

# Academic Governance



From Bologna to Berkeley



From Ann Arbor to Vercelli

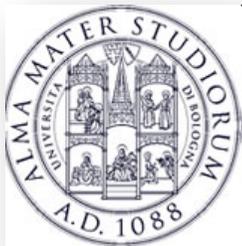


Scott E. Masten  
University of Michigan

No one is happy with the way universities are governed.

In the U.S.

- Faculty complain about the “corporatization” of universities, including the introduction of corporate-style management practices.
- Administrators, trustees, and politicians complain that faculty participation in university decision-making is slow, cumbersome, and inefficient.



## Criticisms of faculty governance

Faculty governance is "a web of inefficiency" that "undermines the very well-being of the nation's colleges and universities"

Report of the Commission on the Academic Presidency (Association of Governing Boards of Universities and Colleges, 1996).

Shared governance has become "in effect, governance by multiple veto by campus groups with vested interests, it can stymie necessary reforms."

Candace de Russy, (trustee, SUNY, 1996)

"[Administrators and staff at the University of California] are operating within an outmoded and dysfunctional set of organizational structures, processes and policies. ... Shared governance is part of the bedrock of this University, but increasingly, shared governance is being interpreted as a synonym for consensus governance, which means that everyone claims a veto but no one takes responsibility for results."

Richard C. Blum, Chairman, University of California Board of Regents  
("We Need to Be Strategically Dynamic," Aug., 2007)



*The Wealth of Nations.*

**Book V, Chapter I, Part III, Article II**

**1. OF THE EXPENCE OF THE INSTITUTIONS FOR THE  
EDUCATION OF YOUTH**

If the authority to which [a professor] is subject resides in the body corporate, the college, or university of which he himself is a member and in which the greater part of the other members are, like himself, persons who either are, or ought to be teachers, they are likely to make a common cause, to be all very indulgent to one another, and every man to consent that his neighbor may neglect his duty, provided he himself is allowed to neglect his own. In the university of Oxford, the greater part of the public professors have, for these many years, given up altogether even the pretence of teaching.



*“If the authority to which he is subject resides in some other extraneous persons ...”*

**A**n extraneous jurisdiction of this kind...is liable to be exercised both ignorantly and capriciously. In its nature it is arbitrary and discretionary, and the persons who exercise it, neither attending upon the lectures of the teacher themselves, nor perhaps understanding the sciences which it is his business to teach, are seldom capable of exercising it with judgment. From the insolence of office too they are frequently indifferent how they exercise it, and are very apt to censure or deprive him of his office wantonly, and without any just cause.



The person subject to such jurisdiction is necessarily degraded by it and, instead of being one of the most respectable, is rendered one of the meanest and most contemptible persons in society. It is by powerful protection only that he can effectually guard himself against the bad usage to which he is at all times exposed; and this protection he is most likely to gain, not by ability or diligence in his profession, but by obsequiousness to the will of his superiors, and by being ready, at all times, to sacrifice to that will the rights, the interest, and the honour of the body corporate of which he is a member. Whoever has attended for any considerable time to the administration of a French university, must have had occasion to remark the effects which naturally result from an arbitrary and extraneous jurisdiction of this kind.



Smith's solution:

Tie professors' compensation to fees paid directly by students.

Their livelihoods dependent on “the affection, gratitude, and favourable report of those who attended upon [their] instructions,” professors would thereby be induced to discharge their duties faithfully and diligently.



Smith's solution was not merely hypothetical.

The first medieval universities of Europe were, of course, organized much as Smith proposed.

During the 12<sup>th</sup>–13<sup>th</sup> centuries, teachers at the universities at Bologna, Salerno, Padua, and elsewhere were hired, paid, and even fined for poor performance directly by student guilds.

Yet despite the prominence of the “Italian model” of education during the Middle Ages, student-run universities were ultimately displaced everywhere by alternative governance arrangements.

Smith's "market" solution failed the market test of survival.

# Academic Governance: From Bologna to Berkeley

Smith's reflections raise at least three questions:

1. Why did student-run universities fail and why hasn't Smith's solution arisen anywhere since (with the possible exception of American business schools)?

2. Why, despite their avowed inefficiencies, did the modern institutions of academic governance (at least in the U.S.) — faculty authority, tenure, bureaucratization, and departmentalization — arise and why have they persisted?

3. Are professors at French universities really the meanest and most contemptible persons in society?

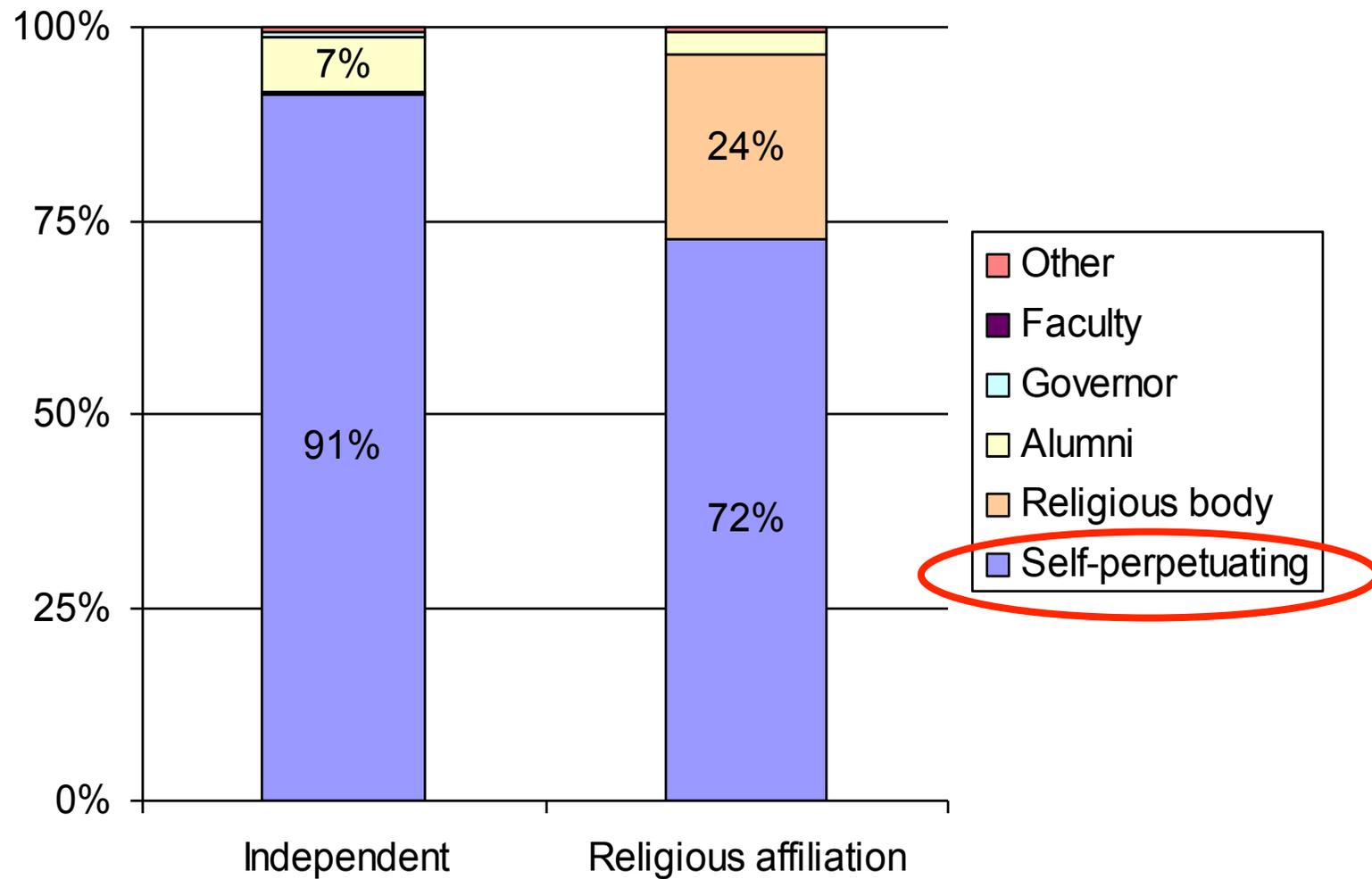
# Governance of American Universities

Large numbers and variety makes U.S. universities a useful setting to examine university governance.

Approximately 2000 four-year colleges and universities in the U.S. (between 1700 and 2700 depending on who is counting), approximately one-third public, two-thirds private, mostly non-profit (although number of for-profits is growing). (Another  $\approx$  2000 associate (2-year) institutions.)

Officially, ultimate authority in private universities rests in boards of trustees.

# Selection of Trustees at Private Universities in the U.S. (2005, excluding ex officio members)



Source: Brown (2008)



# Harvard University

Founded: 1636, chartered in 1650 by the Massachusetts colonial legislature.



Ownership: Harvard Corporation (the President and Fellows of Harvard College)

Membership: Harvard University president plus six members, who elect themselves for life terms.

# Trustees: Great formal authority, little actual influence

Judge José A. Cabranes (2<sup>nd</sup> Circuit):

*University trustee: Fordham University (1974–77), Colgate University (1987–90), Yale University (1987–99), Columbia University (2000–present); General Counsel of Yale University (1975–79)*

“[M]ore than thirty years as a trustee of private universities in the United States leads me to this simple conclusion about the governing boards of such institutions: These governing boards govern very little. Except for approving annual budgets submitted by the university administration in omnibus form and supporting projects by their financial largesse, trustees play no role, or a very limited role, in major decisions that shape and define the vital purposes of a university. They play no role in deciding who will teach students, or what they will be taught, or shaping programs of research and related activities using the university’s resources.” Cabranes (2007)

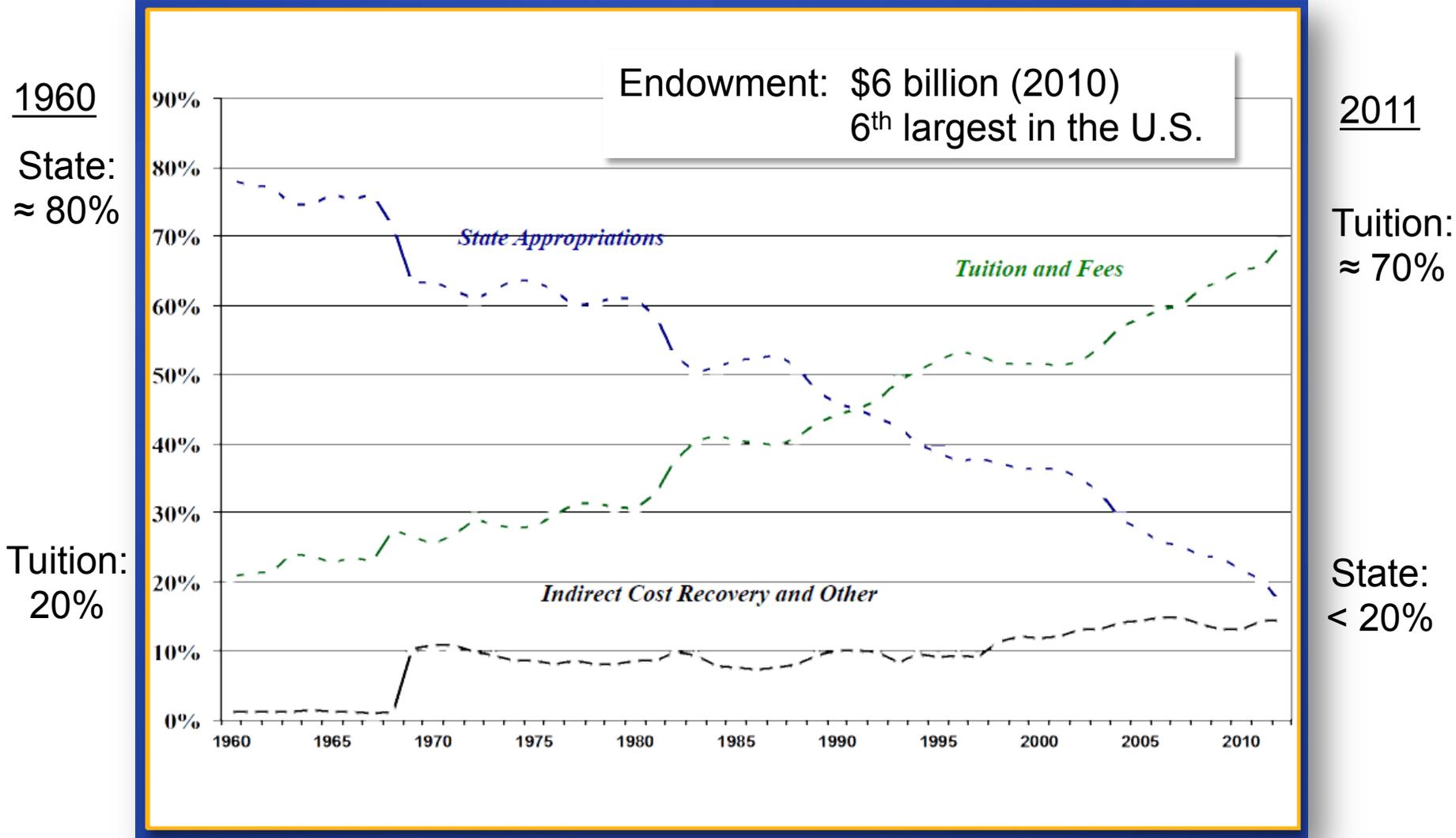
Considerably more variation among public universities.

Most public universities also have boards, most appointed by governor, some with legislative approval.

The University of Michigan has a, not quite unique, but unusual status: It is a public university that is constitutionally independent of the state.

- As a practical matter, means that the state government cannot dictate university policy.
- Ultimate authority rests with a Board of Regents, who are popularly elected (by Michigan citizens)
- Its sole lever is its ability to withhold state funding.

# University of Michigan General Fund\* Sources, 1960 - 2011



\*excludes Hospital System, Sponsored Programs (Direct), Gifts & Endowment Distribution

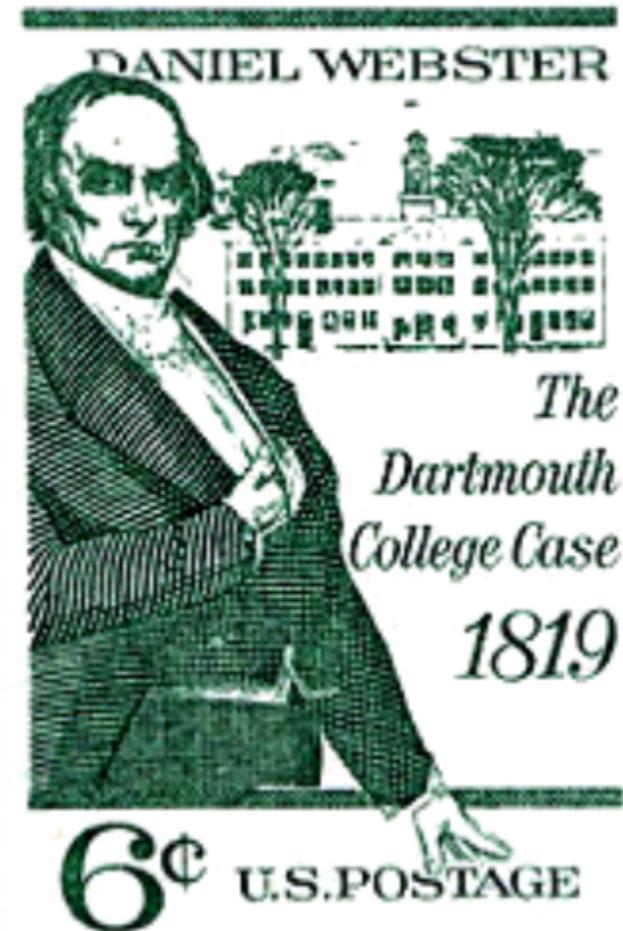
First wave of state universities in the U.S. was a response to state loss of control.

U.S. Supreme Court:  
*Trustees of Dartmouth College*  
*v. Woodward*

State universities

Pre-1819: Georgia (1785); North Carolina (1789)

Post-1819 (pre-Morrill Act): Virginia (1825),  
Indiana (1828), Michigan (1837), Missouri (1839),  
Mississippi (1844), Iowa (1847), Wisconsin (1848),  
Minnesota (1851), Berkeley (1855)



## *Decision-making in American universities*

### *Three methods:*

1. *Administrator Determination.*

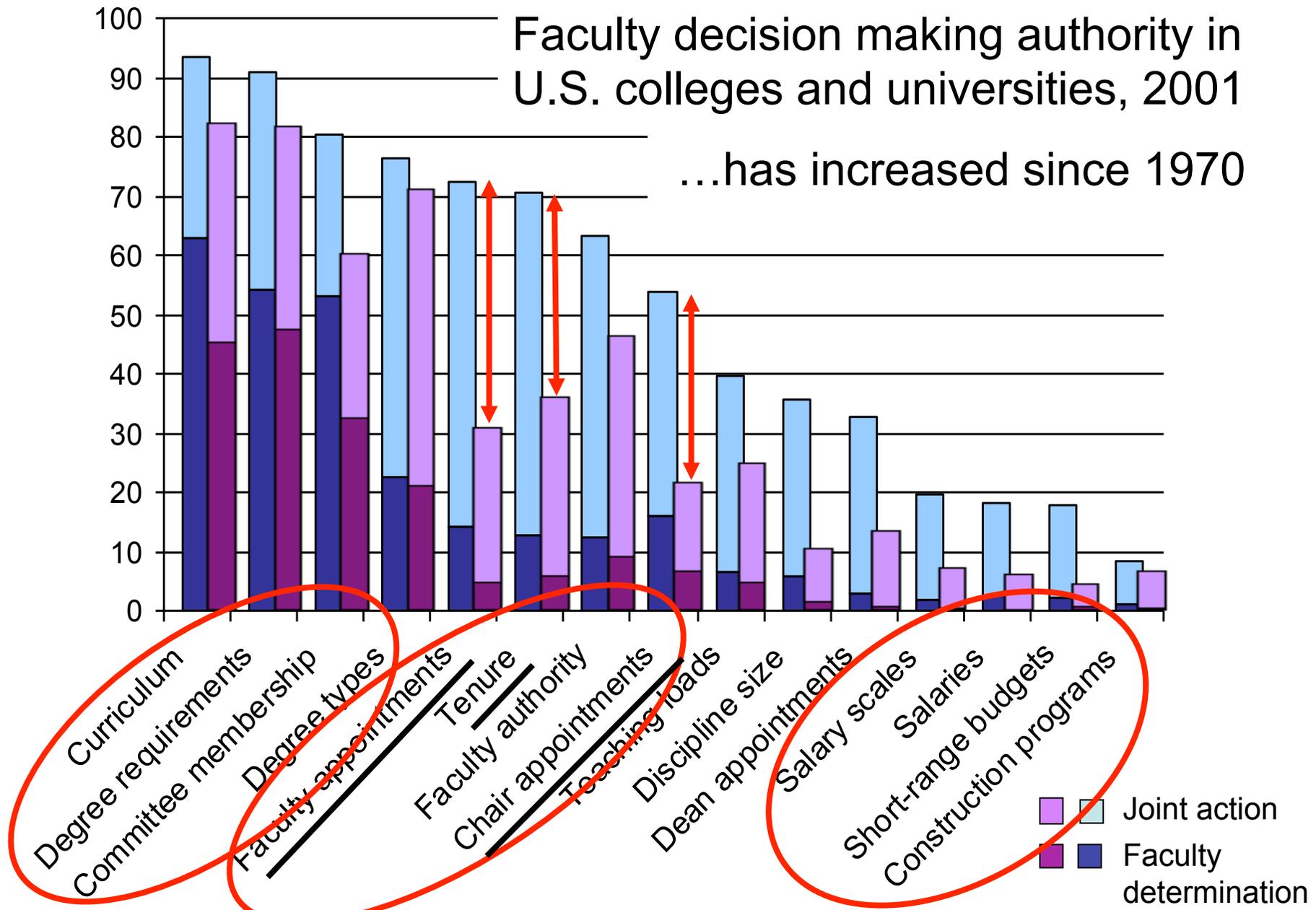
2. *Faculty Determination.* “Determination means that the faculty of an academic unit or its duly authorized representatives have final legislative or operational authority with respect to the policy or action, and any other technically required approvals or concurrences are only pro forma.”

*Joint Action.* “Joint action means that formal agreement by both the faculty and other components of the institution is required for affirmative action or policy determination. Negative action can be accomplished by a veto by any component.”

*Definitions (1970 AAUP Governance Survey)*

# Faculty decision making authority in U.S. colleges and universities, 2001

...has increased since 1970



Source: 2001: Kaplan (2002); 1970: Masten (2006)

# Academic Governance: From Bologna to Berkeley

2. Why, despite their avowed inefficiencies, did the modern institutions of academic governance — faculty authority, tenure, bureaucratization, and departmentalization — arise and why have they persisted?

Corollary:

Have American universities succeeded because of or despite high levels of faculty governance?

# Comparative Institutional Analysis



Ronald Coase

1991 Nobel

Individuals have an incentive to reach bargains wherever there are mutual gains from trade or cooperation regardless of organizational form. Organizational form matters only to the extent that impediments to reaching and realizing such bargain exist.



Oliver  
Williamson

2009 Nobel

All institutions and organizational forms exhibit failings and limitations.

Central problem is to recognize how the relative advantages and disadvantages of institutional and organization alternatives vary with the attributes of transactions and to choose the least-bad form.

# Academic Governance:

## From Bologna to Berkeley

### Gains from (non-simultaneous) trade and the renegeing problem

- Commercial: Suppliers may be reluctant to make investments to serve a particular customer without assurances that the customer will pay for the product.

Contracts provide necessary assurance.

- Political: Individuals may be reluctant to make wealth-increasing investments if they fear that the government will appropriate their wealth.

Constitutional democracy makes excessive expropriation less likely.

(North and Weingast; also Montesquieu, James Madison, and Alexander Hamilton)

# Academic Governance: From Bologna to Berkeley

## “Academic Trade”

Broad range of interests that converge within a university — faculty, students, alumni, administrators, and private and public donors, among others.

Basis for mutually beneficial cooperation: If, for example, administrators and faculty place different relative values on teaching, service, and research, then a bargain in which administrators compensate faculty for foregone research opportunities with higher salaries, tenure, future appointments, etc., would leave both better off.

# Academic Governance: From Bologna to Berkeley

## “Academic Trade”

But, like commercial and political transactions, academic bargains are susceptible to renegeing:

- donors wary that their contributions will be redirected away from their intended use
- administrators hesitant to award tenure and raises for fear that faculty will merely reallocate their time to consulting and leisure
- faculty reluctant to contribute to the teaching and service objectives of the institution lest they discover their salaries and tenure prospects lagging those of colleagues who spurned committee work in favor of activities more likely to enhance their value in the academic marketplace

# Academic Governance:

## From Bologna to Berkeley

Faculty democracy potentially serves a similar role to political democracy is securing commitments.

But like political democracy, faculty participation in university governance has costs and limitations.

# Academic Governance: From Bologna to Berkeley

Parallels between university governance and political systems

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## Universities

## Political systems

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Administrator determination

Autocracy (dictatorship)

Faculty determination

Unified (parliamentary) democracy

Joint Action

Divided (presidential) democracy

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Autocracy: Least protection to “citizens” but allows unilateral and decisive action in times of crisis or opportunity.

Unified democracy: Protects “citizens” but is slow, inefficient, problems of “elected dictatorship,” difficulty of commitment to external parties.

Divided democracy: Greatest commitment (preserves status quo), least flexible.

# Academic Governance: From Bologna to Berkeley

## Implications:

1. Faculty democracy will be of greatest value where gains to academic trade and need for commitment are greatest

≈ where heterogeneity of interests are greatest

≈ where mobility is least

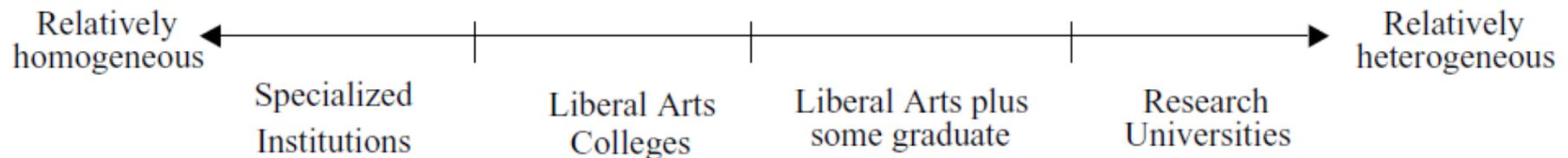
=> In large, research-oriented institutions (relative to smaller teaching-oriented institutions

2. The divergent interests of states (as compared to private donors) => a greater degree of centralized authority

Theory suggests that governance arrangements that offer enhanced commitment should be more valuable where

- (i) faculty are more vulnerable to opportunism (e.g., because less mobile); and
- (ii) agreement on collective response to alleged opportunism is harder to achieve (e.g., because greater heterogeneity)

Faculty heterogeneity (and mobility)



# Emergence of the Modern American University

Late 1800's: Introduction of research as major function of universities

Implications:

- Increased specialization and heterogeneity of faculty
- Reduced mobility (especially at top research institutions)
- Increased difficulty for administrators (“extraneous persons”) and faculty in other areas to understand and evaluate faculty contributions
- Increased conflicts over role of university:
  - among educators over educational philosophy (empiricism v. intuitionism; science v. dogma; mental discipline v. practical training)
  - between public and educators over relative value of applied v. pure research; vocational v. abstract or liberal education)
  - between faculty and administrators, over academic freedom, role of research, practical v. abstract studies; loyalty to institutions v. ideals
  - among faculty

# Emergence of the Modern American University

## Consequences

“Academic bargains” between faculty and administrators difficult to sustain.

- Less mobility => bilateral response less effective
- Greater heterogeneity => hard to evaluate substantive violations of bargains and hard coordinate collective responses to violations

## Organizational responses

- Expansion of faculty governance and reduction of influence of governing boards and presidents over university operations
- Departmentalization
- Emergence of large administrative bureaucracies
- Tenure
- Academic freedom as norm

Evidence that decision-making authority in modern universities varies systematically among universities in ways consistent with commitment function (Masten, 2006)

**NUMBERS OF INSTITUTIONS BY CATEGORY  
AND AFFILIATION**

|             | Public | Private | Catholic | Other Religious | Total |
|-------------|--------|---------|----------|-----------------|-------|
| University  | 80     | 30      | 14       | 6               | 130   |
| LA plus     | 189    | 66      | 43       | 53              | 351   |
| College     | 52     | 45      | 58       | 153             | 308   |
| Specialized | 13     | 21      | –        | 3               | 37    |
| Total       | 334    | 162     | 115      | 215             | 826   |

TABLE VII.  
MULTINOMIAL LOGIT ESTIMATES

|                 | Proportions  |  |                                   |                                 |                                       | Discrete   |  |  |  |
|-----------------|--|--|-----------------------------------|---------------------------------|---------------------------------------|--|--|--|--|
|                 | Coefficients   |  | Marginal Probabilities (at Means) |                                 |                                       | Coefficients; (Robust Standard Errors)                               |  |  |  |
|                 | (1)<br>Joint Action<br>Relative to<br>Administrator<br>Determination | (2)<br>Joint Action<br>Relative to<br>Faculty<br>Determination | (3)<br>Joint<br>Action            | (4)<br>Faculty<br>Determination | (5)<br>Administrator<br>Determination | (6)<br>Joint Action<br>Relative to<br>Administrator<br>Determination | (7)<br>Joint Action<br>Relative to<br>Faculty<br>Determination | (8)<br>Joint Action<br>Relative to<br>Administrator<br>Determination | (9)<br>Joint Action<br>Relative to<br>Faculty<br>Determination |
| University      | 0.546<br>(10.47)   | 0.223<br>(3.18)  | 0.097<br>(10.00)                  | 0.012<br>(2.62)                 | -0.109<br>(-10.07)                    | 0.547<br>(4.07)  | 0.252<br>(1.96)  | 0.204<br>(1.21)  | 0.335<br>(1.98)  |
| LA plus         | 0.206<br>(5.13)  | 0.168<br>(3.15)  | 0.038<br>(5.20)                   | -0.001<br>(-0.36)               | -0.037<br>(-4.53)                     | 0.218<br>(2.17)  | 0.191<br>(1.81)  | 0.186<br>(1.83)  | 0.194<br>(1.79)  |
| Special         | -0.318<br>(-3.67)  | 0.830<br>(6.18)  | -0.039<br>(-2.46)                 | -0.071<br>(-7.60)               | 0.110<br>(6.17)                       | -0.362<br>(-1.675)   | 0.965<br>(3.94)  | -0.382<br>(-1.74)  | 0.972<br>(3.97)  |
| Public          | -0.471<br>(-10.39)   | 0.468<br>(7.78)  | -0.071<br>(-8.58)                 | -0.055<br>(-11.10)              | 0.126<br>(13.08)                      | -0.531<br>(-4.74)  | 0.516<br>(4.30)  | -0.612<br>(-5.13)  | 0.520<br>(3.95)  |
| Catholic        | -0.312<br>(-5.42)  | 0.524<br>(6.69)  | -0.043<br>(-4.16)                 | -0.051<br>(-8.82)               | 0.094<br>(7.88)                       | -0.355<br>(-2.31)  | 0.591<br>(3.82)  | -0.317<br>(-2.05)  | 0.580<br>(3.73)  |
| Other religious | -0.024<br>(-0.46)  | 0.013<br>(0.20)  | -0.004<br>(-0.41)                 | -0.002<br>(-0.49)               | 0.006<br>(0.55)                       | -0.026<br>(-0.21)  | 0.043<br>(0.332)   | -0.013<br>(-0.10)  | 0.0377<br>(0.28)   |
| RESEARCH        |  |  |                                   |                                 |                                       |  | 0.022<br>(1.65)  | -0.013<br>(-1.21)  |  |
| FACSIZE/100     |  |  |                                   |                                 |                                       |  | 0.049<br>(1.99)  | -0.006<br>(-0.22)  |  |
| N               | 27,159   |  |                                   |                                 |                                       | 26,206   |  |  |  |
| L               | -19,494.00   |  |                                   |                                 |                                       | -18,204.63   |  |  |  |
| L <sub>R</sub>  | -19,795.98   |  |                                   |                                 |                                       | -18,541.06   |  |  |  |
| χ <sup>2</sup>  | 603.96   |  |                                   |                                 |                                       | 672.86   |  |  |  |

t-statistics in parentheses.

N is number of observations.

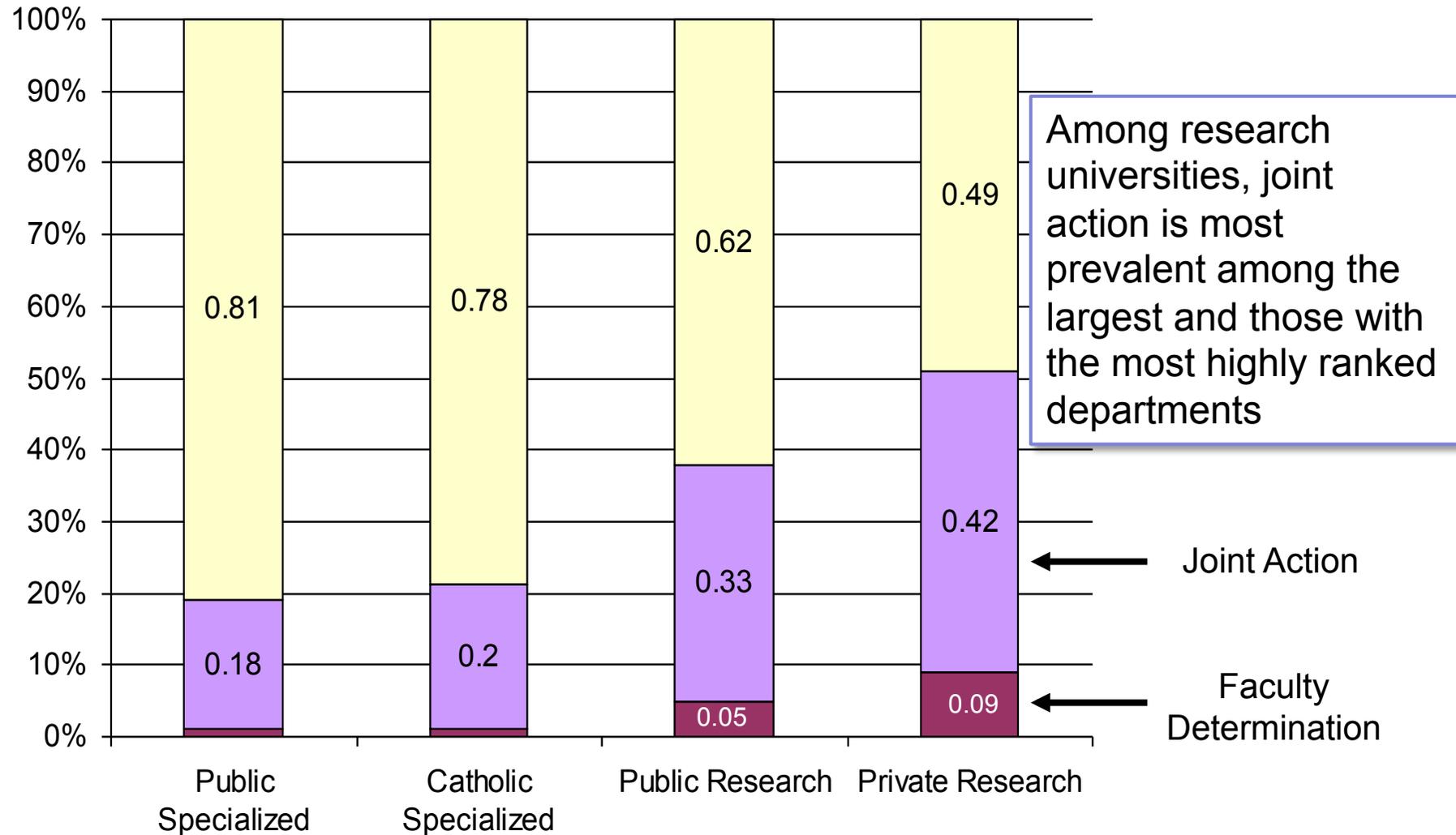
L is the log likelihood value.

L<sub>R</sub> is the restricted log likelihood value (coefficients restricted to one).

Decision-specific fixed effects included but not reported.

# Patterns in the allocation of decision-making authority in U.S. colleges and universities, 1970

## Estimated Probabilities for Tenure Decision Authority



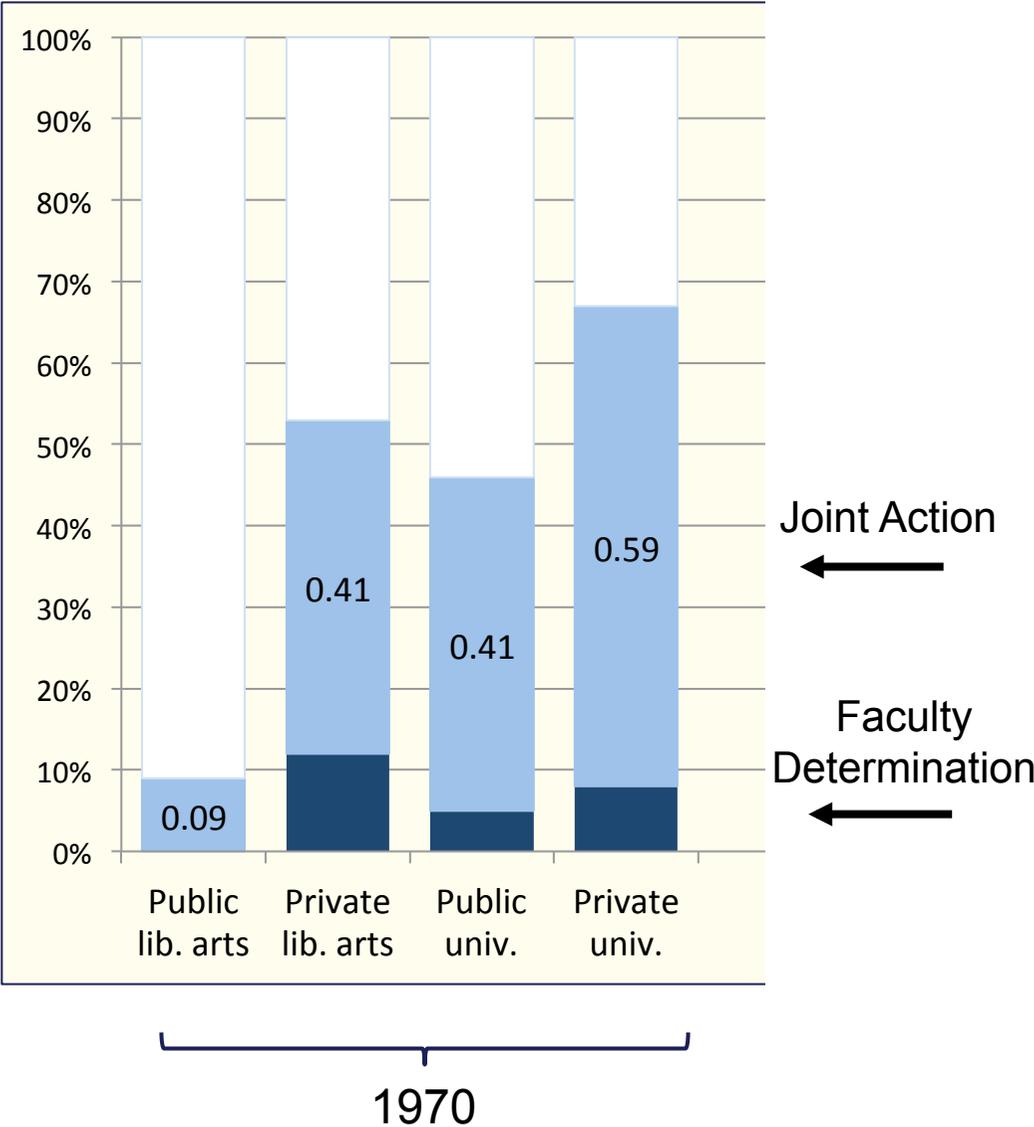
## Incidence of faculty governance (determination or joint action), 1970 and 2001 524 institutions

Table 2. Incidence of faculty governance (determination or joint action), 1970 and 2001

| Decision areas                                 | All  |      | Priv. Univ. |      | Pub. Univ. |      | Priv. LA |      | Pub. LA |      | Catholic |      |
|--|------|------|-------------|------|------------|------|----------|------|---------|------|----------|------|
|  | 1970 | 2001 | 1970        | 2001 | 1970       | 2001 | 1970     | 2001 | 1970    | 2001 | 1970     | 2001 |
| 1 Faculty appointments                         | 0.31 | 0.75 | 0.67        | 0.78 | 0.41       | 0.81 | 0.52     | 0.72 | 0.09    | 0.57 | 0.34     | 0.77 |
| 4 Tenure                                       | 0.35 | 0.74 | 0.73        | 0.73 | 0.46       | 0.79 | 0.48     | 0.60 | 0.10    | 0.54 | 0.48     | 0.73 |
| 6 Curriculum                                   | 0.82 | 0.94 | 0.97        | 0.98 | 0.88       | 0.98 | 0.94     | 0.98 | 0.72    | 0.87 | 0.65     | 0.91 |
| 7 Degree requirements                          | 0.82 | 0.94 | 0.98        | 0.96 | 0.89       | 0.96 | 0.99     | 1.00 | 0.78    | 0.83 | 0.60     | 0.86 |
| 9 Types of degrees offered                     | 0.72 | 0.78 | 0.99        | 0.73 | 0.80       | 0.82 | 0.91     | 0.83 | 0.49    | 0.63 | 0.52     | 0.71 |
| 12 Relative staff sizes of disciplines         | 0.09 | 0.35 | 0.08        | 0.22 | 0.08       | 0.32 | 0.18     | 0.40 | 0.00    | 0.29 | 0.14     | 0.32 |
| 13 Programs for buildings and other facilities | 0.07 | 0.08 | 0.07        | 0.06 | 0.03       | 0.07 | 0.11     | 0.09 | 0.12    | 0.09 | 0.09     | 0.08 |
| 15 Appointments of academic deans              | 0.13 | 0.33 | 0.28        | 0.17 | 0.20       | 0.36 | 0.14     | 0.32 | 0.03    | 0.37 | 0.05     | 0.30 |
| 16 Appointments of department chairmen         | 0.21 | 0.57 | 0.28        | 0.33 | 0.29       | 0.54 | 0.28     | 0.36 | 0.04    | 0.51 | 0.24     | 0.60 |
| 17 Faculty salary scales                       | 0.05 | 0.20 | 0.06        | 0.09 | 0.02       | 0.16 | 0.05     | 0.17 | 0.03    | 0.19 | 0.09     | 0.21 |
| 18 Individual faculty salaries                 | 0.06 | 0.20 | 0.00        | 0.12 | 0.11       | 0.31 | 0.01     | 0.12 | 0.00    | 0.20 | 0.10     | 0.16 |
| 19 Short-range budgetary planning              | 0.03 | 0.17 | 0.00        | 0.13 | 0.03       | 0.15 | 0.06     | 0.15 | 0.10    | 0.19 | 0.04     | 0.19 |
| 21 Average teaching loads                      | 0.23 | 0.42 | 0.30        | 0.45 | 0.22       | 0.53 | 0.35     | 0.48 | 0.11    | 0.44 | 0.27     | 0.39 |
| 25 Authority of faculty in governance          | 0.46 | 0.64 | 0.53        | 0.46 | 0.56       | 0.70 | 0.25     | 0.66 | 0.32    | 0.57 | 0.37     | 0.55 |
| 27 Membership ... senate committees            | 0.60 | 0.83 | 0.70        | 0.70 | 0.67       | 0.87 | 0.62     | 0.85 | 0.53    | 0.81 | 0.58     | 0.73 |

# Less difference between institutions over time

Authority for faculty appointments (same 524 institutions)



# Academic Governance:

From Bologna to Berkeley

## Conclusions and observations

The institutions of academic governance can be usefully viewed as having arisen to support commitment and sustain “academic bargains.”

The largest and most highly ranked (in research) universities in the U.S. tend to have the strongest faculty participation.

In the U.S., the role of faculty in governance has generally increased, especially in state and Catholic institutions.

The large number and resulting competitiveness of American universities along with generally higher tuitions may alter the feasibility and desirability of governance arrangements in the U.S. relative to other countries.