

Towards changing higher  
education governance  
—a comparative study of North Rhine-  
Westphalian (German) and Lithuanian  
higher education—

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## I. Abstract

The study analyses the changes of higher education governance in North Rhine-Westphalia (Germany) and Lithuania between 2000 and 2009. It focuses on two important steering mechanisms of funding and quality assurance. The research question is *how did governance modes in the higher education systems of the German federal state North Rhine-Westphalia and Lithuania change since 2000 regarding the steering mechanisms of funding and quality assurance?* The empirical evidence includes higher education laws of the North Rhine-Westphalia and Lithuania and expert interviews. The findings suggest that in both cases higher education governance is moving from a rather state regulated model towards a market-oriented model, with predominant elements of managerial self-governance and competition. This finding is in line with the general trend visible in European countries: the higher education governance systems in these two cases converge towards the lines of the market-oriented model.

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## II. List of abbreviations

AC:	Accreditation Council: Foundation for the Accreditation of Study Programmes in Germany (Stiftung zur Akkreditierung von Studiengängen in Deutschland)
BMBF:	Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung)
Centre:	Centre for Quality Assessment in Higher Education in Lithuania (Stuijų kokybės vertinimo centro)
EU:	European Union
HE:	Higher Education
HEI:	Higher Education Institution
KMK:	Standing Conference of Ministers of Education and Cultural Affairs in Germany (Ständige Konferenz der Kultusminister der Länder in der Bundesrepublik Deutschland)
LHE:	Law on Higher Education for Lithuania
LHER:	Law on Higher Education and Research for Lithuania
MIWF:	Ministry of Innovation, Science, and Research in North Rhine-Westphalia
MoES:	Ministry of Education and Science in Lithuania
NRW:	North Rhine-Westphalia

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# 1. Higher Education Governance

Today there are a 'few policy areas' where the European Union (EU)<sup>1</sup> is not influencing or involved in policy processes (Nugent, 2006, p. 390). Within the sector of education the EU has limited policy involvement, which is largely based on inter-state cooperation. Policy developments of the education sector have a bottom-up character with the nation states as the driving forces, making education an interesting topic to study (Nugent, 2006, p. 388). The intergovernmental character of education policies explains why higher education (HE) is relatively new on the European agenda.

Traditionally educational policy is central to national politics and due to various reasons a sensitive topic. Educational provision is perceived to be the obligation of the state, and especially education has been prominent in the areas of funding and quality assurance state intervention. To some extent this is also true of the HE sector. Traditionally the state played a central role in regulating and controlling universities, because they were viewed as a key social institution for developing the nation state (Leišyte & Kiziene, 2006, p. 380). Increasingly however, international competition and need for cooperation has prompted new approaches to HE governance in Europe since in today's societies, universities play a central role in Europe, because they create new knowledge, transfer it, and promote innovation (European Commission, 2010). As scholars noticed since the late 1990s HE is undergoing 'far-reaching changes' (Maassen & Musselin, 2009, p. 3).

When we take a look at the HE developments in Europe<sup>2</sup>, one crucial step towards deeper integration and cooperation between European countries (Dobbins & Knill, 2009) was the signing of the Bologna Declaration in 1999. It marked the beginning of the so-called Bologna Process<sup>3</sup>, which started independently from the EU. 29 countries agreed on making the Bachelor and Master system available within Europe to promote the European Higher Education Area and the European Research Area, in order to make the European higher education system more attractive (Europe Unit, 2011). The objectives of the Bologna Process are: student mobility, quality assurance, recognition, transparency, employability, cycles and ECTS (European Students' Union, 2010). Literature has shown that governments use Bologna to legitimise their HE reforms, including changes in governance structures:

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<sup>1</sup> All abbreviations are introduced in every chapter again

<sup>2</sup> Overall, Europe counts about 19 million students, which study in 4.000 higher education institutions (European Commission, 2010). The term 'higher education' in this study refers to 'universities and other tertiary institutions that award degrees and advanced research qualifications' (OECD, 2003, p. 61), whereas 'higher education systems' can be described as the interaction between the various actors concerned with higher education and the policies and actions undertaken in this area.

<sup>3</sup> The intergovernmental Bologna Process in this study is described along its governance mode -the Open Method of Coordination (OMC)- using the theoretical concepts of Heinze & Knill (2008). The Bologna process has a 'complex governance structure' (Heinze & Knill, 2008, p. 497) including a variety of actors from different levels to assure 'its operation'. The coordination of the Bologna process was gradually modified at ministerial meetings every two years in order to 'guarantee an adequate coordination and monitoring of the national adjustment process' (Heinze & Knill, 2008, p. 498). The Bologna Process can be described as a transnational regime in higher education, providing a platform for communication and exchanging information, as well as good practices between the various actors (Heinze & Knill, 2008, p. 498). A Follow-up Group (BFUG) for the steering of the Bologna process was established, where the European Commission (COM) became an official member and therefore gained more responsibilities in the framing and governing of the Bologna process (Heinze & Knill, 2008, p. 498). Since 2007, the Bologna process comes increasingly closer towards the policy tool of an OMC, because National action plans for recognition were developed after the stocktaking report was published in 2007.

‘even though the main action lines [of the Bologna Process] aim to transform the core activities of universities rather than national institutional settings for higher education’ (Leisyte & Dobbins, 2011, p. 2; Musselin, 2009, p.181).

In literature, next to the Bologna Process, which promotes comparability and operation (Maassen & Musselin, 2009, p. 3), various other developments are presented explaining the transformation in HE systems. These are the ‘cooperation with the Organisation of Economic Co-operation and Development (OECD) and World Bank, the spread of New Public Management to broad segments of society’ (Dobbins & Knill, 2009, p.398). Similarly, the OECD identifies five elements, which ‘influence the approaches [...] towards higher education governance’ (OECD, 2003, p. 61): markets, New Public Management, autonomy, funding implications, market regulation, and the international dimension.

Governance is changing to multi-level governance, due to these new developments. There is a shift from ‘government to governance’, suggesting that coordination originally exercised from one actor (state authority) has moved to the coordination by ‘various actors at various system levels’ (de Boer, Enders, & Schimank, 2008, p. 35). This ‘multi-level governance’ implies that for example agenda setting, policy development, and policy determination are coordinated through ‘interconnected policy levels with a substantial number of actors’ (Leisyte, 2007, p. 28). At the same time market-type coordination in HE, which emphasis competition between universities, academics, and performance based steering, may play an increasing role in regulating, steering and the organisation of higher education institutions (HEIs) (Leisyte, 2007, p. 31). This shift from ‘government to governance’ shows that supra-national actors and competition has become more important, which leads to a general interest of scholars in studying shifts in governance. Furthermore, there is a general interest of scholars in converging or transforming governance modes and harmonisation of national HE policies.

Given this background, the current study aims to understand the changes in the governance of two HE systems, which belong to the EU and also signed the Bologna declaration in 1999. The central topic of this study is to describe and analyse the macro-level changes in HE governance in two European countries during the past decade, compare them and interpret the convergence/divergence of the shifts in HE governance. Thereby adding knowledge to the existing literature on governance and convergence in European higher education systems. We do so by concentrating on two particular steering mechanisms: funding and quality assurance. The research question is: *How did governance modes in the higher education systems of the German federal state North Rhine-Westphalia and Lithuania change since 2000 regarding the steering mechanisms of funding and quality assurance?* For the purpose of a well-structured study and the transparency of the research object four sub-questions were developed, which will be answered in the corresponding chapters presented in the Table 1 below.

**Table 1: Research questions**

<b>Main research question</b>	
	(RQ) How did governance modes in the higher education systems of the German federal state North Rhine-Westphalia and Lithuania change since 2000 regarding the steering mechanisms of funding and quality assurance?
<b>Sub-questions</b>	
<b>Chapter 4</b>	(SQ1) What changes took place in higher education governance in North Rhine-Westphalia between 2000 and 2009?
<b>Chapter 5</b>	(SQ2) What changes took place in higher education governance in Lithuania between 2000 and 2009?
<b>Chapter 6</b>	(SQ3) How do the two cases compare with each other in terms of higher education models? (SQ4) Are the shifts in governance of higher education converging or diverging?

Source: the author

There are manifold definitions and conceptualisations of governance in HE. Governance in this study refers to the setting in which HEIs are governed and govern themselves. A distinction between external and internal governance is made, where formal governance suggests the ‘relations between individual institutions and their supervisors’ and internal governance comprises the ‘lines of authority within institutions’ (Leisyte, 2002, p. 2). The HE governance models are based on the famous Clark triangle (1983), using the idea of internal and external governance when it is looked at ‘patterns of control, coordination, and the allocation of autonomy among three levels - the state, the professoriate and university management’ (Dobbins & Knill, 2009, p. 399).

The Bachelor thesis is divided into three major parts: chapter 2 and 3 introduce the conceptual and methodological issues of the study. Chapter 4, 5, and 6 provide the empirical basis of the thesis and chapter 7 provides a reflection on the outcomes of the study. Starting with chapter 2 the theoretical framework is presented, including a conceptualisation of the central themes. Chapter 3 on methodology of the study presents the research design developed to answer the research question, explains the case selection, the data collection method and the way in which the data was analysed. The country chapters 4 and 5 answer the first two sub-questions, while giving an overview of the respective HE system and the main actors. Chapter 6 is concerned with answering sub-question 3 and 4 by providing a comparison between the changes in HE governance of the two cases. Chapter 7 discusses the findings of the study and puts them into perspective with results from other studies.

## **2. Conceptual and Operational Framework**

The upcoming chapter is aimed at developing a conceptual framework and an operationalisation of the relevant concepts of this study. First, higher education (HE) governance, a central concept of this study is discussed and second, different types of governance models are explained: state control model, academic self-rule model, and the market-oriented model (section 2.1). Thereafter, in section 2.2 we get to the operationalisation of the five governance dimensions, based on relevant HE governance

literature. A link between the HE governance models and the governance dimensions is established. In the last section 2.3 governance mechanisms of funding and quality assurance are introduced.

## 2.1 Conceptualisation: Higher education governance and ideal models

Broad literature suggests that there is a shift towards new processes in terms of governance modes from ‘traditional state-centered governing arrangements’ towards ‘alternative modes of governance’ (Enders, De Boer, & Leišyte, 2008, p. 113). Scholars like Neave and van Vught (1991) agree that the trend goes from a ‘historical paradigm’ towards new governance structures, or as Gornitzka (2007, p. 1) puts it: ‘major changes in modes of central and institutional government’ have taken place.

The ‘Triangle of Coordination’ developed by Clark (1983, p. 143) is looking at the relationship between ‘state authority, the academic oligarchy and the market’ or according to Dobbins & Knill (2009, p. 399) it comprises ‘patterns of control, coordination, and the allocation of autonomy among three levels – the state, professoriate, and university management’. The three central actors can be defined as follows: ‘universities as organisation and their inter-organisational relations; the academic communities [...] as professional communities; the state as the actor with the greatest power to shape the governance regime’ (Kehm & Lazendorf, 2006, p. 15).

The ‘Triangle of Coordination’ introduces three ideal types of HE governance being ‘state system, market system, and professional system’ (Clark, 1983, p. 136). In literature several denotations and variations of the models can be found, amongst others the classification by van Vught: the governmental steering models ‘state-control’ and the ‘state-supervision’ (1995, p. 254). Dobbins & Knill (2009, p. 399) refer to the historical classification developed by Clark. The three models -state control model, academic self-rule model, market-oriented model- are useful to address the ‘direction of policy change’ (Dobbins & Knill, 2009, p. 399) and make the ‘national systems’ comparable (Clark, 1983, p. 136). We will refer to these three distinct models for the purpose of this study:

- ◆ The state control model, as the name already implies is characterised by the predominant role of the state, which exercises control over external regulation- and guidance, whereas the former means the ‘strict determination of processes’ and the latter refers to the ‘setting of the overall development goals’ (Kehm & Lazendorf, 2006, p. 15). Subjects to state coordination are according to Dobbins & Knill (2009, p. 403): ‘admissions, curricula, and the appointment of personnel’ and furthermore highly influences ‘quality assurance’. The quality of the programmes is monitored through the responsible ministry, which focusses on the ‘academic process’ as subject to evaluation. The mentioned factors show that this model is marked by a ‘high degree of hierarchy’ or as Enders, De Boer, and Leisyte frame it the traditional notion of top-down authority vested in the national government (2008, p. 115).
- ◆ The market-oriented model describes the university as business-like enterprises operating according to entrepreneurial management methods (Dobbins & Knill, 2009, p. 404). This leads to a management having the role of offering academic service to students and external stakeholders,



which are regarded as quasiconsumers (Dobbins & Knill, 2009, p. 404). The budget of the university consists of private donations and tuitions, rather than the state as a funding base in the two other models. Coming to quality assurance in this model accreditation or evaluation bodies perform evaluation of academic products, whereas in the state control model an ex ante evaluation of the academic process is practiced.

- ◆ The ‘professional communities’ of the academic self-rule model (Kehm & Lazendorf, 2006, p. 16) are paramount on the one hand, i.e. university decision-making bodies are collegial; and the professional chair system has veto-powers, which leads to a rather weak university management (Dobbins & Knill, 2009, p. 403). Moreover personnel recruitment of academic staff is in the hand of the professoriate, rather than appointed by the state or the university management. On the other hand the state has the responsibility of setting the ‘broad regulatory framework’ (Dobbins & Knill, 2009, p. 408). The funding approach is input-based here, where the objectives are defined jointly by state and university, while in the market-oriented model the budget is based on the output produced by the university.

## 2.2 Operationalisation: Dimensions of governance

A set of five governance dimensions help to identify and compare changes, which makes it a valuable tool for the research project, as the main question is concerned with investigating the governance modes in HE systems. In this study we compare governance changes at two different points in time: first we look at Lithuanian and North Rhine-Westphalian (NRW) governance configuration in 2000 and then in 2009.

The following typology of the governance dimensions is used:

- ◆ State regulation describes the traditional notion of top-down authority, which is vested in the state. The state has a regulatory role, exercised mainly through legal rules, describing the conditions under which activities may be undertaken. The actors behaviour is controlled through mechanisms like monitoring, standard setting, inspection, warranty approval, arbitration (Leišyte, 2007, p. 58).
- ◆ Academic self-governance is concerned with the role of professional communities within the universities. Academics control their own work with institutionalised mechanisms like collegial decision-making and peer review-based self-steering of academic communities. Academics play a main role in running the university, which is exercised through the senate or faculty boards, where they participate in the decision-making, e.g in the financial policy of the university (Leišyte, 2007, p. 58).
- ◆ Managerial self-governance is a dimension with the central element of hierarchical steering within the universities and the roles of institutional leadership outside the universities. University leadership is represented by rectors or presidents on the top level and deans on the intermediate level (de Boer, Enders, & Schimank, 2007, p.4). Examples for managerial self-governance are elected or appointed management positions, management oversight of the budget allocation to

academics, and the strategic planning of research coming from the management (Leišyte, 2007, p. 58).

- ◆ Stakeholder guidance concerns activities that direct universities through goal setting and advice. A framework with provisions of general objectives and procedural rules is set, in which actors have room to manoeuvre. The government is likely to be an important stakeholder in public university systems, but is certainly not the only player in this respect. Certain powers can be delegated to other stakeholders (national agents) regulated by the state law. A good example for stakeholder guidance could be the participation of external stakeholders in the university boards or representation of external stakeholders in external funding bodies providing grants (Leišyte, 2007, p. 59). Students in this context can be stakeholders as well.
- ◆ Competition for scarce resources is seen as a tool for achieving order in a system. These resources are money, personnel, and prestige, which are, e.g. competition for university funding to attend conferences, competition for external grants, competition for a permanent position, and competition for publications in top quality journals (Leišyte, 2007, p. 58). Deregulation and the establishment of a new powerful leadership result in a greater competition for resources between and within universities (Leišyte & Kiziene, 2006, p. 379).

After we outlined the five governance dimensions we focused on the linkage between the HE models and the dimensions. To clarify that the governance dimensions belong to the models they will be therefore called ‘governance model dimensions’.

**Table 2: Higher education models linked to governance dimensions**

	State control model		Market-oriented model		Academic self-rule model	
State regulation	+++		---		++	
Academic self-governance	++		---		+++	
Managerial self-governance	+		++		---	
Stakeholder guidance	--		++		--	
Competition	---		+++		--	
Scale	+++	++	+	-	--	---
Translation	Highest	Very high	High	Low	Very low	Lowest

Source: the author

First, when we look at the state model the dimensions of state regulation scores highest, followed by academic self-governance and then managerial self-governance (see Table 2 above). Stakeholder guidance in this model is low but competition can be said to be the dimension which is present at lowest.

Within the market-oriented model competition is highest followed by managerial self-governance and stakeholder guidance. State regulation and academic self-governance in this model are the lowest dimensions.

In the academic self-rule model, as the name implies, the dimension of academic self-governance scores highest, followed by state regulation. As we can see in Table 2 stakeholder guidance and competition in this model score very low and managerial self-governance scores the lowest.

### **2.3 Operationalisation: Steering mechanisms – Funding and quality assurance of higher education institutions**

Within the theoretical framework laid down above it is now looked at the coordination system of higher education institutions (HEIs) through the governance mechanisms of funding and quality assurance. These governance mechanisms are powerful tools used by the government to steer HE (OECD, 2003, p.17). In the following the governance model dimensions are linked to the steering mechanisms in order to understand governance changes at a later point of time.

The first governance mechanism investigated is HE funding, with which we mean the allocation of financial resources towards HEIs. Financial resources can be private funds or public funds. Funding can be distinguished between funding base and funding approach, whereas the former term describes the main provider of financial resources for HEIs and the latter the approach taken to calculate the level of finances.

The funding base can come fully from the state in a prescribed way, meaning that the government is holding the budget and allocating the financial resources to universities, which is an indicator for the governance model dimension of state regulation. The state can be the provider of financial resources on a more competitive basis, when for example research councils are involved in this process. HEIs in that case are competing for financial resources from research funding agencies. In such a case the governance model dimension of competition is reinforced. Lastly a funding base for HEIs can be external resources such as tuition fees, donations, grants, or private entities, which can be linked to the governance model dimension of external stakeholder guidance as well as competition.

Coming to the funding approach one must differentiate between line item budgets, where the budget received by universities is pre-allocated to cost-items and activities (Jongbloed, 2010, p. 11), and lump-sum budgets. According to lump-sum budget the universities receive financial grants, which cover several categories of expenditure like teaching, on-going operational costs and research activities. Universities are mainly responsible for dividing and distributing such funding internally (Jongbloed, 2010, p. 11). Lump-sum budget can be linked to managerial and academic self-governance, as the HEI is allocating the financial resources internally, where either the management or the academics have decision-making power or are responsible for the internal budget allocation.

Line item budget can be linked to the governance model dimension of state regulation, as the pre-allocation to cost-items and activities have the traditional notion of the top-down approach. Conditions of how the money is spent by the universities are described by the state, which shows a strong regulatory role of the state in steering HE systems.

The second governance mechanism examined is Quality assurance, meaning the upholding of quality and standards within HE and therewith making HE more transparent and trustworthy (Commission of the European Communities, 2009, p. 2). This can be achieved through various procedures: accreditation of study programmes, HEIs, institutional quality assurance systems or through evaluation of study programmes, of HEIs, and of research activities.

The following part will outline and differentiate how quality assurance procedures are understood in this study. By the accreditation, we mean the process of verifying either a study programme or an institutional quality assurance system. Accreditation aims to contribute to improve and ensure quality of teaching and research (Accreditation Council, 2011). Either the state or the accreditation body is taking the decision to accredit the unit in question or not. If the state, i.e. the educational ministry is responsible for the decision of accrediting a unit, it is obviously pointing to the direction of state regulation, whereas it is more complex when the accreditation body is taking the decision. This is because the decision-making body can be either a commission from the agency set up for this purpose or the evaluation group itself. Depending on how the decision-making body is composed it could be related to either governance dimensions of stakeholder guidance, academic self-governance or managerial self-governance. For example: if the members of the evaluation group come from outside of the university, such as the representatives of the labour market, students, or representatives of the general public – this would indicate stakeholder guidance in quality assurance. Academic self-governance is increased when members from the academic group are represented and managerial self-governance may be increased if representatives of the university management are included in the evaluation body.

One can expect more of academic self-governance and stakeholder guidance when a study programme is subject to accreditation, because experts of the specific field are more likely to be in the evaluation group as well as students (who are stakeholders). Moreover socio-economic interests associated with the programme or unit to be accredited take part in the work of the evaluation group as well (European University Association, 2003, p. 51). Whereas evaluation groups concerned with the accreditation of institutional quality assurance systems, are more likely to include experts in the field of HE steering and institutional quality assurance mechanisms, student representatives with experience in HE self-government, as well as experts external to the university. Hence, institutional quality assurance system accreditation can be an indicator for managerial self-governance and stakeholder guidance.

Accreditation can be prescribed by the law, which is an indicator for the dimension of state regulation or it can be a voluntarily process, initiated by the university itself suggesting the model dimensions of

academic self-governance or managerial self-governance, depending on the internal structure of the university. The evaluation of the study programmes has to be carried out in accordance with guidelines or criteria. Based on who is involved in setting the criteria and guidelines either one or more of the following model dimensions can be identified: stakeholder guidance, state regulation, academic self-governance or managerial self-governance. Whether the state, the accreditation bodies or the HEIs are the responsible institution overseeing the quality assurance system of the respective country again can point into the direction of one of the subsequent model dimensions: state regulation, stakeholder guidance, academic self-governance or managerial self-governance.

Evaluation on the contrary primarily serves as an analysis of strengths and weaknesses of an institution, department, or a study programme evaluation (subject evaluation) (Schade, 2004, p. 179), which can take the form of a quality audit or study programme evaluation. The process of study programme evaluation works as a quality audit, but is focussed on the study programme rather than on the institutional quality assurance system (Zentrale Evaluations- und Akkreditierungsagentur Hannover, 2011). Quality audit is the external evaluation of the quality assurance management of HEIs based on the principle of peer evaluation. Peer evaluation combines self-evaluation reports of the particular unit or programme and external evaluation by experts. The self-evaluative element can be an indicator for academic self-governance and managerial self-governance, as they are the ones writing the self-evaluation report. Depending on the composition of the evaluation group deployed one can either see elements of stakeholder guidance, academic self-governance or managerial self-governance. The evaluation results are published as a report, which can imply more competition as the universities become comparable and their performance is disclosed.

It is further possible that study programmes are approved and evaluated by the state, i.e. the responsible ministry, which is a rather non-transparent process and could then indicate state regulation.

The aim of quality audit is to improve the self-steering mechanisms of HEIs, not to control if the quality requirements are met. Accreditation aims to contribute to improve and ensure quality of teaching, research, and assessing the admissibility of the degree programme in terms of quality (Accreditation Council, 2011). To sum up, accreditation has more elements of state regulation, whereas evaluation is a process with less regulated by the state. Both quality assurance mechanisms include features from model dimensions like stakeholder guidance, academic self-governance or managerial self-governance.

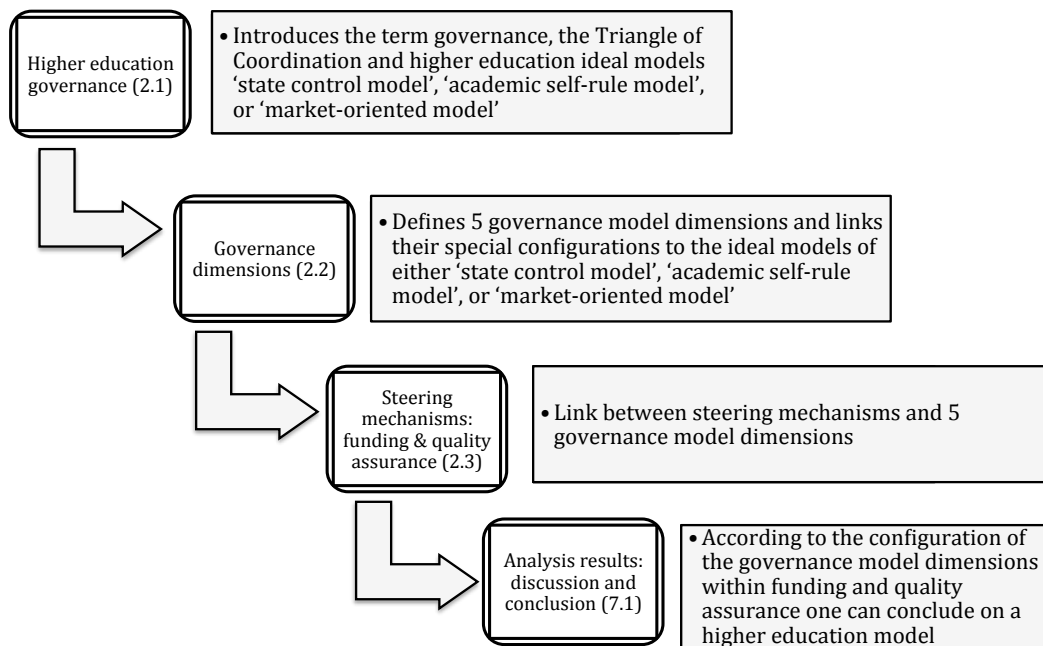
**Figure 1: The stages of the conceptual framework**

Figure 1 summarises the conceptual framework and the operationalisation with its various stages developed above. All in all, we learned about the features of the state control model, academic self-rule model, and the market-oriented model. As an analytical tool five governance dimensions – state regulation, academic self-governance, managerial self-governance, stakeholder guidance, and competition, were developed as we can see in Figure 1. Afterwards the governance dimensions were linked to the HE models (see Table 1 above) in order to benchmark the HE models in the analysis. It can be concluded that the state control model has a high degree of state regulation and academic self-governance, whereas the market-oriented model scores high on competition, managerial self-governance and stakeholder guidance. The academic self-rule model has a high degree of academic self-governance and state regulation and a rather low degree of managerial self-governance and competition. Since the analysis will focus on the steering mechanisms of funding and quality assurance, we operationalised them through indicators pointing to different governance dimensions. The manner and direction of changes in these two steering mechanisms can reveal the shifts in governance modes.

### 3. Methodology

In the following methodology chapter we will present the research design of the study (part 3.1), followed by the description of logic of the case selection (part 3.2), data sources and data collection (part 3.3) and data analysis (part 3.4). The presented research approach will help to understand how we answer the main research question of the study, that is, understand and compare the changes in two HE governance systems.

### 3.1 Research Design

The aim of this study is to describe changes in HE governance during the past decade. The research design chosen is a comparative study, analysing the change in HE governance among two governance mechanisms of funding and quality assurance in two European countries – North Rhine-Westphalia (NRW) in Germany and Lithuania. In this study the cases are the changing HE systems in NRW and Lithuania, which are interesting for comparison, because the paces of change of HE governance differ. As a ‘change’ is studied it is looked at different points in time, starting in 2000 and ending in 2009. The time points studied differ for the two cases, as the data is not available at the same time points for both cases. The units of analysis and the focus of this study are the HE systems of the respective countries. Consequently the units of observation and carriers of information are HE governance modes involving a variety of actors.

A case study is a method, which allows investigators to retain the holistic and meaningful characteristics of real-life events (Yin, 2009, p. 4). Yin further defines a case study to be an empirical inquiry, which ‘investigates a contemporary phenomenon in depth and within its real life context, especially when the boundaries between phenomenon and context are not clearly evident’ (Yin, 2009, p. 18). First, studying the phenomenon of HE governance it can be clearly distinguished from an experimental setting, because there are no independent variables, which could be controlled nor is it possible to expose a dependent variable to a stimulus. Second, ‘change in higher education governance’ and ‘higher education system’ cannot clearly be distinguished from each other, that is the boundaries between the phenomenon and the context are not clearly distinguishable. A case study can cover the context and phenomenon in focus with its design. Considering that the research question deals with how HE governance changed, the case study design is particularly useful, because it can answer how, what and why questions. Taken the mentioned points above into account it can be concluded that a case study design is most suitable.

The next point to be considered is why a multiple-case study is chosen and not a single-case study, which are both variations within the methodological framework of a case study design (Yin, 2009, p. 19). The advantage of a multiple-case study compared to a single-case study is that the former is often considered to be more compelling, and the overall study is therefore regarded as being more robust (Yin, 2009, p. 53). Moreover the logic underlying multiple-case studies is that the cases either predict similar results or contrasting results but for anticipatable reasons. The multiple-case design favours a comparison between the cases and the analytic conclusions can be more powerful than those coming from a single case (Yin, 2009, p. 61). Especially diversity can be emphasised by a multiple-case study design, as one can focus on patterns of similarities and differences within a given set of cases (Ragin, 1994, p. 106). In this study it is looked at the similar HE modes in 2000 of NRW and Lithuania and how they change until 2009. However the pace of changes in HE governance is contrasting, because NRW as a Land of Germany constitutes an old member state of the EU, whereas Lithuania is a recent member of the EU and a transition country where new policies are adapted faster. Hence, a multi-case study suits this research project as the differences and similarities of HE governance changes will be explored.

### 3.2 Case selection

The selected cases for this study are NRW and Lithuania. Within Germany we have chosen a federal state. HE reforms in Germany take place at different stages and paces in different federal states. NRW constitutes a good case since its HE reforms have been the most innovative and radical in Germany (CHEPS, 2010, p. 268). Moreover NRW is actively promoting the goals of Bologna and in these terms having a leading position in comparison to the other federal states (MIWF des Landes Nordrhein Westfalen, 2011). Since the broad framework for HE is set by the federal government, the paper will include the structure of the German higher education framework later on. This however does not mean that the study is representing the HE system of Germany as a whole, but only HE governance in NRW.

The logic behind the case selection is literal and theoretical replication. The former according to Yin (2009, p.54) is the prediction of similar results, due to the selected cases, whereas the latter means a contrasting result but for anticipatable reasons.

On the one hand the case selection of this study emphasises the theoretical relevance of similar institutional environment, i.e. the model of HE governance as elaborated below. The chosen cases of NRW and Lithuania have gone through HE reforms lately, indicating change in HE governance. More over two cases have roughly the same number of higher education institutions (HEIs) and both adopted the Bologna process in 1999.

NRW HE system is traditionally based on the Humboldtian university model, stemming from the German philosopher Wilhelm von Humboldt (1767-1835) and can be said to be state control model in 2000. HE in Germany, as well as in NRW, has a 'long-standing academic self-governance tradition' (Leišyte & Kizniene, 2006, p. 6) stemming from the double legal nature the universities had. This gave the universities on the one hand institutional autonomy with regard to teaching and research but on the other hand 'budgetary, economic and staff matters are subject to the rules of state administration' (Kehm & Lazendorf, 2006, p. 137). The HE system of NRW was object to reform since the early 1990s, regarding issues like financial autonomy and deregulation (CHEPS, 2010, p. 272). One of the biggest reforms was the implementation of an accreditation system of private accreditation agencies. NRW is the biggest federal state of Germany with around 54 HEIs in 2010. Since 1999, NRW is following the Bologna goals, as Germany joined the Bologna Process in 1999.

Traditionally Lithuania's HE system is based on the Continental HE model and on the 'Soviet HE model with certain features of the Napoleonic model' (Leisyte & Dobbins, 2011, p. 18). In 2000 Lithuania's HE governance regime can be classified as the state control model, which has its roots in the 'Humboldt university' and state regulation and academic self-governance has been predominant (Neave & van Vught, 1991, p. 110). Or as Leisyte & Dobbins put it: 'Lithuanian higher education system has been balancing between the academic elite coordination and sporadic state interference' since the 1990s (2011, p.17). This stems back from the post-Soviet time where state regulation and academic self-governance were very powerful in HE governance (Leišyte & Kizniene, 2006, p.15). However during the Soviet period research and teaching were separated and only recently integrated through the Law on Higher Education and Research in 2009. The HE sector in Lithuania is going



through a period of transformation since the collapse of the Soviet Union. Two milestones during this process are the laws from 1991: the Law on Science and Higher Education and the Law on Higher Education for Lithuania (LHE) in 2000 (CHEPS, 2006, p. 141). Lithuania is smaller than NRW in terms of inhabitants and has around 45 HEIs in 2010. Lithuania joined the Bologna process in 1999, and actively promoted and implemented its goals (cf. National Report Lithuania, 2005).

On the other hand the pace of change in HE governance is assumed to differ, as well as the membership period in the EU, which would be a criterion for theoretical replication. Another criterion is difference in the historical legacy.

Turning to the differences between the cases, Germany is a founding member of the EU and since 1958 a member, whereas Lithuania is very recently a member, since 2004. As a recent member of the EU, Lithuania may be more eager to adapt foreign models and to comply with Bologna goals in order to comply with transnational trends. Germany is an established Western European state, where policy changes take place rather slowly. Lithuania recently gained independence in 1990 and is strongly coined by the communist legacy, its HE system lacks historical continuity and is fragile. Policies in Lithuania have been subject to the imposition of foreign models very often, for example Prussia, Tsarist Russia, or Soviet Union (Leisyte & Dobbins, 2011, p. 3). Thus, Lithuania can be described as a transition country, where change is expected to be fast and foreign models can be easily adopted, whereas we anticipate that changes in NRW have a more incremental character.

### **3.3 Data collection**

This study uses a variety of data sources (see Table 1 and 2 in Appendix II for an overview about the primary sources used) based on the logic of multiple sources of evidence. Construct validity is improved through the triangulation of data during the data collection process. It means that multiple sources of evidence are used in order to develop ‘converging lines of inquiry’ (Yin, 2009, p. 115). Data triangulation is a favourable method because it helps to see a problem from different angles and aims at ‘corroborating’ the phenomenon under study (Yin, 2009, p. 116).

The sources of evidence cover policy documents, literature and expert interviews. Policy documents and literature were chosen to study the macro level of change in governance structures, whereas the expert interviews present the micro level in the analysis of the case studies of NRW and Lithuania.

For the case of NRW the studied policy documents included the HE acts and regulations from the years of 2000, 2004 and 2007, which were available in the German language and regulations and guidelines on quality assurance. In addition, the German and international relevant literature on the coordination of HE quality assurance and funding in Germany for the time period of 2000 and 2009 were studied. Finally, two expert interviews were carried out. One expert interview was conducted with a person from the Ministry of Innovation, Science, and Research (MIWF) and another one with an expert from a German quality assurance agency in June 2011. Both interviews were conducted in German.

In the case of Lithuania the policy documents comprise the HE acts from the years of 2000 and 2009. Additional, decisions from the Ministry of Education and Science in Lithuania (MoES) regulations in quality assurance from the year 2010 were studied. Two expert interviews were conducted in the Eng-

lish language. One interview was held with a HE expert from the top management level from Vilnius University in May 2011 and one with an expert from the Centre for Quality Assessment in Higher Education in Lithuania (Centre) in June 2011.

The expert interviews were conducted parallel to the data collection on the macro level and help to see the results from a different angle, either confirming the patterns of the document analysis or adding additional information. In addition the expert interviews yielded information if there is discrepancy between what is written in the laws on HE governance and what is perceived as common practice. The interviews were conducted by telephone and lasted between 30 to 50 minutes. Interviews were audio taped with the consent of the interviewee and anonymised. Contact with the chosen experts was established via email, including an interview request and introducing the research project. The expert interviews were conducted following the interview protocols, field notes were taken during the interview, and the interview tapes were transcribed verbatim. When there was ambiguity about answers from the interviewees follow-up questions were posed via email.

The interview protocols covered the elements of the conceptual framework, investigating on the perception and opinions about changing governance in HE regarding steering mechanisms of funding and quality assurance.

The interview protocol for interviews with experts in the field of NRW HE covered topics of the relationship between the Accreditation Council (AC) and the agencies and differences between programme accreditation and institutional quality assurance systems. Further the overall process of quality assurance and changes in the process since 2000 were clarified. Another set of questions addressed the funding of NRW universities, in how far the MIWF is involved in the funding and how this position changed since 2000.

The interview protocol for interviews with Lithuanian experts in HE aimed specifically at the functioning of the Centre, how its position changed, and how quality assurance is conducted. Moreover questions about the changes in the accreditation system of study programmes were addressed. Further questions about the funding of Lithuanian universities were asked such as: how is the budget determined, how the voucher system is working and what role the HE reform from the year 2009 plays for Lithuanian universities (see Appendix I for an example of an interview protocol for NRW and Lithuania).

### **3.4 Data analysis**

The data analysis adopted a heuristic approach with a focus on legal texts, secondary literature and expert interviews.

The data analysis of the documentary data included legal texts and secondary literature. First, the legal texts were read with a focus on paragraphs regulating on the one hand financial matters, like funding of universities, and internal distribution of financial resources. On the other hand the focus was laid on articles dealing with quality assurance of HEIs, namely evaluation and accreditation of study programmes. In both cases it was first looked at the older laws, which were then compared to the newer laws, again with a focus on paragraphs regulating funding of HEIs and quality assurance of study

programmes. Second, literature was analysed, focussing on the regulatory frameworks of the two respective HE systems. It was looked at the trends and changes outlined in the literature. Descriptions of funding and quality assurance systems were of importance in the analysis. Literature and legal texts were analysed in the language available, which was either German or English.

The analysis of the interviews included the four protocols from the expert interview. The interview answers were sorted in three parts: 1) funding, 2) quality assurance and 3) general trends in HE governance. Then it was looked if they were patterns in the interview answers, which could be matched, with the results from the documentary analysis. We concentrated on how the expert perceived certain changes in funding or quality assurance in the respective cases. Further the perception of HE experts on the changes in the quality assurance was central in the analysis of the interviews.

Literature and expert interviews were reviewed to fill the gaps of the description of what was not clear from the legal texts. At this point the data from the legal text was triangulated with the data from secondary literature and the interviews. It was checked whether the patterns found in the literature and interviews hold for the description from the legal texts. When discrepancies aroused, the legal texts and literature were double-checked and it was asked for clarification from the interview partner.

## **4. Governance modes in higher education in Germany**

This chapter describes and analyses the governance change in the North Rhine-Westphalian (NRW) higher education (HE) system since 2000. In part 4.1 we present the German HE system, its regulatory framework and the main policy actors of NRW (section 4.1.1). Second, the reader is introduced to the academic landscape of NRW (section 5.1.2) and third, the HE laws from NRW are put into perspective of the German reform context (5.1.3). In part 4.2 it is aimed at understanding the shifts in funding of NRW universities (4.2.1) and quality assurance (4.2.3) along the five governance dimensions - state regulation, academic self-governance, competition, managerial self-governance, and stakeholder guidance.

### **4.1 The German Higher Education system**

#### **4.1.1 The regulatory framework and the main actors in the Higher Education system**

The main policy actors of the German HE system are the federal authority and 16 federal states. The regulatory framework is set by the ‘framework act on higher education’ from 1999 enacted by the federal authority. The Federal Republic of Germany has as the name implies a federal state structure, meaning that powers are separated vertically between the federal authority and the federal states. These are traditionally two main policy actors shaping the HE system on the political stage, where the federal authority is represented by the Federal Ministry of Education and Research. Responsibility for the education system is determined by the federal structure of the state, whereby educational legislation and the administration of the education system are primarily in the hand of the federal states

(Schade, 2004, p. 179). According to the German Basic Law sovereignty and legislative power over HE, as stated in article 70, 72-74, lies in the hands of the federal states. The federal states therefore play a significant role in steering and coordinating higher education institutions (HEIs). They have the autonomy in making detailed HE policies and thereby filling out the framework set by the framework act on HE.

The federal authority is directly influencing HEIs via the 'framework act on higher education'. The framework act on HE is not concerned with detailed regulations, rather than setting the broad framework for HE including legal status of universities, their function and mission, social responsibilities, as well as management and personnel structures (Fangmann, 2006, p. 54).

Indirectly the federal authority is exercising control via funding of projects coordinated by the Federal Ministry of Education and Research. The Federal Ministry of Education and Research provides funding for various research projects, aiming at making HEIs more competitive and strengthen their research performance. The amount of funding is oriented along framework regulations coming from the EU. HEIs apply for projects, which are amongst others, directed at the following research areas: new technologies, humanities, and life sciences (the Federal Ministry of Education and Research, 2011).

Next to the traditional policy actors of Federal level and federal states in HE, there are interest groups directly or indirectly influencing the HE system (Schubert, 2008, p. 10). The German Council of Science and Humanities provides advice to the German federal government and the federal state governments on the structure and development of HE and research (Gemeinsame Wissenschaftskonferenz, 2011). The Standing Conference of Ministers of Education and Cultural Affairs and the Joint Science Conference are bodies that coordinate between the federal and state level. Further the Germans Rectors' Conference and the German Association of University Professors and Lecturers are bodies representing interests. The relevant actors in the accreditation system are the Accreditation Council (AC) and various accreditation and evaluation agencies (see Table 3 below for a brief outline of the actors).

Cultural and educational diversity lead to the establishment of the Standing Conference of Ministers of Education and Cultural Affairs (KMK) and the Joint Science Conference. Their aims are the coordination, representation and minimum harmonisation between the 16 HE systems. The KMK deals with 'issues relating to educational policy at school and university level and research policy' creating common ground in education, science and cultural matters of supraregional importance (Ständigen Konferenz der Kultusminister der federal states in der Bundesrepublik Deutschland, 2005). The KMK brings together the federal state ministers and senators who are responsible for education and training, HE and research (Schade, 2004, p. 179).

The following political groups represent the interests of science, teaching and universities, and successfully participate in lobbying their interests. The Germans Rectors' Conference calls itself the 'political and public voice of the universities and other higher education institutions' and addresses all

topics relating to the responsibilities of HEIs (Germans Rectors' Conference, 2011). The German Rectors' Conference traditionally promotes quality management with various projects, e.g. one of them called 'Projekt Qualitätsmanagement' from 2004-2010, which provided a platform for discussion about institutional quality assurance systems (Hochschulrektorenkonferenz, 2010). The German Rectors' Conference is a member of the Bologna follow-up group for Germany. Moreover they encourage the implementation of the Bologna goals with the initiative of the 'HRK Projekt Bologna-Zentrum' (Hochschulrektorenkonferenz, 2010).

The German Association of University Professors and Lecturers serves the university teaching, where it 'acts in the political, legal and business interests of university teachers in opposition to state and society' (Deutscher Hochschulverband, 2011). The German Association of University Professors and Lecturers is representing the interests of university teachers by means of public statements and proposals of measures, aiming at influencing legislation and administration of HEIs (Deutscher Hochschulverband, 2011).

Another important actor shaping HE is the AC aiming at contributing to the development in the quality of teaching and learning at German universities and, with this in mind, to contribute to the development of the European Higher Education Area (Accreditation Council, 2011). The foundation takes care that the agencies are certified to carry out processes of accreditation of study programmes demonstrate that they do this to the highest degree of quality, comparability and transparency. Agencies are subject to an accreditation before they are given the authority to award the Quality Seal of the foundation for study programmes that have successfully accomplished an accreditation process. The accreditation process is carried out by the AC, which as the central decision-making body of the foundation, decides on the accreditation or reaccreditation of agencies (Accreditation Council, 2011).

**Table 3: Overview of policy actors in German and North Rhine-Westphalian higher education systems**

<b>Policy actors on the federal level</b>	
<b>Function</b>	<b>Institution</b>
Executive bodies	Federal Ministry of Education and Research
	Education Ministries of the federal states
Advisory body	German Council of Science and Humanities
Coordination bodies between federal and state level	Standing Conference of Ministers of Education and Cultural Affairs
	Joint Science Conference
Representation of interests	Germans Rectors' Conference
	German Association of University Professors and Lecturers
Relevant actors in the accreditation system	Accreditation Council Accreditation and evaluation agencies: ACQUIN, AHPGS, AKST, AQA, AQAS, ASIIN, evalag, FIBAA, OAQ, ZEvA
<b>Policy actors on the level of North Rhine-Westphalia</b>	
Executive body	The Ministry of Innovation, Science, and Research
Representation of interests	Institutional <i>General Students' Committee (Allgemeiner Studierendenausschuss)</i>
Higher education institutions	16 colleges of applied sciences, 14 universities, 8 clerical university, 7 colleges of art and music, 5 universities for administrative sciences, and 4 private universities

Source: the author

Now the focus is turned to the coordination and actors of the NRW HE system. As laid down earlier the federal states are coordinating HEIs with detailed HE policies within the framework set from the federal authority. The Ministry of Innovation, Science, and Research (MIWF) is the main policy actor in NRW, which enacts the HE law including regulations on funding of universities, distribution of competences in educational matters, structure and organisation of universities, personnel management. The MIWF is since July 2010 headed by the Social Democratic Party. The Minister for Innovation, Science, and Research is following the objectives of increasing the excellence of research and teaching, promoting the cooperation and knowledge transfer between science and industry, and improving the technological capacities of NRW. Looking at the internal structure of the ministry it is divided into four departments, which again are split into smaller groups. The 'department universities and planning' is divided into 'Group 21 planning and controlling'. This group is engaged with general policy matters of the HE system in NRW and HE planning. Moreover issues like resource allocation and target and performance agreements fall under their responsibility (Interview 1a, 2011). 'Group 11 finances, personal and organisational development, information management, internal service' from the 'central department' is concerned with budgets of universities, controlling and new forms of new financial management (MIWF, 2011).

The interests of students are represented through institutional 'General Students' Committees', which functions as the executive board and external representation body of students' interests. Every HEI in NRW is having a 'General Students' Committee'.

### 4.1.2 The academic landscape in North Rhine-Westphalia

This section introduces the academic landscape of the Land NRW, which has 17.87 million inhabitants and is the biggest federal state in terms of population in Germany. Traditionally politics in NRW are oriented along the Social Democratic Party, which was governing from 1966 until 2005, and since 2010 with a minority government. With a GDP of 541 billion euro a year, NRW obtains around 21.7% of the total German economic growth and is therefore one of the best business locations in Germany (NRW.INVEST GmbH, 2009, p. 4). Every year about 24% university graduates come from the 54 HEIs in NRW. Since 2002 universities are encouraged to implement three cycle studies complying with the Bologna goals, as the legal framework through an amendment of the Framework Act for Higher Education was created (KMK and the Federal Ministry of Education and Research, 2005, p. 5). In 2009 NRW HEIs provide 80% of all study programmes within the three-cycle structure (MIWF für Innovation, Wissenschaft, Forschung und Technologie des Landes Nordrhein-Westfalen, 2009, p. 2).

The academic landscape further consists of 16 colleges of applied sciences, 14 universities, 8 clerical university, 7 colleges of art and music, 5 universities for administrative sciences, and 4 private universities (MIWF des Landes Nordrhein-Westfalen, 2011). Six out of the twelve biggest universities are located in NRW and the biggest university with around 44.000 students is the University of Cologne. The academic landscape further consists of 50 technology centres and 60 non-university research facilities, which guarantee a dynamic research and development landscape (NRW.INVEST GmbH, 2009, p. 14).

### 4.1.3 Higher education reform in North Rhine-Westphalia

HE in the federal states of Germany is traditionally based on the Humboldtian model, where teaching and research are strongly connected. Consequently Germany's HE governance configuration traditionally can be characterised by a combination of strong state regulation and strong academic self-governance. This configuration was contested in the early 1970s, but basically remained the same, when stakeholders like students and administrative staff acquired decision-making rights in the university (de Boer, Enders, & Schimank, 2007, p. 11). Since the early 1990s the HE systems were subject to reform towards deregulation, performance based funding, internationalisation, and entrepreneurialism.

The HE reform in NRW has been spurred following the HE acts<sup>4</sup> from 2000, 2004, and 2007. The main reform in governance in HE in NRW started in 2000 with the Higher Education Act 2000 (HG), which provides the legal framework for 15 universities and 12 colleges. The HG defines the legal status of universities (§2) and the scope of supervision powers by the state, i.e. the MIWF (§§ 106-108). The HG 2000 aimed at strengthening the governing bodies of HEIs (cf. §§ 13, 20-22, 28, 103) and relieve HEIs from hindering regulations (cf. § 5, 9) (Hopfgarten, 2005, p. 65).

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<sup>4</sup> All translations of the higher education acts are from the author, as the higher education acts were available in the German language.

The Law on the Advancement of Higher Education Reform (HRWG) 2004 was aimed at increasing the autonomy of universities in areas like internal structure and delegation of responsibility (cf. §§ 25a, 47, 64, HRWG, 2004). The HRWG 2004 is further deregulating HE, e.g. HEIs are from 2004 on responsible for the appointment of academic staff, not the MIWF (Hopfgarten, 2005, p. 66). In matters like funding the HRWG introduced steering mechanisms of reporting, controlling, and cost-performance accounting (§ 5).

The Higher Education Freedom Act (HFG) came into force on the 1<sup>st</sup> of January 2007 and has a variety of aims for improving the framework conditions of HEIs. According to the government of NRW (2007), the HFG 2007 aims at leading NRW universities to success in an increased competitive environment in science and research. Further the government of NRW (2007) states that for making universities more competitive and innovative, it is necessary to relieve them from inhibiting regulations and ensure sufficient financial resources (Die Landesregierung Nordrhein-Westfalen, 2007, p. 220). Consequently the guidelines for HFG are freedom of research and teaching combined with competition, more autonomy and responsibility for the HEIs (Die Landesregierung Nordrhein-Westfalen, 2007, p. 220). Concretely this means that HEIs are responsible for matters like finances, personnel and organisational decisions (§2, HFG, 2007) and consequently the position of the ministry changes from the more traditional university administration towards a modern university management (Die Landesregierung Nordrhein-Westfalen, 2007, p. 221). Quality assurance is introduced by the HFG through means of accreditation and evaluation by independent quality assurance agencies (§ 7, HFG, 2007) and internal governing structures of HEIs are changed (cf. §§ 14, 16, 17, 21, 23,27, 28). In contrast to the HG 2000 and HRWG 2004, the Higher Education Freedom Act 2007 is even more deregulating HE, e.g. through changing the legal status of HEIs. New is also that in the HFG 2007 a strong emphasis lies in making the HE sector more competitive.

## **4.2 Governance dimensions: shifts in Funding of universities and the Quality assurance system**

### **4.2.1 Funding of universities in North Rhine-Westphalia**

As the mere presentation of the legal framework (between the years 2000 and 2009) shows, funding of universities in North Rhine Westphalia is continuously changing. These changes may have implications for the HE governance, thus in the following we will discuss the policy changes in funding and interpret how they have affected the governance of HE in NRW in terms of the five governance model dimensions presented in subchapter 2.3 ‘Operationalisation: Steering mechanisms – Funding and quality assurance of higher education institutions’.

The state was the main funding base of HEIs in 2000, which indicates a state regulation approach, exercised by the MIWF (Information und Technik Nordrhein-Westfalen, 2010, p. 28). In 2000 Universities received lump-sum budgets according to the HG 2000. Nevertheless the universities were required to establish cost-benefit analysis, reporting and controlling systems in order to be held accountable towards the MIWF for their financial matters. The situation in 2000 looked as follows: once the HEI received the lump-sum budget, the management body - Rectorate or Presidium played



an important role. According to §103 (HG, 2000) the distribution of the financial resources to the faculties, central scientific institutions, central operating units, and medical facilities is the responsibility of university management. The distribution is done according to the performance of the different units, and the performance principles are developed in consultation with the Senate. The Senate represents the group of professors and university teachers', which in turn means that academics are still slightly influencing the distribution of the budget as well and it can be said that academic self-governance is present. Moreover the Presidium can include a member external to the university, which can be interpreted as stakeholder guidance. On the faculty level the dean is responsible for the further distribution of the budget based on the individual unit performance. Therefore, lump-sum budget can be said to leave room for universities to manoeuvre their financial matters.

In 2000 performance based funding in NRW was usual. The Higher Education Act 2000 in article 5 prescribed performance based public funding. The performance of HEIs was measured along five performance criteria – number of graduates, third-party funds, number of PhD students, number of students of the first four semesters and number of academic personnel (Kischkel, Stich, & Böhm, 2002). The mixture of the criteria depended on the subject group and on the type of HEI (a traditional university or a university of applied sciences).

HEIs in 2000 were bound to so-called 'target agreements' (§ 9, HG, 2000). The agreements were instruments to steer the achievement of university performance targets, which had to be agreed between the HEI and the MIWF. Usual teaching, research, quality promotion, funding, and administrative measures were subject to target agreements. This contract management is on the one hand an indicator for state regulation and on the other hand managerial and academic self-governance, depending on the individual contract made between the two actors (MIWF and HEI).

In the period between 1999 and 2010 the MIWF in NRW concluded various contracts with HEIs. The aim of these contracts was to ensure long-term stability for universities regarding their public budget. In 1999 the MIWF and the HEIs entered into first contract called 'Quality Pact', which was valid until 2006. As noted by one university, the 'Quality Pact' created a reliable financial framework from the state, which should improve the autonomous capacity of universities to act efficiently and give them more room to manoeuvre as a public service provider (RWTH University of Aachen, 2007).

The 'Quality Pact' on the one hand made HEIs an expectation to public savings undertaken by the state. On the other hand, the contract required HEIs to act reliable and responsible regarding the financial resources provided, which has been controlled by steering mechanisms like evaluation and controlling as it is stated in §§ 5, 6 (HG, 2000). The HEIs can compete among each other for additional financial support within the framework of the 'Quality Pact', which means that competition for financial support between the institutions may increase.

A similar contract succeeding the 'Quality Pact', is the 'Future Oriented Pact', which was in force from 2006 until 2010. The 'Future Oriented Pact' states that there will be no cut-backs in the budget

of HEIS, as well as the staffing of HEIs. Moreover the additional money obtained from tuition fees, which were introduced in 2006 following the ‘Act for Securing Financial Fairness in Higher Education’ are seen as additional resources from third-party funds and not included in the state budget (MIWF des Landes Nordrhein-Westfalen, 2011). Since the contracts enable universities for better internal financial planning, they can be seen as strengthening managerial and academic self-governance

In 2006 tuition fees were introduced in NRW through the ‘Act for Securing Financial Fairness in Higher Education’. This is also visible in statistics, as they show a relatively high increase of the difference between public and private funding. The increase of public funding was relatively steady from 2006 (605 mil) until 2008 (797 mil), whereas the total budget received by universities increased more rapidly between 2006 (762 mil) until 2008 (1286 mil) (Information und Technik Nordrhein-Westfalen, 2010, p. 34). This increased competition as universities compete for the students, in order to obtain additional funding through tuition fees. The tuition fees were however abandoned in 2011, due to long and rigorous protest movement from students (MIWF des Landes Nordrhein Westfalens, 2011). During 2006 and 2008 the increased university budgets through tuition fees created more autonomy for universities, since the university management was responsible for the internal financial management, and was not supervised by the ministry. This deregulation decreased state regulation and increased managerial and academic self-governance, as the governing bodies of the Presidium and the Senate receive more responsibility about financial matters.

Although the performance based funding was introduced in 2000 already, it gained more ground in the Higher Education Freedom act of 2007 (§ 5, HFG, 2007). The HFG 2007 states in § 5 that public funding is based on the target and performance agreements. Further the HFG 2007 defines precisely how the financial system HEIs has to look like: HEIs have to establish an integral financial management system, including cost-performance accounting, reporting key performance indicators in order to improve efficiency and to make comparisons between universities possible. As one interviewee put it: ‘since the HFG performance based funding is formal, but in practice it was used already for a long time’. This shows a slow shift in paradigm towards more autonomy of universities and the withdrawal of the state (Interview 1a, 2011).

In the HFG 2007, performance based funding was extended to target and performance agreements, where the university and the ministry in cooperation develop strategic objectives and detailed performance targets in cooperation (§ 6, HFG, 2007). As noted by the government, target and performance agreements are used as an instrument of New Public Management in order to harmonise individual planning of the university with the objectives of the state (Die Landesregierung Nordrhein-Westfalen, 2007, p. 238). It is striking that the legal basis for agreements like the ‘Quality Pact’ and ‘Future Oriented Pact’ (including performance and target agreements) was only created in 2007 with the HFG, however since 1999 the HEIs and the MIWF already established these contracts.

Previously to the HFG 2007 performance based funding was based on capacity indicators of students for example (Hopfgarten, 2005, p. 69). Now the performance of universities is measured based on outcome indicators like third-party funds, number of graduates and promotions, and number of doctoral degrees. In 2009 the output indicators make up 20% of the total budget coming from the state (Information und Technik Nordrhein-Westfalen Geschäftsbereich Statistik, 2010).

The drive towards more transparency, accountability and performance has further intensified during the past three years. The document on 'Performance Related Funding at Universities in NRW 2007-2010' states that performance based funding aims at being more transparent, ensuring fairness in the performance and offers planning security for the universities (MIWF des Landes Nordrhein-Westfalen, 2007, p. 2). One measure was e.g. the simplification of the performance indicators, in 2000 there were five indicators and in contrast only three from 2007 onwards: number of graduates, third-party funds, number of PhD students (MIWF des Landes Nordrhein-Westfalen, 2007, p. 3). This shows a shift towards more competition among universities, as their performance and targets became more comparable.

All in all, in 2000 the funding system in NRW was characterised by lump-sum budgets and the state as main funding base. Public funds were assessed on the performance of higher education institutions and the HEIs entered into contracts with the MIWF in terms of funding.

In the HE laws there were minor changes regarding funding. Through the HE laws of 2004 and 2007 the performance based funding was further developed and 'target and performance agreements' were introduced. The analysis of funding in NRW has shown that managerial and academic self-governance are strengthened through the policy changes, while state regulation was decreasing constantly. Stakeholder guidance was introduced to the area of funding and competition gained more ground in the perspective of competing for additional funds, namely tuition fees. It appears that the transformation of the funding system was a continuous process where the existing framework was developed further into the direction of the market-oriented model.

#### **4.2.2 Quality assurance system in North Rhine-Westphalia**

As previously understood, the quality assurance mechanisms of accreditation and evaluation are distinguished in the analysis, since they differ regarding the governance dimensions.

In contrast to the area of funding, quality assurance mechanisms were subject to change only recently in the Higher Education Freedom Act in 2007. The upcoming part is briefly describing how quality assurance was functioning in NRW before the Higher Education Freedom Act came into being in 2007. Then the transformed system of quality assurance will be described and analysed along the five governance dimensions.

Before 2007 the MIWF conducted accreditation. One of the interviewees calls it a 'regime of state accreditation of study programmes' and an 'insinuation of the past' (Interview 1a, 2011). As stated in the HG 2000 § 108, the MIWF has the responsibility to approve, amend or abolish study programmes, which indicates high state regulation in quality assurance. The process of state accreditation

was entirely centralised and the MIWF accredited study programmes according to framework conditions, which included a set of aspects a study programme of a certain subject. These framework conditions were developed together by officials, scientists and professionals of the subject in question. The advantage of the state accreditation regime was that there was a high degree of standardisation, as all study programmes were approved and amended centrally by the MIWF according to the framework conditions. This standardisation led to high compatibility between the study programmes, which has ended with the rather decentralised accreditation system in 2007 (Interview 1a, 2011).

The HFG 2007 introduced the provision that every study programme has to be accredited before it is taught (§ 7, HFG, 2007). This new provision of the Higher Education Freedom Act (§ 7) titled 'Quality Assurance through Accreditation and Evaluation' replaced the previous accreditation system where the ministry was responsible for approving, changing or abolishing a study programme. The regulation states that all study programmes have to be accredited and reaccredited. Study programmes are not allowed to be taught before the accreditation process is successfully carried out by accreditation agencies (§7, HFG, 2007). Furthermore self-evaluation of the universities' performance according to the targets set, especially in the area of teaching, has to be carried out and the results have to be made public. Based on this evidence we can argue that state regulation in accreditation matters is decreasing in NRW, as the accreditation of study programmes is not in the direct responsibility of the ministry anymore.

Since 2007 the accreditation process of study programmes is made up of several stages and based on the peer review principle. After the HEI initiates the process of accreditation, the accreditation agency deploys an evaluation group consisting of external to university experts in the concerned field, as well as representatives of teaching staff and students internal to the university (Akkreditierungsrat, 2010, pp. 7,9) The composition of the evaluation group indicates stakeholder guidance, as well as academic self-governance. Socio-economic interests associated with the programme or unit to be accredited take part in the work of the evaluation group as well (European University Association, 2003, p. 51).

The accreditation process includes an on-site visit to the university and the results are published as a report, written by the evaluation group. The report serves as a basis for the decision for granting full or conditional accreditation for the relevant study programme, or for rejecting the accreditation. The decision is taken by the responsible accreditation commission from the agency (Accreditation Council, 2011). This accreditation commission consists of experts from universities and colleges, representatives from the professional experience, as well as students, and academic experts from abroad (Agentur für Qualitätssicherung durch Akkreditierung von Studiengängen, 2011). Such composition of the commission shows the presence of stakeholder guidance and academic self-governance.

Approximately every four years the study programme is subject to the process of reaccreditation. The evaluation of the study programmes is carried out in accordance with rules set by the AC and according to national structural specifications regarding the accreditation of bachelor and master pro-

grammes (Kultusministerkonferenz, 2011). Such accreditation rules may indicate, that the state is indirectly controlling accreditation via the guidelines set by the KMK on the one side, because the educational ministers of the federal states are represented through the KMK. However on the other side the AC, which plays a central role in the German accreditation system, has great influence as well. This is because the AC has the task of regulating the German HE accreditation system, by regulating criteria and procedures of accreditation (Akkreditierungsrat, 2009, p.2).

Since we can learn about the governance dimensions and the trends in the quality assurance system in NRW, the upcoming part is a brief excursus about the accreditation of institutional quality assurance system in Germany. With regard to institutional quality assurance system the federal states have a very similar situation, as it is a very recent procedure. Since its introduction in 2007 there is only one HEI, which successfully passed the accreditation of its institutional quality assurance system, the Johannes Gutenberg University Mainz in the federal state Rhineland-Palatinate (Akkreditierungsrat, 2011, p. 1).

Accreditation of institutional quality assurance system results in an accreditation of all study programmes by the HEI itself, which run through the institutional quality assurance system. Examined are relevant structures, mechanisms and procedures for achieving the standards of quality in teaching and study programmes. This process would strengthen managerial self-governance and weaken academic self-governance, as evaluation groups include fewer representatives of academics but more experts in the field of HE steering and institutional quality assurance mechanisms, representative of students with experiences in HE self-government, as well as experts external to the university.

The 'European Standards and Guidelines for Quality Assurance in Higher Education' are used as criteria, next to the criteria developed by the AC and the KMK. This shows a supranational orientation and it can be said that it softens state regulation. However the accreditation of institutional quality assurance system seems to be an obstacle for universities, as it is too bureaucratic and not effectively improving the quality of teaching and study programmes (Nickel & Rischke, 2011, p. 45). Recent discussions including HEIs and policy actors addressed the idea of introducing quality audits in order to accredit institutional quality assurance systems. This is because quality audits aims at improving the self-steering mechanisms of HEIs, not to control if general quality standards are met. The process of quality audit would bring more transparency, combines quality assurance in the areas of study programmes, but apart from that teaching, research activities, administration and university management could be subject to evaluation as well (Nickel & Rischke, 2011, p. 45). One can see that the trend is going towards more managerial self-governance and away from state regulation.

Evaluation of teaching on the contrary is an institutional matter: guidelines for evaluation are set by a HEI (§ 7, HFG, 2007), which shows a great degree of academic and managerial self-governance. However they are obliged by the law to conduct evaluation, which shows that the state is still having a regulatory role. The results of the evaluation need to be made public, which creates some competition among universities, as they become more comparable.

The MIWF can initiate external evaluation of universities as means to compare and to ensure quality of teaching, which is done through Informed Peer Review (§ 7, HFG, 2007). Informend Peer Review

is the external evaluation of the study programmes based on the principle of peer evaluation. Peer evaluation combines self-evaluation reports of the particular unit or programme and external evaluation by academic experts. Again the dimensions of academic can be acknowledged. In the end the evaluation procedure, the evaluation group draws up a public report, including binding recommendations for quality improvement (Nickel & Rischke, 2011, p. 45).

It can be summarised that in 2000 the accreditation system was controlled by the state, whereas with the recently introduced accreditation system in 2007 the power of the state decreased. The accreditation system from 2007 is designed in a decentralised manner with various accreditation agencies and the AC as an overseeing institution. The accreditation system of 2007 leads to an increase in managerial and academic self-governance as well as stakeholder-guidance. Also competition between HEIs gained more ground within the quality assurance system of 2007.

In terms of shifts in governance it can be concluded that the trend goes away from the state control model. Elements of the market-oriented model, like managerial self-governance, stakeholder-guidance, and competition, became predominant. The power of the academics rather stayed the same, even though the involvement of academics changed. Before the accreditation system in 2007, academics were involved in the development of framework conditions, which guided the MIWF through the accreditation process of a study programme. Since 2007 academic experts are participating in the evaluation groups of the accreditation agencies.

## **5. Governance modes in Higher Education in Lithuania**

Chapter 5 presents the analysis of the Lithuanian case and is divided into two chapters. Part 5.1 introduces the reader to the higher education (HE) system with its regulatory framework and actors (section 5.1.1). Second, the section 5.1.2 is focussed on the academic landscape of Lithuania and shows the facts and figures about the HE system. Third, the context of HE reform in Lithuania is outlined (section 5.1.3). Part 5.2 explores the shifts in funding of universities (section 5.2.1) and quality assurance (section 5.2.2) with the help of five governance dimensions namely: state regulation, academic self-governance, competition, managerial self-governance, and stakeholder guidance.

### **5.1 The Lithuanian Higher Education system**

#### **5.1.1 The regulatory framework and the main actors in the Higher Education system**

The HE system of the Republic of Lithuania is structured centrally and coordinated by the main actor being the State. The state is represented by the President, the Government, the Parliament (called Seimas), and the Ministry of Education and Science in Lithuania (MoES). On the one hand governance powers of HE are in the hands of HE self-governance bodies and on the other hand the government is regulating HE by means of laws, decrees and resolutions, or long-term state education programs. Moreover the government is coordinating activities of the MoES, other ministries and government institutions in education matters (Daniunas & Radzeviciene, 2009, p. 4).

The MoES is controlling general education as well as HE and it is responsible for shaping and implementing HE policies. Many of the tasks are carried out by the Department of Science and Higher Education, an entity within the MoES, as it is in charge of the policy implementation in the fields of HE and research (Mockiene, 2004, p. 302). The MoES is responsible for a broad range of planning, quality assurance, and regulatory tasks. Concretely its functions are to develop and implement state education policy and develop strategic education plans and annual education action programs. Furthermore the MoES is engaged in submitting proposals and draft resolutions to the government, which concern laws or other legislative acts regarding educational matters (Leišyte, 2002, p. 72; Daniunas & Radzeviciene, 2009, p. 5).

The Seimas is accountable to establish a legal framework for HE, to determine strategic educational development directions, and to allocate financial resources to the various education sectors. Furthermore it establishes state universities, adopts their statutes and its amendments or supplements (Leišyte, 2002, pp. 13, 72). The HE system is regulated by the Law on Higher Education and Research from 2009 and various by-laws and regulations from the ministry level (Interview 2b, 2011).

Besides the traditional policy actors there are interest groups, which are directly or indirectly influencing HE policy other ministries are outlined in the upcoming paragraph (see Table 3 below for a brief outline of the actors). The Research Council (also known as Science Council) of Lithuania is an expert institution, advising the Seimas and the government for matters like research and development policy. It is comprised of representative of business and industry, the scientific community and of governmental research and development institutions (CHEPS, 2010, p. 389). The Research Council is bound to the regulations adopted by the Parliament. Its main aim is to contribute efficiently to developments of national economy, international co-operation, HE, and social development (Daniunas & Radzeviciene, 2009, p. 5).

The expert institution the Higher Education Council, is an advisory body for the MoES regarding strategic issues of HE development (§ 12, LHER, 2009). The Rectors' Conference of Lithuanian Universities represents a union of rectors from all higher education institutions (HEIs), being an independent collegial body that coordinates the relationship of universities, as does the Directors' Conference of Lithuanian Colleges (CHEPS, 2010, p. 389).

Similar structures and tasks has the Lithuanian National Union of Students established in 1991, which 'is the highest, independent, non-governmental, democratic, national student organisation that unites student self-governing bodies of Lithuania HEIs and represents and defends the interests and rights of students' (Lithuanian National Union of Students, 2011).

According to the Law on Higher Education for Lithuania (LHE) from 2000 the Research Council, the Rectors' and Directors' Conference and the Student Union are institutions that shall coordinate interrelations between HE establishment and relation with the public authorities and municipal institutions (§19). The Student Union plays a significant role in HE reform, since they discuss not

only national policies, but also invite international colleagues to discuss developments in the field of HE (Mockiene, 2004, p. 303). In terms of quality assurance, student representatives take actively part in the 'Forum for Quality in Higher Education', which was established in 2007. Students are members in the Council of the Forum and participated in discussions regarding the Lithuanian HE reform in 2009 (National Bologna Follow-up Group Lithuania, 2009, p. 4).

The budgetary agency, the Centre for Quality Assessment in Higher Education in Lithuania (Centre) is an independent public agency founded by the MoES in 1995 and implements external quality assurance policy in research and HE through assessment and accreditation of institutions and study programmes (Centre for Quality Assessment in Higher Education, 2011). Furthermore the Centre advises HEIs regarding self-assessment and assesses the capacities of the public or private bodies in case of establishment of a new HEI (Daniunas & Radzeviciene, 2009, p. 5).

**Table 4: Overview of policy actors in Lithuanian higher education system**

Function	Institution
Executive bodies	Government
	Parliament (Seimas)
	Ministry of Education and Science
Advisory body	Research Council of Lithuania (advising Seimas and Government)
	Higher Education Council (advising the MoES)
Representation of interests	Lithuanian Student Union
	The Rectors' Conference of Lithuanian Universities
	The Directors' Conference of Lithuanian Research Institutes
	The Directors' Conference of Lithuanian Colleges
Relevant actors in the accreditation system	Centre for Quality Assessment in Higher Education
	National and international evaluation agencies
HEIs	23 colleges and 22 universities

Source: the author

### 5.1.2 The academic landscape in Lithuania

Lithuania with around 3.5 million inhabitants is one of the smallest European countries. Lithuania's HE system is of binary structure, combining universities and colleges. Within the binary HE structure there are 23 colleges (of which 10 are private) and 22 universities (of which 8 are private) in the year of 2010. Only in 1998, private HEIs were allowed to be established, which was reflected in a rapid growth of private HEI after 1998 (Leišyte & Dobbins, 2011, p. 18). In 2009 200.000 students were enrolled in all HEIs. Lithuanian universities offer three cycles studies complying with the Bologna goals. With the LHE the three cycles as well as the binary system of HE system were introduced and fully implemented in 2000 (National Bologna Follow-up Group Lithuania, 2005, p. 4).



Looking into the statistics one can see a rapid increase in the number of institutions against the year 2000. There were 7 colleges and 16 universities, and only one private university in 2000 (Statistics Lithuania, 2011). Parallel, also the number of students increased rapidly with 115.178 students in 2000 the HEIs in 2010 counted around 184.143. Temporary there were even more than 200.000 students enrolled in the academic year of 2008/2009: 207.805 students (Statistics Lithuania, 2011). Before 1995, public university funding was not dependent on the number of students, but as the students numbers started to increase rapidly the state financing per person decreased. Since 1991, Lithuanian students have to pay for their studies themselves and the share of students who are covering their study costs themselves is rising (Viliūnas, 2007, p. 7).

Besides the universities and colleges the academic landscape is made up by 11 state research institutes, 5 integrated science, study and business centres, with approximately 13.800 researchers, where around 10.7% active in business and industry. There are around 6.400 PhDs in Lithuania and every year 300-400 students obtain a doctoral degree. The government invests approximately 0.8 % of the GDP in HE (Ministry of Education and Science, 2011).

### **5.1.3 Higher education reform in Lithuania**

Lithuania's HE system is strongly coined by the transition process from Soviet legacy to a democratic state. Changing demands have challenged the HE governance of the newly independent country, which is seeking membership in supra-national organisations, such as the EU (Leišyte, 2002, pp. 1, 19).

During the Soviet period (1940-1990) HE governance was characterised by a unitary and comprehensive educational system, with a high degree of centralisation concerning funding, personnel governance and decision-making powers. The central actor was the Ministry of Education, which coordinated and controlled the HE system from Moscow (Leišyte, 2002, p. 65). During this period HE governance followed the pattern of state control model, as the decision-making was 'top-down' and coordination was centralised (Leišyte & Dobbins, 2011, p. 18).

Post-Soviet Lithuania is characterised by a balance between academic elite coordination and sporadic state interference. The HE system in the 1990s can be said to have a dual centralised system with the separation of science and studies on the one hand, and without academic freedom and thinking on the other hand according to Leišyte (2002, p. 67). HE reforms started after the collapse of the Soviet union with the Law on Science and Studies in 1991, followed by the LHE in 2000, and the most recent Law on Higher Education and Research for Lithuania (LHER) in 2009.

During the 1990s HE reforms were marked by a reform of study programmes and more autonomy for HEIs. The accession process to the EU and the Bologna Process were driving political reforms in HE, which resulted in the LHE in 2000 focussing on changes in governance structures (CHEPS, 2010, p. 389).

The Law on Higher Education functions as the legal basis for all public and private HE establishments, those being universities or colleges. Since it came into force, the Law on Higher Education 2000 has been amended six times (CHEPS, 2010, p. 389). The LHE aims at deregulating HE and strengthening the autonomy of HEIs (cf. §§ 5, 9, LHE, 2000; Kiziene & Leisyte, 2006, p. 9). Further it limits the supervision powers of the MoES (cf. §§ 14, 20, 23, 26, 36, 54). Additionally it defines the internal governing structures of HEIs (cf. §§ 21, 22, 24, 25), how HEIs are funded (cf. §§ 54, 56, 57, 59) and how quality assurance is structured (cf. §§ 16, 44).

The Law on Higher Education and Research, which came into force in April 2009 comprises significant changes aiming at more deregulation and limiting the state control in HE in Lithuania. This regards a variety of areas: changes in the internal governing structures of HEIs (cf. §§ 20, 21) or the restructured funding system (cf. §§ 70), as well as quality assurance (cf. §§ 12, 17, 40-43).

## **5.2 Governance dimensions: shifts in Funding of universities and the Quality assurance system**

### **5.2.1 Funding of universities in Lithuania**

As the reform context has shown, the law from 2000 and 2009 revealed changes with respect to the funding of Lithuanian HEIs. One can anticipate that these policy changes have consequences for HE governance, which are therefore discussed in the following section. For this purpose the policy changes are interpreted and it is investigated how they have influenced HE governance in Lithuania with regard to the five governance dimensions outlined in section 2.3 ‘Operationalisation: Steering mechanisms – Funding and quality assurance of higher education institutions’.

In 2000 the main funding base for Lithuanian HEIs is the state, which indicates that *state regulation* is exercised. The Seimas is allocating the state budgetary funds with a reference to the draft prepared by the MoES to the HEI through itemised budgets, which leaves limited room for the HEI to allocate the budget internally. The budget is divided into a general amount and extraordinary expenses (§ 54, LHE, 2000). In 2000 next to state funding, private resources make up to 30% of the money earned by the HEIs. Around 57% of the private income in turn is earned from tuition fees, which are set by the HEIs (§ 59, LHE, 2000).

The state budgetary funds are appropriated according to the assessment results of the outcomes of activities of the institution (§ 54, LHE, 2000), which can lead to competition between HEI in receiving better assessment results in order to be more competitive for state budgetary funds. In 2000, around 12% to 20% of the Lithuanian public budget is appropriated according to the performance of the university (Eurydice, 2008, p. 56). Performance criteria are indicators used in the framework of the evaluation of the research productivity of an HEI. These criteria, also called output factors, are amongst others: the number of articles in international publications, the number of scientific titles conferred, participation in international scientific research projects and programmes, contracts for research, commissions from industrial entities (Eurydice, 2008, p. 135), whereas input criteria make

up the rest of the public budget of universities. These input criteria are the 'number of state-funded study places available at an institution and estimated costs by field of study, study 'cycle' and modes of study, number of PhD students' (Eurydice, 2008, p. 135). Through performance based funding competition has gained some ground, however it is rather limited, because the performance of an HEI only is considered to a minor amount of 12% to 20%.

Whereas in 2000 the state budget was still itemised, in 2009 funding is based on lump-sum budgets and therefore managerial and academic self-governance are increased (Leišyte & Dobbins, 2011, p. 3).

However through the LHER in 2009 the limitations on competition between HEIs were loosened through a stronger mixture of input and output criteria in the funding formula (Leišyte & Dobbins, 2011, p. 22). As the proportion in 2009 was 70/30 and 60/40 in 2010, it was aimed at a 50/50 distribution in 2011 (Ministry of Education and Science, 2011, p. 11). Especially with regard to research funds competition has been increased in 2009, as the Research Council of Lithuania is allocating the public funds based on the performance of institutions, which encourages institutions to be more competitive (§13, LHER, 2009; CHEPS, 2010, p. 391).

Before the LHER 2009 HEIs were not allowed to carry forward unspent public funding, these had to be returned to the public authorities. With the LHER 2009 HEIs gained a new legal status, universities and colleges will become public entities, which gives them more freedom for decision-making and the right to manage property entrusted by the state. With the new legal status there are more incentives for HEIs to be competitive (Ministry of Education and Science, 2011, p. 9).

The internal structure of universities has changed with the LHER 2009. The University Council became the sole governing body, managing the institution, also regarding financial matters. This increased academic self-governance as well as stakeholder guidance, because the members of the University Council are coming from the academic group, students and from outside of the institution.

One can see a trend in 2009 towards increasingly managerial and academic self-governance, as the main funding base becomes more diversified. In 2009, HEIs earned the biggest share of its funding still from the state, but the private share was increasing, including tuition fees, European and national research grants, private entities (Leišyte & Dobbins, 2011, p. 23). This means the HEIs can dispose the private funds without restrictions from the government, as these are discretionary funds, which thus increased managerial and academic self-governance.

The gap between increased student numbers and decreased funding has widened in the past years. In 2007 for example around 37% of HE funding came from student contribution via tuition fees and 63% came from government budgetary funds (Viliūnas, 2007, p. 9). The HE reform of 2009 was working against this trend and in 2009 more than half of first-year students studied free of charge, which is twice as many as in 2008 (Ministry of Education and Science of the Republic of Lithuania, 2010, p. 15).

Significantly restructured in the law is the chapter on 'funding of higher education and research' with far-reaching consequences for universities and students. Article 70 regulates the state-funded student places for 'good students' (also called student voucher system). New is that the student is taking the money to the institution it chooses as formulated in article 70: 'state-funded student places [...] shall be allocated to higher education institutions in accordance with the choice between higher education institutions made by enrolling persons' (LHER, 2009). Hence, the funding is tied to the student, and not as before distributed to institutions according to preset number of new students (Ministry of Education and Science, 2011).

With the LHER 2009 the student voucher system was implemented, which promotes competition between universities. A student voucher can be considered as the sum of public funds allocated for a student that is transferred to the HEI chosen by the student (Viliūnas, 2007, p. 16). The best students in terms of the results of matura examinations, who completed their secondary education have priority to state-funded student places in a consecutive order (§ 70, LHER, 2009). Before the introduction of the student voucher system, competition was mainly between medium performing universities, private universities and colleges. Well-established leading universities, such as Vilnius University, did not really take part in competition, due to the prestige and popularity of its programmes. As one interviewee says the aim of the student vouchers is to 'increase competition between universities and to give more power to the students' (Interview 1b, 2011).

All in all, in 2000 Lithuanian funding of HEIs was characterised by line item budgets, with a great share of public funding. Public budgets were appropriated according to the performance of HEIs and assessment results of outcomes of universities. In 2009 lump-sum budgets were introduced with a stronger mixture of output-based funding, which increased competition. The LHER 2009 introduced more elements of competition, e.g. the student voucher system and HEIs as budgetary entities. Stakeholder guidance, academic and managerial self-governance were strengthened through the changed internal governance structure of universities and through more diversified funding. It seems that there is a strong trend towards the market-oriented model, with clear elements of managerial self-governance, stakeholder guidance, and especially competition.

### **5.2.2 Quality assurance system in Lithuania**

Traditionally quality assurance in Lithuania is organised by the Centre and the MoES. The Centre was established by the MoES in 1995 through the MoES and prepared its first programme evaluation for the purpose of accreditation in 1999 (Mockiene, 2004, p. 303). In 2002 accreditation of study programmes became formal through a Ministerial order and the rules for evaluation procedures were prescribed in a ministerial decree titled 'Rules of assessment for institutions of research and higher education' (Mockiene, 2004, p. 303).

The quality assurance from 2000 onwards was based on the Law on Higher Education 2000, which defines in Article 19 that the Centre should be an expert institution of the ministry dealing with issues of evaluation of HE establishments. The Centre should periodically assess the quality of study pro-

grammes in a manner prescribed by the government (§ 44, LHE, 2000). This shows a degree of state regulation, as the institutions are not free to choose whether to accredit a study programme or not.

Further every four years after the beginning of the HE establishment activity, the Centre should carry out an assessment of HE establishment's activities and the minister issues an authorisation to a HEI, when the activities are evaluated positively (§ 16, LHE, 2000). If the evaluation is negative, the ministers may propose a period to fix the shortcomings.

As the Centre was the only institution that conducted external assessment of study programmes it was given a formal monopoly by the LHE 2000 (Interview 2b, 2011). After an HEI applied for accreditation, the Centre employed an evaluation group, which carried out the evaluation of the institution. Evaluation groups were composed by members from the group of academics, students, and representatives from the labour market, which shows a degree of stakeholder guidance and academic self-governance. Experts could be nominated by the Centre, by themselves and by HEIs, but the final choice of the composition of an evaluation group rested within the Centre (Interview 2b, 2011). Since 2002 the Centre employed mixed evaluation groups including academic experts from abroad, which indicates an increase in academic self-governance. The process of evaluating study programmes included the preparation of a self-assessment report by the relevant HEI, the writing of the evaluation report by the evaluation group and the presentation of the results to the MoES by the Expert Council of the Centre.

The MoES took the final accreditation decision and also decided the time period for reaccreditation according to the evaluation results of the Centre (§ 16, LHE, 2000). Such an evaluation procedure in 2000 indicates state regulation exercised by the ministry. Further, the state at that time is indirectly exercising state regulation through the Centre since the ministry is the founder of the Centre and was directly involved in the establishment of the Centre.

Over the past years, a shift has been observed from accreditation of study programmes only towards a more holistic evaluation of quality assurance systems in the HEIs, which also incorporate accreditation of the study programmes. The evaluation of institutional quality assurance systems became mandatory with the LHER in 2009, which is determined in §41. Lithuanian colleges have more developed and matured institutional quality assurance systems than Lithuanian universities since they were 'obliged' to be accredited as institutions in order to be established as colleges during the restructuring process around 2000 (many of them were transformed from vocational education institutions into colleges) (Interview 2b, 2011). Since the LHER 2009, universities and colleges have been following the new regulation by establishing quality assurance offices and in some cases, internal quality systems. While universities seemed to have more fragmented approach, implementing various elements of quality-assurance tools, colleges tended to implement complete internal quality systems. This shows that university management is taking initiatives in some cases to showcase their institutions and improve their institutional quality assurance processes (Leisyte, Navickiene, Zelvys, & Zenkiene, 2009, p. 10).

The accreditation procedures of study programmes in the LHER in 2009 brought various changes. First, procedures of quality assurance are defined in more detail in the law, so the state exercises more regulatory power through detailed regulations. The formal monopoly of external evaluation of the Centre is abolished, as other agencies are now also allowed to carry out evaluation of study programmes. Accreditation of study programmes and evaluation of activities of HEIs have to be conducted at least once in a six years (§§ 42, 43 LHER, 2009).

There is a shift in the powers of taking the accreditation decision, as this lies now within the responsibility of an 'authorised accreditation body' and not the MoES, which shows a decrease in state regulation (Ministry of Education and Science in Lithuania, 2009, p. 2). These 'authorised accreditation bodies' are agencies which are registered in the 'European Network for Quality Assurance in Higher Education' (European Network for Quality Assurance for Higher Education, 2011).

HEIs are from 2009 on required to make their evaluation results public, which creates more competition between the institutions (§ 40, LHER, 2009). The internal organisation of the Centre is restructured by the LHER, which increases stakeholder guidance as the composition of the Expert Council had changed. From 2009 onwards, not only members from the Centre can be represented but also members from HEI and student organisations (§ 17, LHER, 2009).

The law of 2009 also stipulates that the Centre itself has to be evaluated externally every 5 years (§ 17, LHER, 2009), which could indicate a slight increase in stakeholder guidance, as the central institution of the quality assurance system is evaluated externally. The external evaluation of the Centre can be conducted by a national or international agency – which is increasing its visibility and legitimacy in the European Higher Education Area.

Summing up, the accreditation system in 2000 was dominated by the Centre and the MoES. The Centre had a formal monopoly regarding the evaluation of study programmes and the MoES was the only institution taking the accreditation decisions. The Centre worked on the basis of peer review already in 2000, including stakeholders and academic experts in evaluation teams. The accreditation system implemented through the LHER 2009 diversified evaluation of study programmes, as from then onwards also other authorised agencies can conduct evaluation. Moreover the decision-making of accreditation became decentralised as from 2009 onwards decisions on accreditation can be taken by any authorised agencies. Further the implementation of institutional quality assurance systems became mandatory with the LHER 2009.

In terms of shifts in governance it can be concluded that state regulation is decreasing and the accreditation system becomes more diversified and decentralised. Features of the market-oriented model could be identified, like increasingly stakeholder guidance, managerial self-governance and competition. Through external evaluation academic self-governance is represented as well.

## **6. Comparison of governance changes of Lithuanian and North Rhine-Westphalian Higher Education**

The following chapter compares the policy changes, which took place in the areas of funding and quality assurance mechanisms in the case of North Rhine-Westphalian (NRW) and Lithuanian higher education (HE) since 2000. Since the governance dimensions are very soft, it is not possible to weight out changes that took place against each other. The analysis however could identify trends in the governance of HE, which will be presented in the following along the two governance mechanisms of funding (part 6.1) and quality assurance (part 6.2).

### **6.1 Funding of universities**

Starting with NRW, especially in the area of funding managerial and academic self-governance was strengthened by the HFG in 2007, and state regulation was softened. One can say that the state is more steering from a distance, leaving the universities more freedom in allocating their budget, personnel matters and internal organisation. However the universities are committed towards the state with means of contracts, where the performance and output factors are defined. In how far these contracts are obeyed or whether sanctions exist in case that the universities did not perform sufficient, does not become clear. Stakeholder guidance is also fairly new in the HE system and can be seen in the changes of internal organisation of universities. External persons of the university can be a member of the Presidium and actively influencing the governing of a university.

In Lithuania it appeared that the Law on Higher Education and Research increased especially competition to great degree in 2009. Both higher education institution (HEI) funding and research funding is distributed according to the performance of the institution and therefore encourages competition between the institutions. Conversely Lithuanian HEIs are not bound to performance contracts and therefore state regulation is rather low. The state role is also decreasing as budgets become more diversified and external stakeholders like students gain more say, as they decide where the funding goes while choosing an HEI (student voucher system). Managerial and academic self-governance are further increased due to the lump-sum budgeting and discretionary budgets, as university governing bodies have more room to manoeuvre the allocation of funds internally.

In NRW the main funding base is still the government, so the HEIs have not so much room to manoeuvre concerning private and discretionary funds. Thus, managerial and academic self-governance can be seen stronger in Lithuania when looking at the funding base of HEIs.

Reorganisation of the governing structures in Lithuania's HEIs also leads to an increase in stakeholder guidance as external members gain more power in decision-making bodies.

### **6.2 Quality assurance**

Concerning quality assurance in NRW one can say that there was a great change, as the accreditation system is recently introduced and replaced the approval and evaluation of the state, namely the Ministry of Innovation, Science, and Research (MIWF). All governance dimensions increased with the

accreditation system introduced, apart from state regulation, which can be said as changing from state regulation towards a state regulatory role. This is because the state is not directly involved in the accreditation process, but setting the broad framework and through the Standing Conference of Ministers of Education and Cultural Affairs having influence on the guidelines and criteria according to which accreditation is conducted. According to one interviewee the ministry in NRW sees its responsibility in the way that quality assurance is a necessity, which has to be guaranteed by the ministry. Implementing and conducting quality assurance lies nevertheless not within the responsibility of the ministry (Interview, 1a, 2011). Moreover the interviewee evaluates the German accreditation system, with the Accreditation Council (AC) as a supervision body and the accreditation agencies as the executive institutions, as 'well-functioning'. It can be said that state regulation is minimised here and stakeholder guidance is of great importance, represented through the different actors in the accreditation system.

In Lithuania on the one hand state regulation in quality assurance is diminished as the accreditation decision lies now within the scope of the Centre for Quality Assessment in Higher Education in Lithuania (Centre), but on the other hand accreditation is still centralised and controlled by one institution. The state is moreover having an influence on quality assurance, as it set up a detailed legal framework and through its close relationship with the Centre. Likewise as in funding there is a trend towards more stakeholder guidance in the quality assurance system as more external members are allowed in the Centre.

As well as in Lithuania the first accreditation agency in NRW (AQAS) was founded and financed by the MIWF. What differs however is that the relationship between the agency and the MIWF is completely cut (Interview 1a, 2011). The MIWF in NRW has no influence on the agency and its functioning, whereas in Lithuania there is a formal relationship between the Centre and the Ministry of Education and Science in Lithuania (MoES) regulated by the law (cf. § 17, LHER, 2009). Hence, state regulation in the perspective is lower than in Lithuania.

Coming to institutional quality assurance system the difference between the two cases is that in NRW institutional quality assurance systems are voluntarily, whereas it is mandatory for HEIs in Lithuania. The regulatory framework provided by the state is more detailed in Lithuania than in NRW, which shows that the state in NRW plays a lower regulatory role than in Lithuania. One has to mention here that in NRW the trend towards institutional quality assurance systems is very new. According to one interviewee universities are not in favour of study programme accreditation, as the accreditation procedure of agencies is much stricter and more HEIs have to pay for it. Accreditation conducted by the ministry left more room and freedom to the universities regarding the content and structure of study programmes. Only recently the idea of institutional quality assurance systems was introduced, to make the process easier for the universities (Interview, 1a, 2011). Accreditation system in NRW is in its early stages of development (Interview, 1a, 2011), whereas the Lithuanian accreditation system has a longer tradition, is more steered by the state and is overall more mature. Therefore one can assume that when the system of institutional quality assurance systems is more developed in NRW as well, it will maybe also be included in the law, at it is the case in Lithuania.



In general it became visible that the HE law of Lithuania is much more detailed than the legal framework from NRW. In NRW framework conditions are determined in the law, but there it leaves much room for the university regulations and statutes. This brings us to the conclusion that managerial and academic self-governance are stronger developed in NRW than in Lithuania in this perspective.

## 7. Conclusion and discussion

### 7.1 Putting findings into perspective: Change in governance models in the two systems – convergence or divergence?

The aim of this chapter is to answer the research and sub-questions, which were posted in the beginning. Based on the literature and document analysis we can conclude that both cases North Rhine-Westphalia (NRW) and Lithuania – can be characterised in terms of the state control model regarding the steering mechanisms of funding and quality assurance in 2000. The analysis identified a shift towards the market-oriented model in both cases, because elements like managerial self-governance, stakeholder guidance and competition became more dominant.

**Table 5: Shifts in higher education governance in NRW, 2000-2009**

	Funding 2000 → 2009	Quality assurance 2000 → 2009
State regulation	++ → + (SM→ AM/MM)	+++ → + (SM→ AM/MM)
Academic self-governance	++ → ++ (SM/AM→AM)	+ → + (SM→SM)
Managerial self-governance	+ → ++ (SM→MM)	-- → + (AM→MM)
Stakeholder guidance	-- → + (SM→MM)	--- → ++ (SM/AM→MM)
Competition	--- → + (SM→MM)	--- → + (SM/AM→MM)

SM: state regulation model; AM: academic self-rule model; MM: market-oriented model

Source: the author

#### **SQ1: What changes took place in higher education governance in North Rhine-Westphalia between 2000 and 2009?**

Starting with sub-question one, we have to recall the results of chapter four. The higher education (HE) governance of NRW in 2000 can be characterised by the state control model, with minor elements of the market-oriented model. Regarding the steering mechanism of funding we learned that the dimension of state regulation was rather high (++), as well as managerial (+) and academic self-governance (+). Stakeholder guidance (--) and competition (---) at that time were rather low. In terms of quality assurance it was quite the same: state regulation was high (+++), managerial self-governance (--), stakeholder guidance (---) and competition (---) were rather low (see Table 5). This was because the Ministry of Innovation, Science, and Research (MIWF) in NRW has been the central actor in the quality assurance system, accrediting the study programmes.

Concerning the funding of universities in NRW in 2009 the analysis has shown that stakeholder guidance (+), managerial and academic self-governance (++) are strengthened through the policy changes,

while state regulation (+) was decreasing constantly (see Table 5), because ‘target and performance agreements’ were introduced and performance based funding was further developed. With regard to quality assurance state regulation (+) decreased considerably, whereas managerial self-governance (+), stakeholder guidance (++) and competition (+) increased, since a new accreditation system was established and designed in a decentralised manner with a various accreditation agencies and the Accreditation Council (AC) as an overseeing institution.

**Table 6: Shifts in higher education governance in Lithuania, 2000-2009**

	Funding 2000 → 2009	Quality assurance 2000 → 2009
State regulation	++ → - (SM→ AM/MM)	++ → + (SM→ AM/MM)
Academic self-governance	+ → ++ (SM/AM→AM)	+ → + (SM→SM)
Managerial self-governance	+ → +++ (SM→MM)	+ → + (SM→SM)
Stakeholder guidance	- → + (SM→MM)	+ → ++ (SM/AM→MM)
Competition	-- → +++ (SM→MM)	-- → + (SM/AM→MM)

SM: state control model; AM: academic self-rule model; MM: market-oriented model

Source: the author

### **SQ2: What changes took place in higher education governance in Lithuania between 2000 and 2009?**

In order to answer sub-question two, we have to recall the outcomes of chapter five. Lithuanian HE governance in 2000 can be framed in terms of the state control model, including some feature of the market-oriented model. Coming to the steering mechanism of funding the analysis showed that state regulation (++) , academic and managerial self-governance (+) were rather high, since the state had a great share of public funding with the approach of line item budgets. Since the accreditation system of Lithuanian HE in 2000 was dominated by one accreditation agency and the Ministry of Education and Science in Lithuania (MoES) and can see that state regulation (++) is relatively high and competition (--) rather low (see Table 5) in terms of quality assurance. The external evaluation of study programmes was based on peer review, which explains somewhat high stakeholder guidance (+) and academic self-governance (+).

Lithuanian HE funding in 2009 changed towards more academic self-governance (++) , managerial self-governance (+++), stakeholder guidance (+) and competition (+++). This is because the funding of universities became more diversified. A student voucher system was introduced, the legal status of universities changed into budgetary entities, and internal governance structures of higher education institutions (HEIs) were changed. In turn state-regulation (-) was softened, because public funding was based on lump-sum budgets, based with a stronger focus on output based funding. Quality assurance in 2009 became more diversified, as every authorised accreditation agency can conduct external evaluation. State regulation (+) decreased, as the agency conducting the evaluation is from 2009 onwards also taking the accreditation decision. Academic and managerial self-governance (+) are relatively the same in 2009 then before, but stakeholder guidance (++) has increased through the restructuring of the Centre for Quality Assessment in Higher Education in Lithuania (Centre). Com-

petition (+) between the universities has increased as well, since the results of assessment have to be made public.

**SQ3: How do the two cases compare with each other in terms of higher education models?**

**SQ4: Are the shifts in governance of higher education converging or diverging?**

To answer sub-question three and four the findings of chapter six are recalled in the upcoming paragraph.

In both cases, NRW and Lithuania, HE governance in 2000 was basically characterised by the state control model, with few elements of the market-oriented model.

In terms of funding NRW developed performance based funding further until 2009, and in Lithuania introduced more incentives for competition between the universities. In 2009 the main funding base in NRW was still the state, whereas the funding base in Lithuania became more diversified. Looking at quality assurance both in NRW and in Lithuania the accreditation decision rested within the scope of the ministry, however in Lithuania an independent agency was conducting external evaluation of study programmes already in 2000. NRW introduced external evaluation and accreditation by independent agencies in 2007. Also Lithuania's quality assurance system changed in 2009, as the external evaluation can be conducted by every authorised agency, which is also taking the accreditation decision.

In other words the NRW HE system previously was centralised with the ministry as controlling institution, whereas now other actors gain more weight and the powers are more decentralised, for example in quality assurance system between the AC, the agencies, and KMK or in funding the internal governing bodies of the university share the power to allocate the budget.

Lithuanian policy changes in funding and quality assurance in 2009 have shown a trend towards softening state control on the one hand and on the other hand strengthening competition, stakeholder guidance, and managerial self-governance. The state can be regarded as taking the position of guiding HE through the legal acts, but leaving more room for the HEI to regulate funding and academic matters on their own. Especially striking is the promotion of competition, which hints at more market-wise structures in the HE system, thus towards the market-oriented model.

Due to these developments it can be said that in both cases, HE governance has moved towards the market-oriented model in 2009, thus the cases are converging.

**RQ: How did governance modes in the higher education systems of the German federal state North Rhine-Westphalia and Lithuania change since 2000 regarding the steering mechanisms of funding and quality assurance?**

After we answered the sub-questions we are now turning to the main research question of this study. In both cases the HE governance regimes in 2000 can be described as the state control model, whereas there is a strong trend in 2009 towards the market-oriented model, and some indicators for the academic self-rule model. Since there are still elements from the state control model present in both cases in 2009, we interpret the current HE governance of Lithuania and NRW as state guidance,

rather than state control. This is because the state is controlling funding and quality assurance less in 2009 than in 2000.

Concluding, one can say that especially regarding funding in 2009, there is a shift towards the market-oriented model in both cases, which is especially strong regarding the governance model dimension of competition in Lithuania. In both cases state regulation decreased and either the academics gained more power and/or the university management (see Table 5). In the sphere of quality assurance especially in NRW there is a clear trend away from the state control model, as there was a great decrease on the dimension of state regulation. However it is not clear whether HE governance in NRW moves more in the direction of the academic self-rule model or the market-oriented model, as the dimensions do not give a clear indication on that. In Lithuanian quality assurance there is quite the same picture – a shift away from state regulation, yet the state has still greater influence on quality assurance mechanisms than it is the case in NRW. One could assume here that there is a greater shift towards the market-oriented model than towards the academic self-rule model, as there are a variety of stakeholders represented in the quality assurance system through the Centre.

The results of other studies reveal similar findings. It is argued there is a trend towards the market-oriented model in member states of the EU (amongst others cf. Leisyte & Kizniene, 2006; de Boer, Enders, and Schimank, 2007; Dobbins, Knill, and Vögtle, 2011; Ferlie, Musselin, and Andres, 2008). Most of the studies argue in the discourse of New Public Management, which reflects a governance configuration with on the one hand marginal state regulation and academic self-governance. On the other hand the dimensions of competition, managerial self-governance and stakeholder guidance are rather high (de Boer, Enders, & Schimank, 2007, p. 4).

From a theoretical point of view the following phenomenons may give an explanation why the higher education models in the case of NRW and Lithuania are converging. The Europeanisation on HE governance, specifically the Bologna process has substantially contributed to the changes in both HE systems. In NRW and in Lithuania elements of the Bologna objectives were implemented and lines of convergence in terms of marketisation of HE could be identified. Even though the Bologna Process is not aiming at influencing the national institutional settings for HE, it indirectly spurred HE reforms towards converging lines.

In terms of the pace of change we can say, that in NRW change is a more incremental process, whereas Lithuania is adapting new elements relatively fast. Accreditation of study programmes based on the Bologna objectives was established in Lithuania long time before it was established in NRW. Moreover it seems that NRW is slowly introducing new aspects of the market-oriented model and developing them further with every HE reform, whereas Lithuania is taking bigger steps in HE reforms towards a more market-oriented HE model. Institutional quality assurance systems (another aspect of the Bologna objectives) is also much more mature in Lithuania than it is in NRW. It seems that Lithuania, a transition country, is adapting foreign models and elements of Bologna faster than NRW (Germany), an old member country of the EU. We can reason that Lithuania may link the

intergovernmental level with domestic politics, called two-level games (Hosli, 2000, p. 756), meaning that Lithuania, a new EU member state, is legitimising national HE reform in terms of market-oriented policies, with the argument of being in line with the European 'trends'.

## **7.2 Contribution of this study and implications for future research**

The study at hand made a moderate contribution to the existing knowledge about the HE systems and their changes of NRW and Lithuania in the period of 2000 and 2009. Specifically, it has contributed empirically to the understanding of the governance change in the European HE systems facing the numerous demands, among others, stemming from the Europeanisation processes in HE policies. It has shown how the market-oriented reforms gained more ground in HE governance in NRW and Lithuania. NRW slowly implemented elements of the market-oriented model, like performance based funding, contract management and the accreditation of study programmes by independent accreditation agencies, based on peer-review. Through these developments, stakeholder guidance, managerial self-governance and competition found their way into the NRW HE system. In Lithuanian HE governance elements of the market-oriented model were visible in 2000 and further developed through the HE reform in 2009. The accreditation system has continued to be further developed, with features like institutional quality assurance systems and the inclusion of more stakeholders. In Lithuania funding of universities is increasingly based on competition between HEIs.

The limitations of the study mainly refer to the chosen focus in operationalising governance as well as the use of the conceptual framework. This study focused on governance mechanisms of funding and quality assurance of HE. The study did not include areas like internal governing structures of universities, university decision-making and personnel governance, which could also have been helpful to see in how far HE governance is changing. During the analysis various features, which fit the five governance dimensions were encountered in areas not belonging to funding or quality assurance. Second, the main weakness of this study is that there is no mature scheme allowing for concrete measurements of the degree of a dimension. So far the indicators for the dimensions can only be estimated and interpreted. Therefore the results should be treated with caution and the findings should be evaluated as an indicator for a general trend of policy changes HE governance. Future research is needed to further develop the conceptual framework of governance models encompassing governance dimensions in order to cover the complexity of the changing HE governance in a more comprehensive way. Moreover based on the findings of this study we can propose that future research projects could investigate whether or not other areas of coordination and organisation of HE, like internal governing structures, personnel governance of HEIs, and university decision-making, come to the same results.

## Appendix

### Appendix I: Interview schedules

#### A. Example of interview protocol for North Rhine-Westphalia

**Title: Interview on governance structures of higher education systems in North Rhine-Westphalia Germany**

Date of interview:

Name of interviewee:

Venue:

Time:

##### **Part one: Brief introduction by the interviewer**

- Explain my role as a student (first research project, topic: quality assurance and funding of North Rhine-Westphalian universities)
- Explain purpose and use of interviews (exploratory reasons, beginning of the data collection, and filling the knowledge gaps from what was not available in the laws)
- Ask if audio taping and verbatim quotes are o.k.

##### **Part two: Getting acquainted**

1. What is your position at the Centre for Higher Education?
2. What are your major research interests in higher education?

##### **Part three: Quality assurance**

###### a) Accreditation Council and agencies

3. Is there an institution, which controls that all institutional quality assurance systems and programmes are accredited?
4. How independent is the Accreditation Council from the universities?
5. How independent from the state is the Accreditation Council and consequently how independent are the accreditation agencies?
6. Is there one accreditation agency, which is predominant in North Rhine-Westphalia? If yes, which one and because of what reason?

###### b) Differences between programme accreditation and institutional quality assurance system

7. Are there differences between the influence of the state, respectively the ministry, with regard to programme - and institutional accreditation?
8. To what extent are students involved in the process of programme - and institutional accreditation. Are there differences in the involvement between programme - and institutional accreditation?

###### c) Quality assurance mechanisms of North Rhine-Westphalian universities

9. How does the process of programme - and institutional accreditation at a university start? Who is initiating the accreditation?

10. How are the evaluators selected and by whom?
11. Do the evaluation committees involve academics from other German universities? From abroad?
12. Does the accreditation process precede the launching of a new programme or is it exercised towards established programmes?
13. What is the purpose in your view of the North Rhine-Westphalian study programme accreditation?
14. In your opinion has the accreditation system changed since it came into being in 2002? If yes, what could be reasons for that? (Change in government, law reforms, decreased state budget)
  - a. How would you evaluate this change?

**Part four: Funding base of North Rhine-Westphalian universities**

15. What is the role of Ministry of Innovation, Science, and Research of North Rhine-Westphalia in financing North Rhine-Westphalian universities? Has it changed?
16. How did the system of lump-sum budget system develop since 2006?
  - a. Could you tell more about the financial structures of North Rhine-Westphalian universities?
  - b. How is the budget distributed internally?
17. Does this differ between the universities?
18. Can you place the ‘target- and performance agreements’ of the ‘Higher Education Freedom act’ into the financial system of North Rhine-Westphalian universities? What is your opinion on these agreements?
19. Have there been significant changes in financing the NRW universities in the past 5 years?
  - a. Could you name reasons for these changes? (Change in government, law reforms, decreased state budget)
  - b. How would you evaluate this change?
20. What are the major controversial issues related to financing of North Rhine-Westphalian universities, if any.

**Final reflection question:**

How in your view has the state steering of universities changed in North-Rhine Westphalia in the past 10 years regarding quality assurance mechanisms and funding?

Thank you for this interview!

## B. Example of interview protocol for Lithuania

**Title: Interview on governance structures of higher education systems in Lithuania**

Date of interview:

Name of interviewee:

Venue:

Time

### Part one: Brief introduction by the interviewer

- Explain my role as a student (first research project, topic: quality assurance and funding of Lithuanian universities)
- Explain purpose and use of interviews
- Ask if audio taping and verbatim quotes are o.k.

### Part two: Getting acquainted

1. What are your responsibilities at the Centre for Quality Assessment in Higher Education?
2. Since when are you in this position?

### Part three: Centre for Quality Assessment in Higher Education

#### a) Functioning of the CQAHE

3. How are accreditation and evaluation of study programmes in Lithuania organised? In the law it says that the CQAHE is only conducting evaluation of study programmes, where as accreditation is under the responsibility of the Minister of Education and Science. To what extent is the CQAHE involved in accreditation? (Preparing a report, or is the evaluation report the basis for the accreditation decision by the Minister?)
4. Can you explain the functioning/relationship between the Ministry of Education and Science and the CQAHE? Is it a cooperative relationship?
5. Who is overseeing quality assurance in Lithuania? Who sets guidelines and criteria according to which evaluation and accreditation is carried out?
6. Is the CQAHE predominant quality assurance agency in Lithuania? Which other agencies are conducting external evaluation of study programmes?

#### b) Quality assurance mechanisms

7. How does the process of programme evaluation/accreditation at a university start? Who is initiating the process?
8. How are the evaluators selected and by whom?
9. How are peers (evaluation groups) composed? (Academics (from abroad), students, externals to the university, representatives having socio-economic interests?)
10. What is the role of the Experts' Council? How is it composed?
11. Who is actually taking the decision to either accredit a programme or not?

#### c) Institutional quality assurance system

12. Are there universities with institutional quality assurance systems?
13. Are they subject to evaluation or accreditation as well?

#### d) Changing accreditation system



14. In your opinion how did the accreditation system change since the Higher Education reform in 2009?
- a. What are the major changes? Regarding evaluation/accreditation procedures.
  - b. Did the procedure of evaluation or accreditation change?
  - c. Did the reform influence the relationship between the Ministry and the CQAHE?
  - d. How would you evaluate this change?

**Final reflection question:**

How in your view has the state steering of universities changed in Lithuania in the past 10 years regarding quality assurance mechanisms?

Thank you very much for this interview!

## Appendix II: Primary data sources

**Table 7: Primary Data Sources North Rhine-Westphalia**

Dimension	Data source
Quality mechanisms	<ul style="list-style-type: none"> <li>Higher education law 2004 (<i>Hochschulgesetz</i>)</li> <li>Law on the Advancement of Higher Education Reform 2004 (<i>Hochschulreform-Weiterentwicklungsgesetz</i>)</li> <li>Higher Education Freedom Act 2007 (<i>Hochschulfreiheitsgesetz</i>)</li> <li>Higher Education Pact 2007 (<i>Zukunftspakt</i>)</li> <li>Expert interview 1a) with higher education expert from the top management level from Ministry of Innovation, Science, and Research (conducted in June 2011, in German language).</li> <li>Expert interview 1b) with an expert from a German quality assurance agency (conducted in June, in German language)</li> </ul>
Funding mechanisms	<ul style="list-style-type: none"> <li>Higher education law 2000 (<i>Hochschulgesetz</i>)</li> <li>Law on the Advancement of Higher Education Reform 2004 (<i>Hochschulreform-Weiterentwicklungsgesetz</i>)</li> <li>Higher Education Freedom Act 2007 (<i>Hochschulfreiheitsgesetz</i>)</li> <li>Higher Education Pact 2007 (<i>Zukunftspakt</i>)</li> <li>German Document on performance related funding 2007 (<i>Die leistungsorientierte Mittelverteilung an den Hochschulen des Landes NRW</i>)</li> <li>Expert interview 1a) with higher education expert from the top management level from Ministry of Innovation, Science, and Research (conducted in June 2011, in German language).</li> </ul>

**Table 8: Primary Data Sources Lithuania**

Dimension	Data source
Quality mechanisms	<ul style="list-style-type: none"> <li>Law on Higher Education 2000</li> <li>Law on Higher Education and Research 2009</li> <li>Resolution of the Government of the Republic of Lithuania on Accreditation Procedure of Higher Education Institutions 2010</li> <li>Resolution of the Government of the Republic of Lithuania on Procedure for the External Review of Higher Education Institutions 2010</li> <li>Order of the Minister of Education and Science on Procedure of the External Evaluation and Accreditation of Study Programmes 2009</li> <li>Order of the Minister of Education and Science on Methodology for Conducting an Institutional Review in Higher Education 2010</li> </ul>

	<ul style="list-style-type: none"><li>• Expert interview 1b) with higher education expert from the top management level from Vilnius University (conducted in May 2011, in English language).</li><li>• Expert interview 2b) with expert from the Centre for Quality Assessment in Higher Education (conducted in June 2011, in English language)</li></ul>
Funding mechanisms	<ul style="list-style-type: none"><li>• Law on Higher Education 2000</li><li>• Law on Higher Education and Research 2009</li><li>• Expert Interview 1b) with higher education expert from the top management level from Vilnius University (conducted in May 2011, in English language)</li></ul>

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