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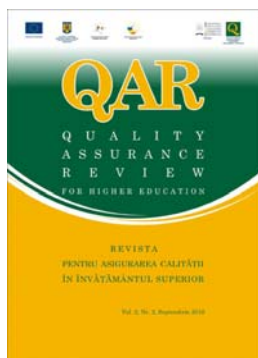
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Goals and Instruments of Diversification in Higher Education

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Goals and Instruments of Diversification in Higher Education

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Abstract: *The article examines the diversification of higher education institutions both in the specific context of the Romanian university system and more generally. In the first section, it explores the problem of institutional homogeneity in post-1989 Romanian higher education and investigates some of the causes thereof. It then discusses, in broader terms, the objectives of diversification in higher education, several types of university diversification and classification, as well as some policy instruments for diversification. In its final section, the article offers a few suggestions concerning diversification in the context of Romanian quality assurance.*

Keywords: *institutional homogeneity, diversification in higher education, policy instruments.*

The Problem

The development of Romanian higher education over the past 15 years¹ has exhibited a strong tendency, affecting both public and private universities, towards institutional homogeneity. At the least, some processes in the field of higher education have been weakening the differences between private and public higher education institutions (HEIs), between old and new, large and small, comprehensive and highly specialized universities. Even though the initial conditions were different, and differentiation has been sometimes explicitly mentioned among policy or institutional goals (e.g., private universities introduced themselves as an alternative to state education), higher education institutions have adopted very similar structures, procedures, and practices. Homogeneity has become the norm in the field of higher education:² missions (as codified in university charters) are quasi-identical, while organizational structures, study programs and their substance, teaching and research procedures and practices, and internal regulations are (when not simply copied from other institutions) similar or, at best, incrementally different.

It would be a mistake to simply claim that Romanian higher education institutions are very similar in all of the most significant respects. On a variety of dimensions (see below) they differ considerably. However, at the present time the most powerful incentives are exercising a strong pull in the direction of homogenization. For this reason, the ideal of a diversified Romanian higher education must be designed in terms of instruments and policies which favor differentiation.

The homogenization process has had so far two main kinds of consequences. First, over the last decade Romanian universities have been engaged in an increasingly intense competition for resources – for state funding (basic, investment and research funding), for students, for academic staff, and so on. To access these resources, universities have had to show that they were (perceived

¹ We are considering the period after the key laws in the field were adopted: Law 88/1993 on accreditation; Law 84/1995 on education; Law 128/1997 on the status of teaching staff.

² Homogenization as a process is present in other higher education systems. Birnbaum, for instance, noted that during a period of unprecedented growth in American higher education the number of institutional types did not increase. (R. Birnbaum, *Maintaining institutional diversity*, San Francisco, Jossey-Bass, 1983, p. 143.) A more recent study (C.C. Morpew, "Conceptualizing Change in the Institutional Diversity of U.S. Colleges and Universities", *The Journal of Higher Education*, 80, 3, 2009, pp. 243-269) concludes that in the US there has been zero growth in institutional diversity in higher education during the period 1972-2002.

as) organizations offering valuable services; and to do so they adopted a variety of legitimization practices. Their study programs are legally recognized, their diplomas carry the state's seal of approval etc. No stakeholder – including students and the employers of their graduates – should regard the universities' legitimacy as questionable. The general impression has been that unless an institution walked the path of homogenization, so as to resemble in its main formal features the large, traditional, reputed universities, it would stand little chance to be acknowledged as legitimate and, as a consequence, it would enter a phase of decline.

The second type of consequences is that homogeneous practices have been inhibiting creative solutions and, conversely, have encouraged responses that do not always represent an adequate answer to external demands. In other words, the process has weakened organizational performance. Not only has the performance of individual organizations tended towards the average but, more significantly, the average has declined in time. The general conclusion is that institutional homogenization has led to weaker performance. Homogenization has been a response to the growing competitiveness of Romanian academic environment, though not a response that fostered efficiency.

It is important to understand the factors that lead to homogenization in order to better assist decision-makers in designing public policies which should enable universities to adopt more appropriate responses and to increase their performance. It must be stressed that failure to consider the factors above may generate perverse effects: some well-intentioned policies may be proposed, but the responses of the actors will not always be the desired ones. On the contrary, there is a risk that some of the practices resulting from these policies will undermine their objectives.

For organizational scholars, the process described above is a rather familiar one. As DiMaggio and Powell argued, in highly structured organizational fields like higher education there are many incentives to behave in ways that lead to institutional isomorphism. According to the two authors,³ isomorphic forces are especially powerful in the field of higher education due to three of its particular characteristics: the objectives (such as generating knowledge or producing educated graduates) are difficult to measure; the technologies (the various teaching and research activities) are largely unclear; and the organizational actors are strongly professionalized.

Generally speaking, there are three main routes to institutional homogenization. First, mimetic mechanisms generate a propensity in some institutions, usually those which are perceived as less legitimate, to imitate universities recognized as highly performing and reputable. Institutional mimesis consists of acts such as adapting organizational structures to existing or traditional patterns, or developing new study programs similar to those in prestigious universities. The net result is that, in time, inter-institutional variations decrease in intensity, while organizational legitimacy increases even though it is not correlated with better performance. In Romania, the establishment of new universities in the past decade as well as the appearance of private universities provided a strong impetus in this direction. The important social changes over the past decade and a half and the resulting demand for higher education have further stimulated this phenomenon, while the universities' ability to cope with such changes has not developed equally fast.⁴

Normative mechanisms play an important role as well. Norms concerning access to faculty positions were designed and strengthened over the past two decades: becoming an associate or full professor or being granted the right to advise doctoral students involve procedures that are defined and enforced nationally.⁵ On the other hand, university evaluation committees usually include outside academics. Professional networks were developed in this way, and the standards they designed and disseminated are widely shared across the system. The process of professionalization in both old and

³ P.J. DiMaggio, W.W. Powell, "The iron cage revisited: Institutional isomorphism and collective rationality", in W.W. Powell and P.J. DiMaggio (eds.), *The new institutionalism in organizational analysis*, Chicago, The University of Chicago Press, 1991.

⁴ Mimetic homogenization is also present if we consider not so much the higher education institutions in a country, but rather its national policies. The Bologna process, for instance, may lead to strong isomorphism. See, for instance, M. Dobbins, C. Knill, "Higher Education Policies in Central and Eastern Europe: Convergence toward a Common Model?", *Governance: An International Journal of Policy, Administration, and Institutions*, 22, 3, 2009, pp. 397-430.

⁵ By CNATDCU – the National Council Attesting Academic Titles, Diplomas and Certificates.

new universities has thus resulted in a tendency for these institutions to grow more and more alike in terms of what they do.

However, the most important mechanisms which have led to homogenization and, more generally, to institutional isomorphism are the coercive ones. Two types of constraints are relevant here. Some are cultural in nature. An epoch's liberal spirit – the case of Romania in the final decade of the last century – encouraged universities to adopt practices and procedures which fostered academic freedom as a central value. Even without formal or with meager state support, a significant number of universities adopted policies which targeted the redressing of social inequalities besetting disadvantaged persons (women, Roma, rural youth etc.). Towards the end of the 1990s, the popularity of the notion of an entrepreneurial university encouraged some universities to adopt business-inspired practices even without the (very sketchy) framework provided by the Ministry of Education.

The most significant effects in this respect are caused by regulations, which are responsible for the incentives leading towards homogenization and institutional isomorphism. The laws, government decisions, and decisions of the education ministers adopted in the 1990s have brought about stricter requirements concerning the organization and the structure of universities, human resources policies, study program offers, and so on. The program offer has been particularly limited, with a small number of available program and degree types.⁶ Because the Romanian state has been a weak one after the demise of communism, its narrow ability to govern determined the adoption of regulations which in many cases were premised on or generated over-simplifications. In the case of study programs, the state has never been really able to manage a large diversity and therefore issued regulations which dramatically reduced their range and, consequently, the options available to both universities and candidates. Romanian universities are today compelled to offer only one type of first-cycle diploma, only one type of master diploma, and no intermediary diplomas or certificates.

Coercive isomorphism was also stimulated in a number of more specific ways. The funding system coordinated by the National Council for Higher Education Funding (CNFIS) relies on a number of "quality indicators" which enable differential funding, currently accounting for some 30% of the basic funding provided to state universities. Even though the amount difference is, at the end of the day, quite small and even negligible, these quality indicators generated a strong response, with universities striving hard to score as highly as possible. In fact, the main reason why universities are trying so hard to score high on the quality indicators is not the money as such, but rather the added legitimacy and the more favorable stakeholder perception secured as a result of the higher scores. The net result has been that state universities grew more similar to each other in such fundamental respects as managing human resources, the organization of scientific research, the allocation of resources for facilities, or academic administration. On the other hand, data show that such uniform structures and practices have not led to an increase in the quality of these HEIs. Indeed, this was not their objective to begin with – but rather a desire to satisfy the standards imposed by the funding agency.

Perhaps some of the most profound effects in what concerns homogenization have been generated by accreditation and, more recently, quality assessment procedures: concerning study programs, the institutions themselves, research projects and university research structures, the teaching and research staff. A number of agencies were active in these fields – the National Council for Academic Evaluation and Accreditation (CNEAA) and the agency which replaced it, the Romanian Agency for Quality Assurance in Higher Education (ARACIS); the National Council for Scientific Research in Higher Education (CNCSIS), and the National Council Attesting Academic Titles, Diplomas, and Certificates (CNATDCU). The impact of these agencies and their procedures has been wide-ranging because, unlike the CNFIS, they have equal authority over both public and private universities. Furthermore, the institutional isomorphism they generated concerns not only the structures and activities inside universities, but their missions and objectives as well: the abovementioned

⁶ Furthermore, the introduction of the Bologna system eliminated the distinction between, for instance, short-term and long-term academic degrees.

procedures do not distinguish between different missions, so they stimulated mission drift across the spectrum of Romanian higher education.⁷ A telling example involves the accreditation procedures for study programs. After its establishment under Law 88/1993, the CNEAA imposed the same standards and scales for all BA-level programs offered by Romanian universities. As a result, in time these programs started to resemble each other more and more regardless of academic field and discipline. ARACIS, the institution which succeeded CNEEA in 2006, carried further this process by increasing the number of indicators, but also by extending its procedures to master-level programs (and, as far as one can tell, in the future also to doctoral programs).

To conclude, Romanian higher education has been affected by a strong homogenizing trend. Unlike what is often believed, the result of the very competitive environment with which Romanian universities have had to cope for the past 15 years has been not differentiation, but homogenization. The latter trend has been the product of the interaction of higher education institutions and the existing institutional framework, which generated and maintained strong incentives for organizational isomorphism. Homogenization in turn inhibited actions designed to increase the performance of universities.

Our premise in this article is that it is necessary to increase the efficiency and the performance of Romanian universities. An increasing differentiation and a de-homogenizing of institutional practices would be important mechanisms supporting this goal. The problem, then, is finding the right means through which universities might be determined to follow the incentives designed to lead to differentiation.

The Objectives of Diversification

Diversity is a desirable feature of higher education and may be considered a goal for future public policies. The arguments in favor of more institutional diversity rely mainly on the idea that it increases organizational performance, as organizations are better able to respond to the diverse niches created in an increasingly complex society. At least the following arguments ought to be mentioned here:⁸

- Greater institutional diversity enables institutions to select their own missions and to design their activities correspondingly, and so to respond more flexibly to signals from society.⁹
- Greater institutional diversity leads to a more accessible higher education; it provides students with a larger range of options, and lets HEIs capitalize on their strengths in order to meet the needs and abilities of students.
- Greater institutional diversity is a precondition of academic freedom and autonomy.

While diversity is a worthy goal, one must identify the respects in which it is desirable and those in which it is not. It has been argued that stimulating diversity is not always the wisest policy in all fields. For instance, an important document elaborated by the Higher Education Funding Council for England (HEFCE) argues that in at least three respects a unified treatment is preferable to diversity:¹⁰

- The quality and standards of higher education programs: while all students must receive an education that is appropriate to their aspirations, interests, and skills, no institution should offer programs falling below a certain minimal quality standard. This being said,

⁷ A convincing illustration of the way in which coercive homogenization is inimical to performance may be derived from an analysis of CNATDCU procedures. For over a decade, the main indicators (at least in the social sciences and humanities) for the assessment of associate and full professorships concerned publications in the form of books and textbooks. The candidates swiftly adapted to these standards. For this reason, publication in peer review journals has been generally neglected.

⁸ See, for example, V.A. Stadtman, *Academic adaptations*, San Francisco, Jossey-Bass, 1980; *apud* C.C. Morphew, "Conceptualizing Change in the Institutional Diversity of U.S. Colleges and Universities", *The Journal of Higher Education*, 80, 3, 2009.

⁹ One should stress that institutional diversity in HE is correlated with the diversity of the society at large. It is meaningless to want academic diversity without at the same time encouraging a more diverse society in Romania.

¹⁰ Higher Education Funding Council for England, *Diversity in higher education: HEFCE policy statement*, 2000, available at http://www.hefce.ac.uk/pubs/HEFCE/2000/00_33.htm.

quality assurance procedures should encourage innovation and creativity in the design and provision of study programs.

- Program funding: funding policies should ensure a balance between distinct and not necessarily mutually compatible goals, such as institutional diversity, institutional viability,¹¹ and fairness in relation to distinct institutional types. On the one hand, similar teaching activities should be funded similarly (as well as transparently, based on a formula and in accordance with the principle that funding follows the student). On the other hand, fairness and other criteria may influence the level of funding.
- Public responsibility: higher education institutions are, on the one hand, responsible for the ways in which they spend public money; and, on the other hand, they must have the freedom to spend it in different legitimate ways in order to reach their goals.

Types of Differentiation in Higher Education

Differentiation in higher education may be analyzed at the level of national higher education systems or internationally. In the first case, one may consider three aspects:¹² diversity of institutional types; diversity within types, as well as within individual institutions; diversity in the ability to respond to demands for change, to adapt etc. In what follows we will refer mainly to the first type of differentiation above.¹³

A typology of HEIs may be devised based on a number of criteria. The resulting typology will be valid only if the criterion or criteria underlying it are valid themselves, that is, accepted for particular reasons. It is important to note that, once a typology is acknowledged as valid, the policy instruments used to stimulate diversification will also make sense. Below are eight dimensions of institutional differentiation:¹⁴

1. Structural differentiation: according to criteria such as ownership (public or private) or commercial orientation (non-profit and for-profit);
2. Functional differentiation: focus on teaching, on research, or on teaching and research;
3. Programmatic differentiation: function of the types of programs supplied (first, second, or third cycle, or a combination thereof);
4. Cultural differentiation: determined by the values promoted, or the support of religious, national, ethnic etc. minorities;
5. Systemic differentiation: referring to the specialized or comprehensive nature of the university;
6. Niche differentiation: according to criteria such as size or the number of study programs offered;
7. Constituent differentiation: function of the services' beneficiaries (institutions targeting a special community etc.);
8. Reputational differentiation: based on criteria such as institutional reputation or status.

One must emphasize that the process of institutional differentiation in higher education does not lead to a single typology. On the contrary, multidimensional typologies will be obtained. Under the model above each institution will be characterized by, at a minimum, eight criteria. These criteria will most likely be weighted. For instance, the functional criterion (the focus on teaching, research,

¹¹ This principle does not imply that an institution should be funded separately so as to preserve its independence. On the other hand, if diversity refers to size as well, merger cannot be an absolute goal.

¹² *Diversity in higher education: HEFCE policy statement*, 2000, par. 14.

¹³ For various types of differentiation, see also P.S. Agachi (ed.), *Raport privind modele de evaluare, diferențiere, benchmarking și ierarhizare a universităților*, București, UEFISCSU, 2009.

¹⁴ See, for instance, Birnbaum, op. cit., in F. van Vught, *Diversity and Differentiation in Higher Education Systems. Challenges for the Knowledge Society*, 2007, available at www.uhr.no/documents/Fran_van_Vught_text.pdf.

or both) is often very prominent, if only because the largest part of public funds is disbursed based on it.¹⁵ But if this criterion becomes an absolute there is a risk of resistance and dissatisfaction and, more importantly, of pushing institutions to create mechanisms that reduce the differences among institutions. As a consequence, the goal of differentiation should be formulated in such a way as to ensure *multidimensional differentiation*.

What would a multi-dimensional typology look like? There are two main paradigms or approaches to creating institutional typologies in higher education – what may be called “categorization” and “classification”.

The goal behind the categorization of HEIs is to arrive at a single set of institutional categories which should assist an actor – be it the government, agencies, other stakeholders, and perhaps even all of these – in coming to terms with the diversity of a higher education system. Categorizations are thus designed to provide a tool for academic policy “by grouping roughly comparable institutions into meaningful, analytically manageable categories.”¹⁶ These categories are relatively homogenous internally. Nonetheless, it is important to emphasize that by categorizing universities one does not claim that the institutions falling within one category do not differ in important ways. Rather, a categorization establishes that, as far as the underlying criteria are concerned, the institutions within one group or category are relatively alike.

Good categorizations are multi-dimensional. However, what distinguishes categorizations from other ways of grouping institutions is that they generate a *single* set of institutional types, which are defined by aggregating the various indicators operationalizing the relevant dimensions of differentiation. As a result, categorizations tend to be (although they do not have to be) reified and often used inflexibly across the higher education policy spectrum. This means, in turn, that institutional categories tend to be treated as absolutes.

Perhaps the most notorious – and successful – example of HEI categorization is the Carnegie Classification of American tertiary institutions, first defined, compiled, and published in the early 1970s. The initial Carnegie categories were organized by degree level, specialization, and size, according to a number of indicators reflecting the type and number of degrees, federal research funding, curricular profile, or selectivity in admissions.

Table: *The Carnegie categories*

Doctoral-granting institutions – Research universities I – Research universities II – Doctoral-granting universities I – Doctoral-granting universities II
Comprehensive universities and colleges – Comprehensive universities and colleges I – Comprehensive universities and colleges II
Liberal arts colleges – Liberal arts colleges I – Liberal arts colleges II
Two-year colleges and institutes
Professional schools and specialized institutions

¹⁵ As in other countries, the actual distribution of research funds is quite differentiated. A mere 6 accredited HEIs out of a total of 85 received over half (51.14%) of the public funds allocated for research, while 3 of them (Babes-Bolyai in Cluj-Napoca, the Polytechnic University in Bucharest, the University of Bucharest) got almost one third of the funds (32.36%). Moreover, a little over 20% of Romanian universities concentrated over 90% of the funding allocated through competitive grants. See L. Vlăsceanu, M.G. Hâncean, B.Voicu, *Starea Calității în Învățământul Superior. Barometrul calității – 2009*, București, Agenția Română de Asigurare a Calității în Învățământul Superior, p. 21; available at <http://proiecte.aracis.ro/academis/asigurarea-calitatii-Invatamantului-universitar/rezultate/>.

¹⁶ A. McCormick, Chun-Mei Zhao, “Rethinking and Reframing the Carnegie Classification,” *Change* Sept/Oct 2005, p. 52.

Although the Carnegie “classification” – or “categorization”, in our terms – was not intended as “the last word on institutional differentiation”, it was soon accepted by the academic and stakeholder community and “became the dominant ... way that researchers characterized and controlled for differences in institutional mission.”¹⁷ A variety of academic and non-academic actors started using the Carnegie system as a reference point in their activities. Consequently, in time it became a significant agent of institutional homogenization, also because it was increasingly perceived as implying a hierarchy of institutions.

Another type of institutional categorization is that proposed in the new Romanian Education Bill, which distinguishes between three categories of HEIs: research-oriented, teaching-oriented, and research-and-teaching institutions.

Classifications, as opposed to categorizations, are developed in awareness of the dangers associated with using a fixed, simplified set of institutional categories as an instrument for policy-making. Specifically, classifications attempt to minimize the risk of homogenization inherent in any categorization. Like categorizations, classifications are multi-dimensional and aim to group institutions into types or classes, but they do not generate one single set of stable, cross-dimensional categories. Rather, they simply create classes within each dimension, thus enabling different stakeholders to build their own customized categorizations.

The European Classification of Higher Education Institutions, also known as the U-Map project, seems to follow this second path towards differentiation. It identifies five analytical steps in the design of a classification: (a) identification of the entities to be classified; (b) identification of the grouping criteria (dimensions), allowing the interested parties to group the entities “in terms of their own interests”;¹⁸ (c) defining the indicators; (d) collecting the empirical data; and (e) identifying the institutional classes on each dimension and positioning the institutions within these classes. The U-Map classification contains 6 dimensions of differentiation (each with a number of indicators):

- Teaching and learning profile (degree level focus, subject range, degree orientation, expenditure on teaching)
- Student profile (mature, part-time, distance, size of student body)
- Research involvement (publications, doctorate production, research expenditures)
- Involvement in knowledge exchange (start-ups, patents, cultural activities, income from knowledge exchange)
- International orientation (foreign students, incoming students in international exchange, outgoing students, international staff, income from international sources)
- Regional engagement (graduates working in the region, junior students from the region, income from local sources)

The result of this multi-dimensional classification is a set of 6 dimensions, 23 indicators (between 3 and 5 for each dimension), and 93 institutional classes (4 classes for each of 21 indicators, plus 3 and 6 classes respectively for the remaining two). The profile of any HEI will thus be characterized by its inclusion into one of the classes under each of the 23 indicators above.

Of what practical use is such a complex, multi-dimensional classification? As noted above, the purpose of the classification is not to establish a fixed set of institutional categories obtained by combining the position of institutions across all dimensions. (This would be analytically complicated and result in many ideal but practically impossible types.) Rather, the classification system is flexible and comprehensive enough to enable different institutional or systemic stakeholders to use it for their own specific purposes. Stakeholders may design, starting from the general classification, institutional categories or profiles that are tailored to their goals. For funding purposes, for instance,

¹⁷ *Ibidem*.

¹⁸ F.A. van Vught, F. Kaiser, J.M. File, C. Gaethgens, R. Peter and D.F. Westerheijden, *U-Map: The European Classification of Higher Education Institutions*, Enschede, CHEPS, 2010, p. 17.

a funding agency may use a specific categorization which emphasizes some classes (e.g., “major” expenditures on research and “substantial” to “major” patent applications) at the expense of others. A private foundation, on the other hand, may focus on social engagement and “substantial” intake of middle-aged students, and ignore the research and internationalization dimensions. Prospective students may use some of the information provided by the classification to decide which institution better fulfills their own particular skills and needs.

On the basis of a general classification such as the one outlined above one may therefore offer parallel institutional typologies customized for different policy fields. For this to be possible, however, the classification has to have several characteristics:¹⁹

- It should be *multi-dimensional*, recognizing explicitly that diversity is valuable because it encourages the achievement of excellence on several dimensions, while acknowledging that no dimension is inherently more valuable than another.
- The classification should be *non-hierarchical* – the resulting classes must not constitute or be represented as an explicit or implicit hierarchy of institutional types.
- The resulting categories of institutions should be *flexible* – that is, not static, but dynamic. The categories should not aim to exhaust or fix the institutional diversity of the higher education system, but rather serve a pragmatic, contextual purpose.
- The resulting categories should be *non-prescriptive*: the aim of the institutional categories is not to force an institution into a pre-existing type; rather, the positioning across the institutional spectrum should be something decided and pursued by each individual institution.

Instruments of Differentiation

How does one achieve a differentiated system of higher education? Let us consider the following approach: the unit of study is the behavior of an organization, namely of the higher education institution. The latter acts function of the costs of its actions and of the estimated benefits. Its behavior is also constrained by the institutional framework within which it acts, as well as by exogenous non-institutional processes.

Changes in a HEI’s outside environment may have a non-institutional character: the lifestyle or values of students may be altered, student flows may change (in the coming years Romania will experience an important contraction), as may the “clients” of universities (for instance, the increase in the role of lifelong learning may determine HEIs to focus increasingly on middle-aged rather than young students) etc. These external changes will demand prompt responses from higher education institutions and may lead to a certain differentiation beyond and, to some extent, independent from the institutional framework within which universities are embedded.²⁰

This being said, the most important differentiation mechanisms are the institutional ones. Changes in rules, alterations in the norms governing the actions of HEIs are a means of revising the incentives which determine tertiary institutions to act in a certain way. New rules imply new constraints, which result in new responses from HEIs. It is crucial to note here that the adoption of a new rule which pursues a certain result does not mean there will be no perverse effects. Institutions adapt function of their own goals and objectives, and the end result will always be a mixture between what the formal mechanism intended and the informal constraints on institutional behavior. Also, changes in the institutional framework consist not only of new regulations but, often, also of new mechanisms or special practices.

We will consider here a single illustration, namely funding. It is well-known that financial incentives are very effective in altering the behavior of actors, in our case of higher education

¹⁹ van Vught et al., *op. cit.*, p. 16.

²⁰ Cf. M.S. Kraatz, E.J. Zajac, “Exploring the limits of the new institutionalism: The causes and consequences of illegitimate organizational change”, *American Sociological Review*, 61, 1996, pp. 812–836.

institutions. Such incentives may amount to either general rules or to specific procedures that support a particular institution under specific circumstances. HEFCE refers²¹ to an impressive number of types of financial incentives which may be used to develop differentiation in higher education:

- The block grant, offering institutional flexibility in using the funds and allocating the resources internally;
- Dual support for research, enabling institutions to design their own research profiles and activities;
- Activity with business and the community, enabling institutions to establish the nature of cooperation, the formal arrangements, and the development prospects;
- Student premiums, based on the different costs of different types of programs;
- Specialist institution premiums, especially for small or mono-disciplinary institutions;
- Other institutional premiums, reflecting special institutional circumstances (e.g., special organizational structures, old historical buildings etc.);
- Special funding for minority subjects;
- Additional student numbers funded through a competitive process, enabling institutions to achieve growth plans (or plans not to grow);
- Higher education in further education colleges;
- Transfer of private HE providers into the HE sector;
- Special funding initiatives;
- Approach to strategic planning, especially for institutions developing benchmarks in recognition of institutional diversity but also in order to enable comparisons;
- A Restructuring and Collaboration Fund in support of special missions.

As J. Taylor noted,²² policies such as those supported by HEFCE strongly evoke the *laissez faire* era that dominated the last couple of decades of the twentieth century. The emphasis was then on those funding instruments which reduced obstacles to institutional diversification and on individual institutions' choices. The world in 2010 is different from the one ten years ago, when HEFCE suggested its incentives for diversification. Today, it is the policies emphasizing not so much the higher education free market and the individual organizational choices, but the role of central administrations and even of political factors that have gained in credibility and standing. It is often considered that problems may be solved better and swifter through direct state intervention in university affairs, as the former may force the latter to adopt certain behaviors, or may even decide to merge HEIs or to position them within particular classes. Selecting particular public policy instruments depends not only on political factors (which party is in power at the relevant time), but also on the spirit of the times.

We suggest below a basic typology of instruments which may be used to achieve the institutional differentiation of universities. As public policy instruments, they generally fall within one of three broad categories:²³

Voluntary instruments (weak state intervention)	the market
	information and counseling
Mixed instruments (moderate state intervention)	subsidies
	taxes
Compulsory instruments (strong state intervention)	regulations
	public companies
	direct provision

²¹ Diversity in higher education: HEFCE policy statement, 2000.

²² J. Taylor, "Institutional Diversity in UK Higher Education: Policy and Outcomes Since the End of the Binary Divide", *Higher Education Quarterly*, 57, 3, 2003, p. 271.

²³ M. Howlett, M. Ramesh, *Studying Public Policy: Policy Cycles and Policy Subsystems*, Oxford, Oxford University Press, 1995, cap. 4. The table below only mentions some of the available instruments.

The educational service market has been and remains a key instrument for institutional diversification. Combined with a weakening pressure towards homogenization, that is, with weaker institutionalization, the “natural” tendency might be the emergence of new types of HEIs, or the development on diverging paths of the existing ones. Yet, as already observed above, the current institutional environment in Romanian higher education does not generate the necessary incentives for the market to solely assume this role. It is therefore expected that the government would promote additional instruments.

All mixed instruments are important. As far as the academic system is concerned, an important method would probably be the continuous and generalized provision of information on European and global HE developments and goals. One must also consider that quality assurance agencies, particularly the ARACIS, could strengthen the counseling and support component of their activities so that HEIs should define more clearly their objectives and missions, as well as the strategies to realize them. Such instruments are particularly useful when there are no other generally accepted instruments available (for instance, there is no adequate HEI classification methodology).

Subsidies are also an important component in the implementation of policies. Once a higher education institution has defined its mission and strategic plans, various ways of supporting them become available (funding instruments, but also other types, e.g., the development of new study programs). The advantages of using subsidies as policy instruments are as follows: (a) they are easy to use when there is a convergence between the desires of an HEI and those of the government, and the costs are moderate; (b) they are flexible, as the subsidized HEIs may use the subsidies function of their specific circumstances; (c) therefore they encourage innovation and a range of new responses; (d) they are politically acceptable, since on the one hand the beneficiary HEIs are few in number and strongly support them, while on the other hand opposition is weaker and more diffuse because, in principle, any HEI may enter a subsidy program.

Taxes are another instrument that should be considered, although it is usually inhibited by strong opposition. Nonetheless, taxes have been introduced in other European countries with the double purpose of increasing state revenues which may then be directed towards higher education; and inducing particular behaviors and discouraging others. Differentiated taxes, which may be directly channeled towards HEIs, may be a solution to the current underfunding as well as an important incentive for differentiation. Tax reductions for persons belonging to disadvantaged groups may result in the development of universities which target the needs of these groups.

Compulsory instruments are, as noted, the type usually preferred by governments. They are of various kinds, of which regulation is the most familiar means of coercing individual or organizational behavior. The most substantial institutional changes are difficult to produce without regulations at various levels, going as far as the law of education and secondary-level norms. This instrument has a number of advantages of its own: (a) it sets standards and demands compliance; (b) it is very efficient when the government has clear and specific objectives or when there is a need for simple and immediate answers; (c) the effects of its application are generally easier to predict, thus enabling the better coordination of a range of government agencies; (d) it is less costly than other instruments (such as subsidies or tax exemptions); (e) it is politically advantageous, because it indicates the willingness to act and the direct involvement of the government in the resolution of problems.

Direct provision of goods is another instrument: the state may establish higher education institutions for specific purposes.²⁴ The way in which higher education is made into a priority is also relevant in this context: appropriate budget allocations may be decided together with the ways in which these allocations are disbursed.

Lastly, one important principle which needs to be kept in mind is that the state must support public higher education institutions. It is often said – not always appropriately – that higher education

²⁴ This may be achieved in a variety of ways, considering the autonomy of governmental agencies. An example is that of the National School of Public Health and Health Management, which under Art. 683 of Law no. 95/2006 will be able to provide master's programs as well. In its turn, the Ministry of Foreign Affairs established the Romanian Diplomatic Institute – and the list may go on.

is a public good, by which it is commonly meant that the state must not withdraw from this sector, at least as far as funding is concerned. In this capacity, the state has substantial leverage to influence or even constrain HEIs towards differentiation.

Differentiation and Quality Assurance

One of the main goals of quality assurance mechanisms is to provide incentives for increasing the quality of universities' various activities. How can this objective be reached? So far, the quality assurance system in Romania has encouraged institutional isomorphism. For instance, the Romanian quality assurance agencies have performed evaluations of a large number of study programs. Most of its evaluators come from the traditional, prestigious universities. This contributed to creating incentives for the new HEIs to derive their legitimacy from adopting structures and activities very similar to those of the old, high-status institutions.

There are also some more general factors which, it may be argued, have not made the Romanian quality assurance system very friendly to diversification. The first concerns the conception of quality assurance as accreditation-centered. An accreditation-centered QA system tends to be reductive.²⁵ It does not encourage institutional diversification because it offers relatively few incentives for higher education institutions to move beyond accreditation standards into real enhancement. Institutions are stimulated instead to care for the bottom line: the final yes / no verdict. Therefore, their first priority will be to meet the standards in the most safe and predictable way, while the actual quality of their services will remain a secondary concern. Furthermore, in an accreditation-centered QA system the supervising agency itself is stimulated to focus on monitoring and rewarding compliance and offering assistance and support in this direction, rather than to encourage and acknowledge creative and original solutions.

Secondly, the quality assurance indicators that have been used in Romania until recently have been mostly input- and process-oriented. The assumption behind input and process indicators is that a certain level and quality of resources and organizational technologies will result in a specific quality of the output. This assumption is relatively correct up to a point, but it is easy to see why eventually it encourages organizations to closely follow the well-established processes, instead of focusing more on outcomes and devising new and original ways to produce them. In the end, the diversity of both educational processes and outputs will be hampered.

This being said, as far as quality assurance is concerned we do not need to give up the instruments already in use. They assisted the Romanian higher education system in obtaining some desired results. Maintaining a minimum level of quality of the study programs is a means to ensuring that each member of society will get an education appropriate to her abilities, interests and ideals. However, in view of the perverse consequences of institutional isomorphism, these instruments need to be supplemented with new, and different, instruments and mechanisms.

Let us consider an analogy. It is well-known that financial incentives are crucial in the attempt to change the behavior of organizational actors such universities. These incentives may consist in general rules for funding universities, such as funding formulas (as used by the CNFIS to allocate budgetary resources), or even more specific procedures. A standard example, already mentioned above, is provided by the Higher Education Funding Council for England. The instruments employed by HEFCE are intended to help increase the quality of the activities in higher education organizations. This objective is mediated by a quite extensive, multi-dimensional differentiation of institutions. Differentiation, as opposed to homogenization, is much more closely connected with efficiency. But, as the example of HEFCE shows, this may happen in a context in which the problem of legitimacy has already lost its urgency, in that the higher education organizations have reached a satisficing (to use H.A. Simon's famous phrase) level of legitimacy.

²⁵ J. Haakstad, "External quality assurance in the EHEA: Quo Vadis? Reflections on functions, legitimacy and limitations", in A. Blättler, L. Bollaert et al. (eds.), *Creativity and Diversity: Challenges for Quality Assurance Beyond 2010*, Brussels, European University Association, 2010, p. 22.

ARACIS can also stimulate higher efficiency by appealing to different tools or instruments. We will briefly mention two of them. The first is developed in analogy to differentiation incentives in the field of funding. The second is indebted to the institutionalist approach and focuses on the creation and internalization of rules and norms of trust and reciprocity.

First, it has been argued that the differentiation of universities should be multi-dimensional, and that reductionist approaches (which usually focus exclusively on research and teaching) induce, on the one hand, an analytically inadequate picture and, on the other hand, misguided policy recommendations. One of the most important trends in the activity of ARACIS in the coming period will be the development of procedures to stimulate the universities to differentiate their activities. To be effective and stable, differentiation should satisfy the properties already mentioned above: it should be multi-dimensional; inclusive; non-hierarchical; flexible; and non-compulsory. Inclusiveness implies that the system should apply to all Romanian universities. The non-hierarchical character is required in order to attract the universities' positive action: any differentiation that ends with highly-ranked and lowly-ranked universities creates frustrations and perverse actions which undermine the criteria and the effects of the resulting hierarchy. Non-compulsory differentiation means that the universities themselves play the key role in defining their position as members of one cluster or another. Finally, flexibility entails that differentiation is not static, but dynamic.

Differentiation can be stimulated by using a variety of policy instruments. For example, the performance indicators could be grouped according to alternative dimensions, and only some of them would be considered essential for QA purposes depending on the mission of the university in question. This analysis can be done *a priori* or *a posteriori*. This means that, by using the empirical data it collects, ARACIS can provide information to the universities concerning the type of clusters they are most likely to be included in.

Secondly, within an institutional setting the role of new institutions such as formal and shared rules, norms, and practices associated to quality assurance in universities can be analyzed only provided we assume a sufficiently long time horizon. ARACIS started its work only four years ago, and the first cycle of evaluations it performed is not yet completed. However, effective institutions require iterated interactions and cooperation between the organizational actors involved over an extended period. It is only in this way that trust emerges. Therefore, evaluations should be regarded as elements in a process wherein reciprocity is essential for the attainment of a higher state of equilibrium.

Conclusions

Romanian higher education currently exhibits a variety of internal differences. Yet there are, at the same time, strong incentives towards the homogenization of existing HEIs on several dimensions. To the extent to which institutional diversity is desirable, one must first define the dimensions of diversification while avoiding, at the same time, absolute dimensions or the reduction of the entire process to a single type of diversification. The public policies to be advanced and then implemented by the authorities have a number of available instruments to reach their objectives. Each of these instruments has its specific virtues and drawbacks and any efficient policy application must consider them in order to limit the range and impact of unintended adverse consequences.

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