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New Public Management or Neoliberalism, Higher Education



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Synonyms

New Public Management: managerialism; Neoliberalism: Neo-conservatism, Thatcherism, Reaganism

Definition

The term new public management (NPM) was coined by English and Australian public administration scholars (Hood 1991). NPM is a reform model arguing that the quality and efficiency of the civil service should be improved by introducing management techniques and practices drawn mainly from the private sector.

Neoliberalism is an ideology and policy model that emphasizes the value of free market competition. Although there is considerable debate as to the defining features of neoliberal thought and practice, it is most commonly associated with laissez-faire economics.

NPM as a Transnational Reform Ideology

In recent decades higher education (HE) reforms have been driven by many concerns: the formidable growth of HE in terms of students and number of institutions; the increasing complexity, costs, and political visibility of HE systems; as well as the rising significance attributed to HE and research for economic prosperity (Meyer and Ramirez 2000). In a time when budgetary restrictions are a recurring challenge, reforms aiming at increasing the productivity, efficiency, and relevance of academic activities have been launched and progressively implemented since the 1980s (Paradeise et al. 2009; Seeber et al. 2015).

A common denominator for most of these reforms is that they are motivated by NPM or neoliberal ideas (Neave 1998; Paradeise et al. 2009). Thus, it is not just external circumstances and growth that have driven the reforms but also the fact that the ideals justifying the organization and governance of universities have changed. During the last decades, organizational and decision making structures within universities have been informed and justified by two broad set of ideas. According to the first, one may consider the university as a “republic of scholars,” whereas the second regards the university as a “corporate enterprise” (Brunsson and Sahlin 2000; Musselin 2007; Neave 1998; Olsen 2007). In the former case, institutional autonomy and academic freedom are considered two sides of the same coin – which means that leadership and decision making

are based on collegial decisions made by independent scholars. In the latter case, institutional autonomy is seen as a basis for strategic decision making by leaders who consider satisfying the interests of major stakeholders as their primary task within institutions where the voice of academics is but one among several interested parties. Academic freedom is therefore circumscribed by the interests of other stakeholders, and decision making takes place within more hierarchical structures designed to provide leaders with authority and managerial resources to make and enforce strategic decisions within the organization. While power is supposed to be vested in the professoriate according to the first ideal, it is vested in stakeholders and institutional leaders according to the second ideal.

The “republic of scholars” ideal can trace its roots back to the medieval university and has had a dominant position in modernized versions until about 1980. The last decades have undoubtedly been characterized by a move away from this ideal toward the “corporate enterprise” ideal, a transition that has been observed and commented upon by a number of scholars (Amaral et al. 2003; Becher and Kogan 1992; Clark 1998; Dill and Sporn 1995; Etzkowitz and Leydesdorff 1997; Gornitzka et al. 2005; Keller 1983; Neave 1998; Neave and Van Vught 1991, 1994; Olsen 2007; Seeber et al. 2015; Slaughter and Leslie 1997; Teichler 1988).

The corporate enterprise ideal is in many ways an integral part of the NPM movement. In some contexts, particularly in Anglophone countries, NPM has a closer affinity to neoliberalism and focuses on introducing market mechanisms in the public sector and/or privatizing public sector services. In other contexts such as in many continental European countries, the reforms can best be described as attempts to strengthening the public sector by making institutions more efficient (Paradeise et al. 2009). These two main versions of the NPM movement correspond roughly to the distinction made by Pollitt and Bouckaert (2004) between Anglo-Saxon “marketizers” and continental European “modernizers.”

The fact that public universities today are considered integral parts of “the HE sector,” as parts

of the national (or regional) civil service, may explain why universities today are subject to general civil service reforms. Similarly, in private systems they are increasingly considered as an industry and part of the economy (Levine 2001; Slaughter and Leslie 1997). Thus HE, given its increasing size and budgetary significance, has become more politically salient. Accordingly, governments, whatever their leaning, have become more concerned with the cost, quality, and economic relevance of HE in terms of the candidates and research it produces. This means that although governments might steer in a more decentralized manner than previously, they are interested in steering a wider array of HE affairs (Paradeise et al. 2009). In this latter sense, power has become centralized although discretion and responsibilities have become decentralized to individual institutions. Still, there is an ongoing controversy as to what kind of organizations universities are or ought to be. The NPM ideal implies that public agencies (public universities included) ought to become “complete organizations” (Brunsson and Sahlin-Andersson 2000) with clear goals and managerial capacities to operate as strategic actors. From an alternative perspective, it is argued that by the very nature of their missions, universities are “specific organizations” that operate with unclear technologies and under conditions that call for bottom-up decision making. Consequently, they need to be organized in certain ways that permit them to fulfill their specific mission (Ben-David and Zloczower 1991; Musselin 2007; Olsen 2007; Weick 1976). These two visions and the tension between them have left traces in the content and implications of HE reforms that makes it safe to assume that NPM reforms in HE have a distinct character.

General Reform Trends: Five Higher Education Revolutions

The way in which these general NPM-inspired ideas have played out in practice can be explored by focusing on some of the major reform trends that have affected HE in recent decades. The aim and direction of these trends imply that

established principles on which the organization and management of HE was based 35 years ago practically have been turned upside down. This fact makes the term “revolution” appropriate, and in the following what may be considered five major governance “revolutions” in HE are pointed out:

1. *Systemic integration*: HE used to consist of a limited number of universities. Today HE systems tend to comprise all institutions considered as tertiary education providers contributing in different ways to a common overall mission under a common legislation, funding system, and evaluation and accreditation systems, often including all postsecondary institutions previously considered vocational and nonacademic (Guri-Rosenblidt et al. 2007).
2. *Decision making*: Decision making used to be based on the principle that organizational decisions should be the product of the preferences of senior academic members of the university. Currently, decisions tend to be made in a top-down chain of command. Institutional leaders, now being closer to chief executives and often working closely together with external stakeholders, make decisions that affect universities in major ways (Maassen 2003).
3. *Funding*: While traditional university funding used to come as direct allocations from the state, based on input factors such as number of faculty and/or number of students, there is now (a) less detailed government regulation of institutional budgets; (b) funding is increasingly based on output indicators (e.g., number of students finishing their degrees, number and impact of research publications) rather than input; and (c) dependency on additional external funding for research activities (Jongbloed and Vossensteyn 2001; Lepori et al. 2007).
4. *Quality assurance/evaluation*: Traditional evaluation and quality assurance used to turn on individual academic performance through examination and hiring procedures. This has been supplemented by organizational quality assurance through accreditation, evaluation exercises, and other procedures characterized by the following: (a) establishment of national evaluation and/or accreditation agencies, (b) a strong role of academics in developing legitimate criteria and procedures (Reale and Seeber 2013), and (c) a double transfer of power from individual institutions and local academic peer groups to national or supranational agencies and academic elite groups in connection with accreditation and quality assurance.
5. *Work organization*: While academic work used to be carried out individually, it is increasingly carried out in groups, spurred by (a) the emergence of research funding arrangements requiring researchers to operate in cross-disciplinary, cross-institutional, and/or international teams, (b) mergers of disciplinary departments into larger units, and (c) formalization of organized thematic research groups with senior scholars, junior scholars, and graduate students (Mohrman et al. 2007).

Through these developments, universities have changed along two dimensions: one is toward managerial strength and capacity for top-down leadership; the other is toward stronger and more complex dependencies on the environment related to vital areas such as political regulation, funding, evaluation, and governance. The way in which universities are managed and the power of academics within them have accordingly changed. In organizational terms, they have transformed from decentralized *organized anarchies* (Cohen et al. 1972) to *penetrated hierarchies* (Bleiklie et al. 2015). This means that the general strengthening of leadership and managerial structures in individual institutions has changed the nature of academic power in two ways. While academic influence used to be based on professorial positions within universities, it is increasingly based on positions held by academics on bodies engaged in research funding, quality assessment, academic gatekeeping functions on editorial boards, hiring committees, policy commissions, and external institutional boards. Thus academic power is increasingly based on positions within interinstitutional and to some extent international networks rather than hierarchical positions within individual universities.

Drastic as the reversal of principles may seem, the scope and pace with which it has been implemented in universities worldwide vary considerably (Paradeise et al. 2009; Park 2013). The variation may be observed along two dimensions – firstly, across nation-states (Paradeise et al. 2009; Seeber et al. 2015) and secondly, the strength of the research within an institution. In the latter case, leading research universities seem to have been uniquely capable of preserving traditional forms of governance and academic influence over major decision making processes (Paradeise and Thoenig 2013). This gives us good reason to have a closer look at variation and its sources.

Summing up so far, recent comparative studies suggest that NPM-inspired reforms have had a global impact on HE internationally in four respects: (1) the ideology in terms of which reforms are justified focusing on more efficient institutions and higher quality of teaching and research, (2) the emergence of formal structural arrangements for institutional evaluation and competitive research funding, (3) the emergence of managerial structures and proliferation of formal procedures in order to ascertain the achievement of efficiency and quality goals, and, (4) although universities still may enjoy considerable institutional autonomy, the connection between institutional and individual autonomy has been seriously weakened, if not severed. Yet, the extent to which these developments have set in motion the five above mentioned “revolutions” varies (Paradeise et al. 2009).

The Political Embeddedness of Local Orders

The variation across nation-states may partly be explained by the fact that HE governance arrangements are shaped by national governance structures and traditions through legislation, funding systems, and systems for evaluation, accreditation, and control.

In an attempt to explain variation in the extent to which universities have acquired organizational characteristics corresponding to the NPM ideal of

“complete organizations,” Seeber et al. (2015) found that nationality was the variable with the strongest explanatory power in accounting for differences among 26 European universities in 8 different countries (England, France, Germany, Italy, Netherlands, Norway, Portugal, and Switzerland). In this connection the explanatory power of politico-administrative regimes (Humboldtian, Napoleonic, Public Interest, and Social Democratic) was tested in a structural approach developed to explain HE reform policies based on contributions by Lijphart (1999), Pollitt and Bouckaert (2004), Painter and Peters (2010), and Verhoest et al. (2010) in the same countries, except Portugal. The results indicated that countries pertaining to different regimes might have similar high levels of reform activity (England, Netherlands, Norway), whereas countries belonging to the same type of regime may experience very different levels of reform activity (France, Italy) (Bleiklie et al. 2017).

If one looks at how academic institutions relate to political authorities and other governmental actors in the environment, such as agencies for research funding and for quality assurance, it appears that institutions in some countries (e.g., Italy) still are regulated in a rather traditional hierarchical and rule-oriented manner, while the pattern in other countries (e.g., England, Netherlands, Norway, Switzerland) is characterized by a stronger role of network decision making. There is also considerable variation in terms of how the networks are shaped both regarding their inclusiveness and their degree of formalization, ranging from elite-dominated networks (England) to ones that emphasize participation and consensual decision making (Norway) and from networks characterized by informal relations (Switzerland) to more formalized ones (Norway). These patterns may be considered as different ways of implementing the NPM idea of “steering at a distance” if one considers network governance and NPM as complementary models. Network governance models clearly were in place in some countries (e.g., Netherlands, Switzerland) prior to NPM, but network governance seem to have been strengthened in tandem

with the introduction of NPM as well (e.g., Norway) (Bleiklie et al. 2017).

Variation may be further illustrated by the diversity of forms of government regulation. A study comparing changes in government regulation of HE in eight countries – Australia, France, Germany, Japan, the Netherlands, Norway, the United Kingdom, and the United States – during the late 1980s and 1990s focused on the use of four types of government regulation of research and HE as one of three public sectors (Hood et al. 2004). The study revealed how the United States stood out from other countries by being less exposed to direct regulation or “oversight.” The United Kingdom was the only country where random control (“contrived randomness”) played a certain role. Autonomous collegial decision making (“mutuality”) still played an essential role in all university systems but enjoyed a stronger position in continental Europe than in the Anglo-American countries and Japan. Conversely competition played a stronger role in systems with many and influential private institutions (Japan, the United States) and countries that had pursued more radical New Public Management policies (United Kingdom, Australia).

These findings give reasons to assume that although structural factors such as politico-administrative regimes cannot explain policies in a straightforward way, they offer political environments that may hamper or be exploited differently by actors involved (Hood et al. 2004; Seeber et al. 2015). Thus, it is within nation-states that the combined weight of political orders (politico-administrative regime characteristics, traditions and styles of decision making, and use of different types of policy instruments) is brought together, causing much of the observed variation regarding how NPM has shaped HE across nation-states.

Cross-References

- ▶ [Bureaucratization Process in Higher Education](#)
- ▶ [Concepts of Efficiency, Higher Education](#)
- ▶ [Market Mechanisms, Higher Education](#)
- ▶ [New Managerialism in Higher Education](#)

- ▶ [Performance-Based Funding, Higher Education in Europe](#)
- ▶ [Quality of Higher Education Systems](#)
- ▶ [The Entrepreneurial University](#)

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