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## INVESTMENTS IN EDUCATION: A TROIKA OF CHALLENGES

*In light of the recent financial and economic crisis, what are the key challenges facing governments as they reassess and readjust their policymaking roles, capabilities and vulnerabilities? Government at a Glance begins to shine light into the "black box" of the inner workings of government by analysing over 30 elements underlying government performance and providing valuable insight into countries' responses to the global recession.*

Education is one of the most critical investments a nation can make in its future economy and society, and is crucial in constructing a sustainable exit from difficult economic conditions. Governments play a key role in setting educational standards and establishing policy and so educational outcomes clearly depend upon good governance and effective public management practices (including HRM practices for hiring teachers and how well budgets anticipate and address long-term capital needs).

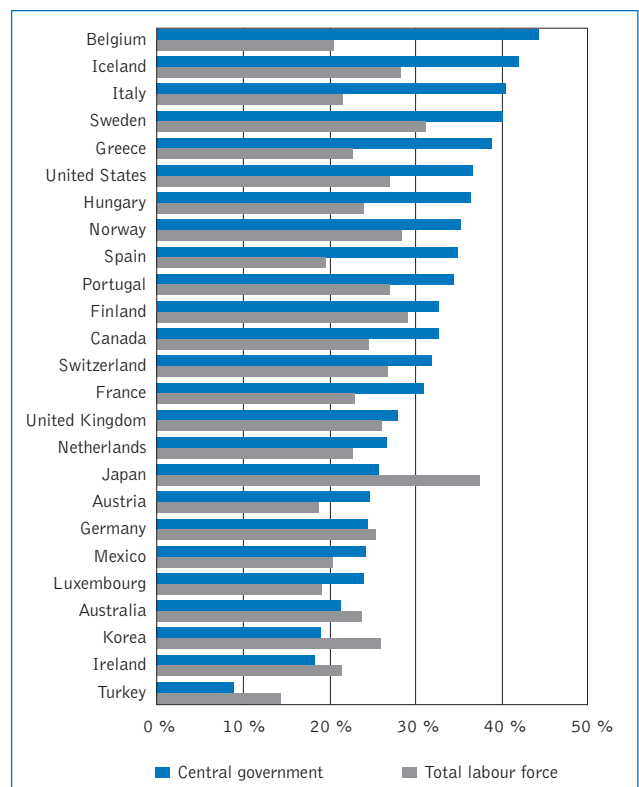
The economic crisis, climate change, aging populations and other long-term concerns beget three main governance challenges that affect all areas of government activity, including education.

### Challenge #1: Fiscal consolidation and efficiency gains

Rethinking the role of government and the scope of its activities—as well as improving public sector efficiency and effectiveness—has become even more urgent in the face of rising deficits and debts. Completely aside from recent extraordinary interventions, government plays a large and important role in the economy as a spender, taxer and employer. Across OECD member countries, government expenditures averaged 40% of GDP in 2006, and these nations will be forced to make some hard choices as they look to cut expenditures. Over a third of all these expenditures are reserved for social protections, and, thanks to the economic crisis, these obligations are likely to only rise. Likewise, 13% of the expenditures are devoted to education—critical to maintaining long-term competitiveness and prosperity.

Efficiency gains will be key to conserving resources, and government leaders should examine how public management practices can be improved in all sectors. Many countries know that forging stronger collaborative partnerships with citizens will lead to innovation and greater productivity in service deliveries, as the co-production, integration and tailoring of services can save money, reduce unnecessary activity and harness untapped resources (user time, energy and motivation). These partnerships are already under way in the education sector—the collaborations between teachers and students to design curriculums serving as the most prominent example. Furthermore, partnerships with the private sector to produce and deliver goods and services more efficiently may increase. While the rate of outsourcing has remained relatively stable over the last 20 years (approximately 45% of goods and services used in government production are bought from private

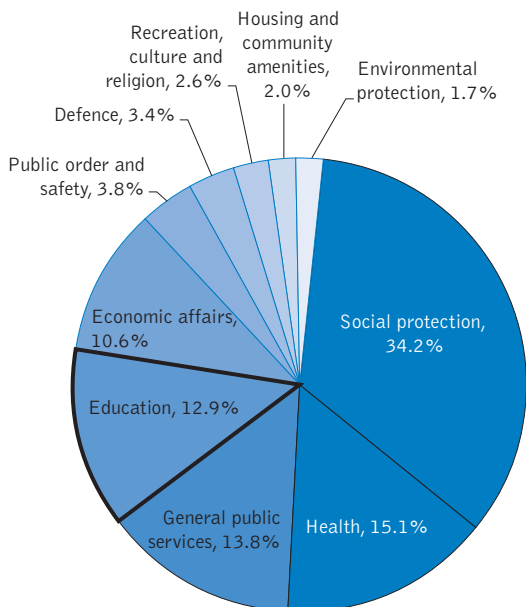
Percentage of workers 50 years or older in central government and the wider labour force (2005)



and non-profit entities), governments are increasingly taking advantage of the private sector to provide these goods and services directly to citizens. For example, governments may grant vouchers to certain students to allow them to attend the private educational institution of their choice. In 2008, 23% of all government-financed goods and services were provided by private actors directly to citizens, compared to 15% in 1995.

### Challenge #2: Building strategic capacity to deal with complex problems

The good news is, complex challenges often impel governments to plan for the future. Co-ordination—not only between nations but between domestic branches of government—is particularly important in implementing the necessary reforms in education policy. Policy coherence and overall effectiveness depend heavily on whether actions at each level of government reinforce or counteract those at other levels, and educators can play a major role in ensuring that governments are equipped with staff with the right skills to address these challenges. Central government workforces are aging more rapidly than the wider labour force in many OECD member countries, presenting an



opportunity to recruit recent university graduates with new skills and reorganise the structure of the workforce. In 14 OECD member countries, over 30% of the central government workforce will retire within the next 15 years. Women are also increasingly finding more opportunities in government: 45 of

every 100 central government staff were women in 2006 compared to 40 in 1995. Future editions of *Government at a Glance* will present more in-depth data on the characteristics of government workers, which can help determine educational needs and inform measures of efficiency.

### Challenge #3: Maintaining transparency and accountability

Transparency and accountability are imperative to maintaining public trust in government. The percentage of governments identifying transparency as a core value nearly doubled between 2000 and 2009, to 90%. An increased focus on transparency is reflected in reforms to budget processes, legislation promoting access to information, the strengthening of the integrity framework within government and the increased use of public consultation. Furthermore, transparency can open new opportunities for research and learning, as governments like the U.S. move to publicly release as many government datasets as possible. It will also affect service delivery, as schools and hospitals are put under increased public scrutiny. Needless to say, educators play a crucial role in highlighting the importance of increased accountability to students.

For more information read: *Government at a Glance 2009*. OECD Publishing. ISBN:9789264061644

## GOOD GOVERNANCE GUIDELINES TO FOSTER QUALITY IN HIGHER EDUCATION

The IMHE-led review on governance arrangements and quality assurance demonstrated the close interrelationship between the two. Governance is a vital instrument in fostering and sustaining quality in higher education. Above all, effective governance safeguards the wise use of public money for higher education and helps institutions anticipate and tackle challenges in teaching, learning and research, and innovation. Good governance also ensures quality is attained at a reasonable cost, for the benefit of not just students, but of economic growth and the larger society.

### Is there a need to develop governance guidelines?

A key aspect of governance is the level of autonomy granted to institutions and the ability they have to develop their own quality culture. Some have argued that guidelines would help ensure transparency.

- Proponents maintain that there is a need for at least some governance guidelines. Several arguments are put forward. Institutions need more tools to help them tackle the challenges they face at a time of budget cutbacks and to build capacity for good governance will help ensure effective functioning and survival in an ever more competitive world.
- In some countries, the higher education sector faces problems arising in individual institutions that may affect the credibility and reputation of the whole system (including for example, accounting for student numbers, issues over the integrity of research, or the treatment of foreign students) and must be safeguarded against mismanagement or – in the worst cases—fraud.
- Finally, the new collaborative university decision-making model that combines academia with managers, external stakeholders and influential key players like students will definitively transform the governance of these institutions. Guidelines can help leaders and managers deal with more complex situations.

Counter-arguments include the fact that the sector has dramatically changed over the past 50 years without having been influenced or obliged by any governance principles; that the international reputation of institutions does not depend on the quality of governance; and that most governance guidelines don't provide advice for the transferability of good practices.

A new IMHE study suggests that defining governance guidelines presents an opportunity for the state, intermediate bodies (quality assurance agencies, councils for higher education, funding authorities) and institutions to discuss a fair level of accountability and define realms of responsibility. Guidelines would make nation-wide regulations more explicit, explore levels of autonomy for institutions and pinpoint the vital elements that permit efficient governance, as illustrated by the *Governance of Irish Universities: A Governance Code of Legislation, Principles, Best Practice and Guidelines*.

In the field of quality assurance guidelines (for example, principles of accreditation, audit manuals, handbooks of quality standards, et cetera) are formalised by quality assurance agencies to assess or improve the quality of programmes or institutions. Such guidelines pursue the objectives of governance-like arrangements to make institutions more effective. Many of them endorse an external position on how the assessed university should work, although the criteria against which effective governance will be assessed often remain undefined.

As quality guidelines maintain binding regulations, they may push for compliance from institutions looking for full accreditation and may leave aside the improvement-like objective. The approval of quality frameworks for governance implies a thorough exploration of effective governance-type criteria by the quality agency, the ministry and the institutions.

The IMHE welcomes the following new members:

- > Universities Australia - Australia
- > University of Alberta - Canada
- > Escuela Superior Politecnica del Litoral (ESPOL) - Ecuador

- > Cork Institute of Technology - Ireland
- > King Saud University - Saudi Arabia
- > International School for Social and Business Studies - Slovenia

## AHELO: ON YOURS MARKS, GET SET, GO

The AHELO (Assessment of Higher Education Learning Outcomes) initiative was launched very successfully by Richard Yelland at the CHEA conference in Washington on January 27th, 2010. He announced that a US\$1.2 million contract has been awarded to the Council for Aid to Education based in New York City to develop an international version of the Collegiate Learning Assessment (CLA). On this occasion, Roger Benjamin, president of Council for Aid to Education commented: "Because of its success in important

international assessments, the OECD is the right venue for creating AHELO."

From a government point of view, Martha Kanter, United States Under-Secretary for Education, declared: "The AHELO initiative provides the US with an exciting opportunity to collaborate with other countries to assess higher education learning outcomes in our global society".

The AHELO program is not only meant for governments, it is beneficial to all. "With Lumina's investments focused heavily on increasing the number and quality of

postsecondary degrees and credentials, the work of AHELO is essential and will help to ensure that these credentials are learning outcome-based and relevant in the US as well as internationally," said Jamie P. Merisotis, president and chief executive officer of Lumina Foundation.

The media present at the conference valued the information (see [www.oecd.org/edu/ahelo/media](http://www.oecd.org/edu/ahelo/media))

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## QUALITY TEACHING PHASE II UPDATE

IMHE is pleased to announce the participation of Laurea University of Applied Sciences, Finland; The Portuguese Catholic University, Portugal; Cape Peninsula University of Technology, South Africa; and Universidade Estadual de Campinas (UNICAMP), Brazil, in the Phase Two of Supporting Quality Teaching in Higher Education project. This phase will involve a site visit to the institutions beginning in early April 2010 which will focus on a selection of case studies. The aims of this phase are to:

- Develop and analyse current quality-led initiatives on teaching improvement
  - Investigate the perception of faculties and students towards supporting quality teaching initiatives
  - Further explore the link between teaching and learning
  - Investigate the ways to evaluate the impact of teaching
- This phase will be ongoing throughout 2010-2011.



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[www.oecd.org/edu/imhe/qualityteaching/Phase2](http://www.oecd.org/edu/imhe/qualityteaching/Phase2)

## AMSTERDAM NEEDS TO REALISE ITS POTENTIAL! SAYS THE OECD PEER REVIEW TEAM

Amsterdam is an attractive city and its Higher Education Institutions (HEIs) are highly-regarded. But the city-region needs to realise its full potential to turn research and human capital into innovation and growth. The way to do this is to build on the city's competitive advantages and to exploit the excellence of the HEIs for economic and social development. These were the key recommendations of the OECD peer review team.



Rijksmuseum, Amsterdam.

The results of the Amsterdam review were released on 19 February by Richard Yelland, the head of IMHE and Lauritz Holm-Nielsen, the Rector of Aarhus University, and Veronique Timmerhuis, Secretary-General of the Social and Economic Council of the Netherlands.

Other members of the review team were Patrick Dubarle, consultant on regional policy and former OECD staff member and Kris Olds, Professor in the Department of Geography at the University of Wisconsin-Madison.

The review of Amsterdam is part of the Reviews of Higher Education in Regional and City Development which engage 15 regions in 2008-2010. The reviews are the OECD's tool to mobilise higher education for economic, social and cultural development of their cities and regions. Recruitment for the third round of reviews is now on.

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[www.oecd.org/edu/imhe/regionaldevelopment](http://www.oecd.org/edu/imhe/regionaldevelopment)

## PUBLICATIONS OF INTEREST

In 2010, IMHE members have access to all OECD publications online.

To access this service, please contact Emily Groves, [emily.groves@oecd.org](mailto:emily.groves@oecd.org) for a user name and password.

This user name and password, valid until the end of 2010, is meant for your personal use only.

### *Post-Public Employment: Good Practices for Preventing Conflict of Interest.*

OECD Publishing. ISBN: 9789264056695

How can governments safeguard integrity through adequate post-employment measures, while still preserving employment freedom that attracts experienced candidates for public office? Managing the risk of post-public employment conflict of interest requires government to strike a proper balance.



### *Educating Teachers for Diversity: Meeting the Challenge.*

OECD Publishing. ISBN: 9789264079724

Are teachers being adequately prepared and supported to make the most of the diverse students in their classrooms?

Globalised societies must learn to benefit from their increasingly diverse populations. Teachers can play a key role in this by integrating students from different backgrounds and encouraging their academic and social achievement. As teachers' roles and responsibilities change with their students, teacher education and training must also evolve. What is the best way to do this, and how can success be measured?



### *Economic Policy Reforms 2010: Going for Growth.*

OECD Publishing. ISBN: 9789264079960

The world is currently facing the aftermath of the worst financial crisis since the Great Depression. *Going for Growth 2010* examines the structural policy measures that have been taken in response to the crisis, evaluates their possible impact on long-term

economic growth, and identifies the most imperative reforms needed to strengthen recovery. In addition, it provides a global assessment of policy reforms implemented in OECD member countries over the past five years to boost employment and labour productivity.



### *Atlas of Gender and Development: How Social Norms Affect Gender Equality in non-OECD Countries.*

OECD Publishing. ISBN: 9789264075207

Illustrated with graphics and maps, the *Atlas of Gender and Development* gives readers a unique insight into the impact of social institutions – traditions, social norms and cultural practices – on gender equality in 124 non-OECD countries.



### *National Innovation and the Academic Research Enterprise, Public Policy in Global Perspective*

edited by David D. Dill and Frans A. van Vught, Johns Hopkins University press, 2010.

[www.press.jhu.edu](http://www.press.jhu.edu)

This volume analyses the impact of public policy on the knowledge economies and higher education systems of OECD countries. Given that innovation is a national economy's most valuable asset in today's global marketplace, countries are investing more than ever in academic research, doctoral education, and the process of knowledge transfer. Policymakers now perceive the academic enterprise as a means of sustaining international competitiveness, and newly implemented national innovation policies represent a marked shift away from traditional science and technology policies.

Register now at a discounted rate!

## IMHE CALENDAR

13-15 September 2010

IMHE General Conference, *Higher Education in a World Changed Utterly. Doing More with Less*, Paris, France. [www.oecd.org/edu/imhe/generalconference](http://www.oecd.org/edu/imhe/generalconference)

### OTHER MEETINGS OF INTEREST

16-18 May 2010 *ACA Annual Conference 2010*, Córdoba, Spain. [www.aca-secretariat.be](http://www.aca-secretariat.be)

25-26 June 2010 IAU 2010 International Conference on *Ethics and Values in Higher Education in the Era of Globalization: What Role for the Disciplines?* Vilnius, Lithuania. [www.mruni.eu/](http://www.mruni.eu/)

1-4 Sept. 2010 EAIR Forum, *Linking Society and Universities: New Missions for Universities*, Valencia, Spain. [www.eair.nl/forum/Valencia](http://www.eair.nl/forum/Valencia)

15-18 Sept. 2010 *22nd Annual EAIE Conference*, Nantes, France. [www.eaie.org/nantes/](http://www.eaie.org/nantes/)

20-23 October 2010 EUA Conference, *"Diversities and Commonalities - the Changing Face of Europe's Universities"*, University of Palermo, Italy. [www.eua.be/eua-events/](http://www.eua.be/eua-events/)

Find all our meetings on [www.oecd.org/edu/imhemeetings](http://www.oecd.org/edu/imhemeetings)

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