institution, a university must find a candidate who previously obtained a qualification granted in a competitive procedure according to previous individual research results. The selection is therefore not fully managed by the recruiting university, because an independent evaluation panel consisting of prominent academics in relevant scientific-disciplinary field at other Italian universities determines who are the qualified candidates, from whom the university can choose the final recruit.

In summary, the modifications introduced by Law 240 and ensuing ministerial decrees do not substantially affect competition. Competitive pressures at the institutional level remain modest, limited by state regulation. Contrarily, they are high at the individual level, for both recruitment and obtaining research grants, and are furthered by the suppression of tenure privilege for newly entering researchers.

Academic self-governance

Academic self-governance, together with state regulation, was formerly the strongest coordination mechanism and supported the public's concept of the Italian university as an 'ivory tower'. Collegial bodies at the central and internal levels made decisions regarding general academic matters as well as financial and structural aspects of university development.

Law 240/2010 attempts to improve inefficient decision making in institutional governance. External members are included in governing councils to limit academics' self-governance, but their compulsory involvement in the Administrative Board only as a minority makes it unlikely that collegial, consensus-based decision making will disappear. Moreover, universities can keep the old representative method, in which academics, non-academic staff, and students, all have the right to elect representatives to legislative bodies.

Gelmini reform establishes a clearer separation of authorities between academic and administrative affairs but does not break the dual structure of co-determination through two-governing bodies. The

Academic Senate retains responsibility for teaching and research matters, and its functions are not limited to advisory roles as in other HE policy reforms (i.e. the Netherlands).

Academic self-governance remains prominent even in the allocation of research grants and recruitment procedures. PRIN project funding is based on peer judgements, and recruitment is based on disciplinary peer review. The recruitment reform of disciplinary fields, revisited and reduced in number, did not affect the procedure, and academics have retained a strong voice in the selection process. The academic staff selection procedure seems tied to an outdated, discipline-based focus, which does not address the more broad demands of new work places. Italian recruitment follows Mode 1 research (academic-driven, investigator-initiated, and discipline based), while international knowledge production is evolving towards to Mode 2: context-driven, problem-focused, and interdisciplinary (Gibbons et al., 1994; Nowotny et al., 2001).

In conclusion, academic self-governance as a coordination mechanism remains strong in Italy, not only in the allocation of research grants, but also in institutional decision making and personnel selection.

Managerial self-governance

In the past, managerial self-governance was nearly absent. The rector was a *primus inter pares* whose main role was to build internal consensus across disciplinary powers. However, HE policy reforms in many European countries devolved authorities to institutional management to speed up decisions and afford institutions in operating as a whole, strengthening their capacity to make strategic decisions. This entailed verticalization and centralization of decision-making powers, with opportunities for organizational leadership to act on behalf of the university. The appointment method eliminated the choice of top-leadership and middle management by election, implementing unitary governance, with one person in charge of both academic and administrative matters.

The Italian reform does not follow this trend; it does not modify shared leadership governance, wherein the elected academic leader shares the floor with the head of administration at each organizational level. The rector is still elected from among full professors, with academic staff, non-academic staff, and students all given the right to vote (with different weights, depending on each university's statute). S/he serves one six-year term and can no longer perform managerial tasks as a full-time job, since during office, s/he must continue fulfilling his/her teaching load (can ask only for a reduction), while managerial skills are not evaluated as a precondition of candidature. This demonstrates that the rector is still considered as a *primus inter pares* rather than as a manager. Additionally, s/he is accountable to the academic community, which can distrust him/her, and s/he will return to being a professor when the term ends; therefore, it is unlikely s/he will want to make enemies during the rectorship. This may prevent the rector from making decisions which harm other academic staff interests, limiting the strategic leeway and making the pursuit of consensus the most probable decision-making process.

The main powers of the rector regard internal management of the public financial budget (in accordance with the board), powers already in place before the reform. Law 537/1993 deregulated public resource management, introduced lump-sum global budgets, and allowed universities to decide how to allocate their budgetary resources, hence giving more leeway in the spending of public money (Reale and Potì, 2009; Rossi, 2009; Minelli et al., 2012). However, the shrinking of public

sources, which in 2013 will exceed the total personnel costs at the system level, significantly limits university management's financial autonomy and steering opportunities.

At the internal level, the department heads are elected from among the full professors in the department, just as *primi inter pares*. Their role is weak (coordination of different disciplinary areas and management of academic activities in their own department) and mainly representative: the main decision-making power lies in department councils, which are dominated by academic staff. This is another clear example of the predominance of academic self-governance in institutional governance, with only a limited role for managerial self-governance.

In summary, Law 240 did not empower the rector or department heads by giving them greater steering powers. Only the decision to limit the rector's office to one term makes him/her less preoccupied with building internal consensus in order to be re-elected. However, both the potential distrust by the Academic Senate and the fact that s/he becomes a professor again when the mandate ends could deter him/her from making decisions which harm other academic staff interests.

Conclusions

Historically, Italian governance was comparable to the 'continental model' wherein state bureaucrats and academics held the major power and dominated internal decision-making processes (Clark, 1983). However, university governance was seen as inefficient. This is why a comprehensive reform of institutional governance was approved in December 2010.

Law 240/2010 was presented as a turnaround in governance. However, instead of following the example of HE policy reforms in other European countries, which adopted a 'steering at a distance' approach, the Italian reform proceeded in its own direction. The changes are mainly reactions to solve previous inefficiencies, while ignoring important issues: institutions are not given autonomy to hire or manage their own academic staff; and the inability to act strategically is not dealt with. Consequently, the decision-making process will likely continue to be based on internal consensus building and, since different actors pursue personal and contrasting objectives (Minelli et al., 2012), even in the future, Italian universities might be unable to define and carry out a unitary institutional strategy. Overall, the reform presents a strong path dependency, preserves deeply rooted academic values, and only stimulates an adaptive behaviour to reduce 'pathologies' and the inefficacy of the previous HE governance system, rather than fostering real change of coordination mechanisms. Law 240 clearly adopts the incrementalist approach and continues to employ the inherited practices within an unchanged general framework, not depicting a new vision of what is higher education for: the reform does not substantially modify the Italian governance regime, and bureaucratic fulfilment remains the dominant approach for universities. The new legislative framework changed the HE system by even tightening regulation on institutional governance, internal structures, and turnover of employees. Competition at the institutional level remains modest even after the reform. The managerial approach to institutional governance is not promoted; on the contrary, Law 240 preserves the concept of the university as a 'representative democracy' (de Boer and Stensaker, 2007), reaffirming academic self-governance and the role of the rector and middle management as *primi inter pares*. Only the compulsory involvement of lay members of the Administrative Board, although just as a minority, somewhat increased the guidance by external stakeholders.

This paper therefore shows that in Italy, in contrast with the predominant 'steering at a distance' approach, detailed external regulation by the state and academic self-governance and collegiality still predominate. Consequently, a perspective considering a single convergent model of behaviour on HE policy in different countries is very limited. A natural future development of this stream of research would focus on a comparative study among states with similar background, but different reform trajectories, in order to shed light on which governance regime is better suitable to improve the university system as a whole.

Finally, this paper draws the attention of Italian policy makers on the fact that, despite the proclaims, a reform aiming to provide more autonomy to the HE institutions is not possible unless a change in the organizational form and culture of the Italian state is pursued at the same time.

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