

Performance agreements in higher education in the Netherlands

Donald F. Westerheijden

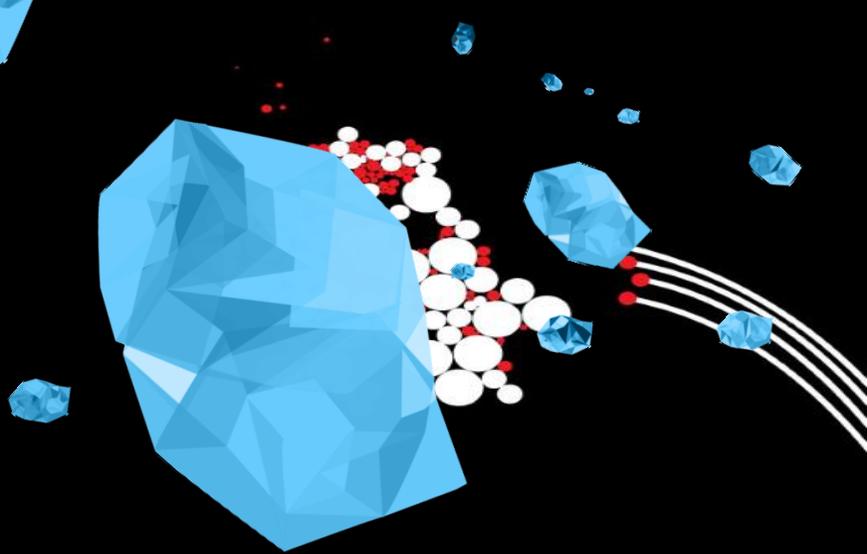
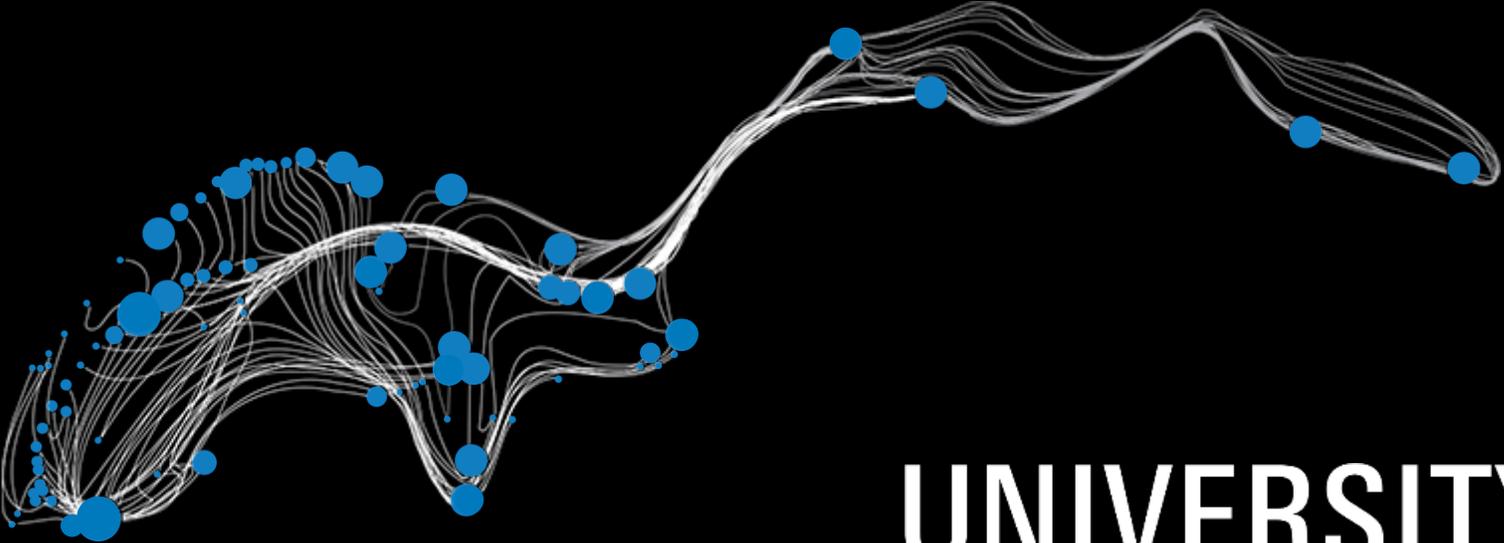
Presentation to

4th Forum of Quality Assurance Stakeholders

“Education vs Specialist: Professional Education
Today and Tomorrow”, Yerevan, 16 April 2018



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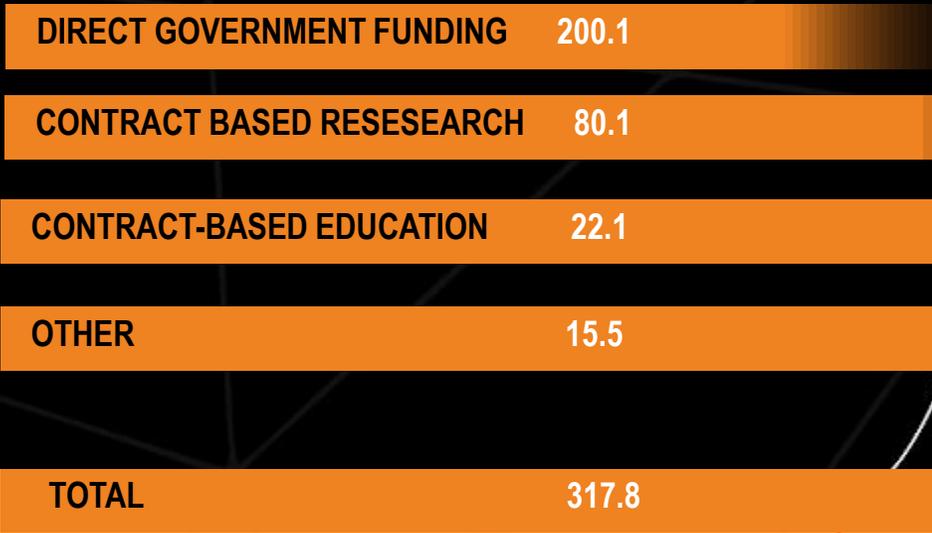


Our very reason for existing is to

- Engage in ground-breaking research
- Have profound societal impact
- Excel in Innovative Education
- Construct multi-disciplinary answers to the grand challenges of tomorrow's world

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FUNDING (IN M€)



FACTS & FIGURES
2016

-
- CHEPS is a department at the Faculty of Behavioural, Management and Social Sciences (BMS)
 - CHEPS is one of the world's leading centres of excellence and relevance in higher education and research policy
 - Since 1984



CHEPS's Areas of Expertise

Higher Education for the Knowledge Society

- We work at national, European and global levels in the areas of higher education and research
 - Governance and management
 - Funding
 - Classification and ranking
 - Quality assurance
- Basic and applied research
 - Policy evaluations
 - International comparison
- Education
 - e.g. Thesis supervision (BSc, MSc, PhD)
 - Modular training for professionals in HE
- Policy and consultancy (Europe & World)
 - International agencies
 - National ministries
 - Universities
- Design
 - Of policy/management instruments

Contents

- The need for transparency
 - Information asymmetry
 - Networked governance
- Instruments for transparency
 - Accreditation (Quality assurance)
 - University rankings
 - Performance contracts
 - In the Netherlands
- Conclusion

Why transparency in higher education?

- Reliable information on benefits of higher education for
 - Better decision-making
 - Legitimacy
 - Funding
 - Competitiveness
- Reliable information = succinct yet honest presentation
 - ...everything should be as simple as it can be, but not simpler!
(Ockham's razor)
 - Balance between
 - Information overload
 - False simplicity



Why transparency in higher education?

Growing need for information

- Private financial contributions to higher education rise
- More and more diverse higher education institutions
- Mass individualisation: clients demand services fit for them

Networked governance

- 'Supervisory government', no illusion of central control
- Higher education institutions interact / network with
 - Stakeholders (regionally)
 - Governments at several levels (local ... EU)
 - Each other

What is transparency in higher education?

Information about **qualities**

- Plural, not 'quality'
 - Various characteristics
 - e.g. Research output
 - e.g. Education delivery
 - e.g. Social environment
 - Various parts of universities
 - e.g. Faculties
 - e.g. Laboratories

Why so difficult?

Information asymmetry

- Education is an experience good
 - Or a credence good
- You cannot know the added value (or quality) **to you** until you **have experienced** it
- Quality is subjective, depends on the user

Transparency

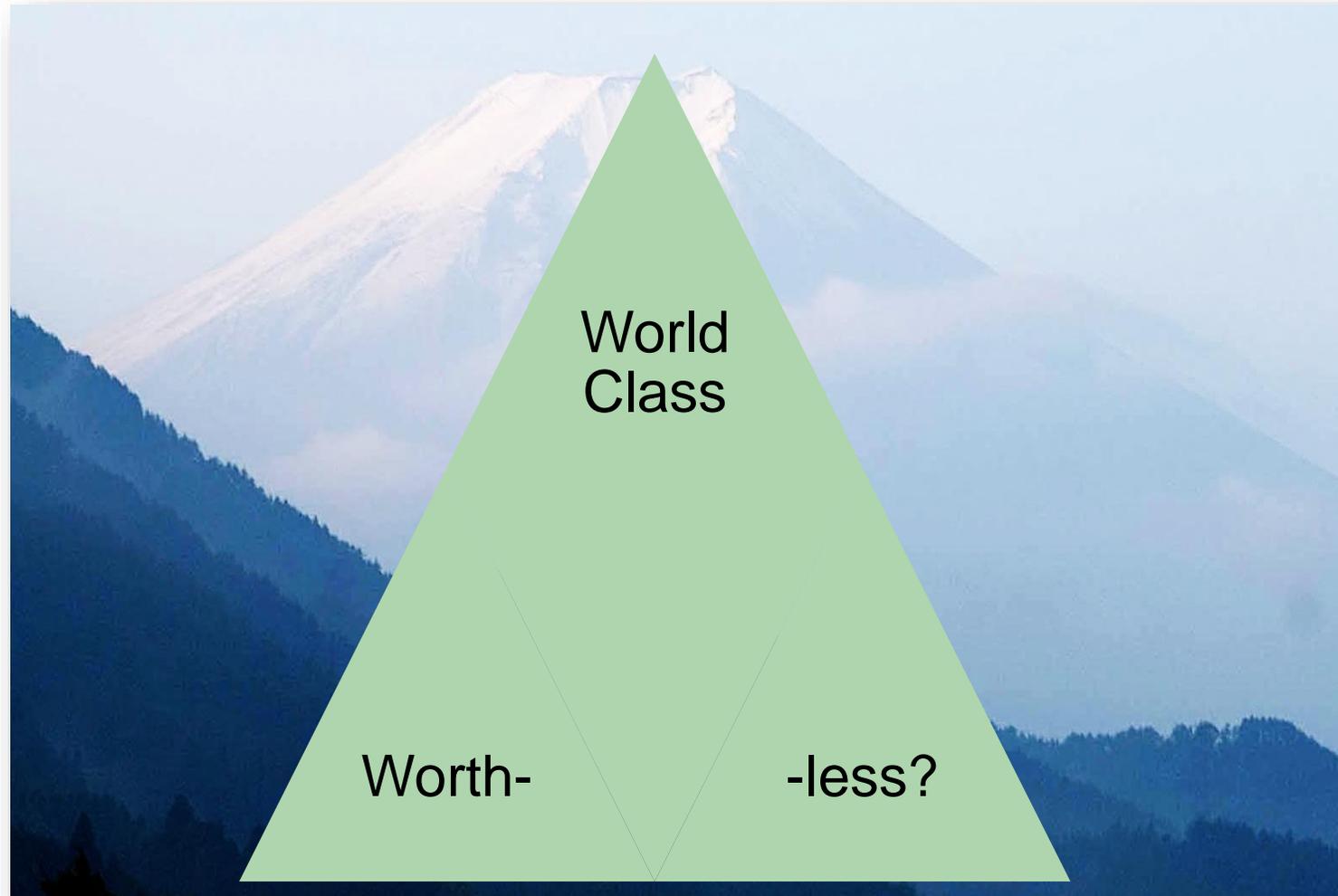
For whom?

- Categories of users / clients of HE, e.g.
 - Students
 - Employers
 - Researchers
 - Government
 - Society
- Do not forget within-category variety

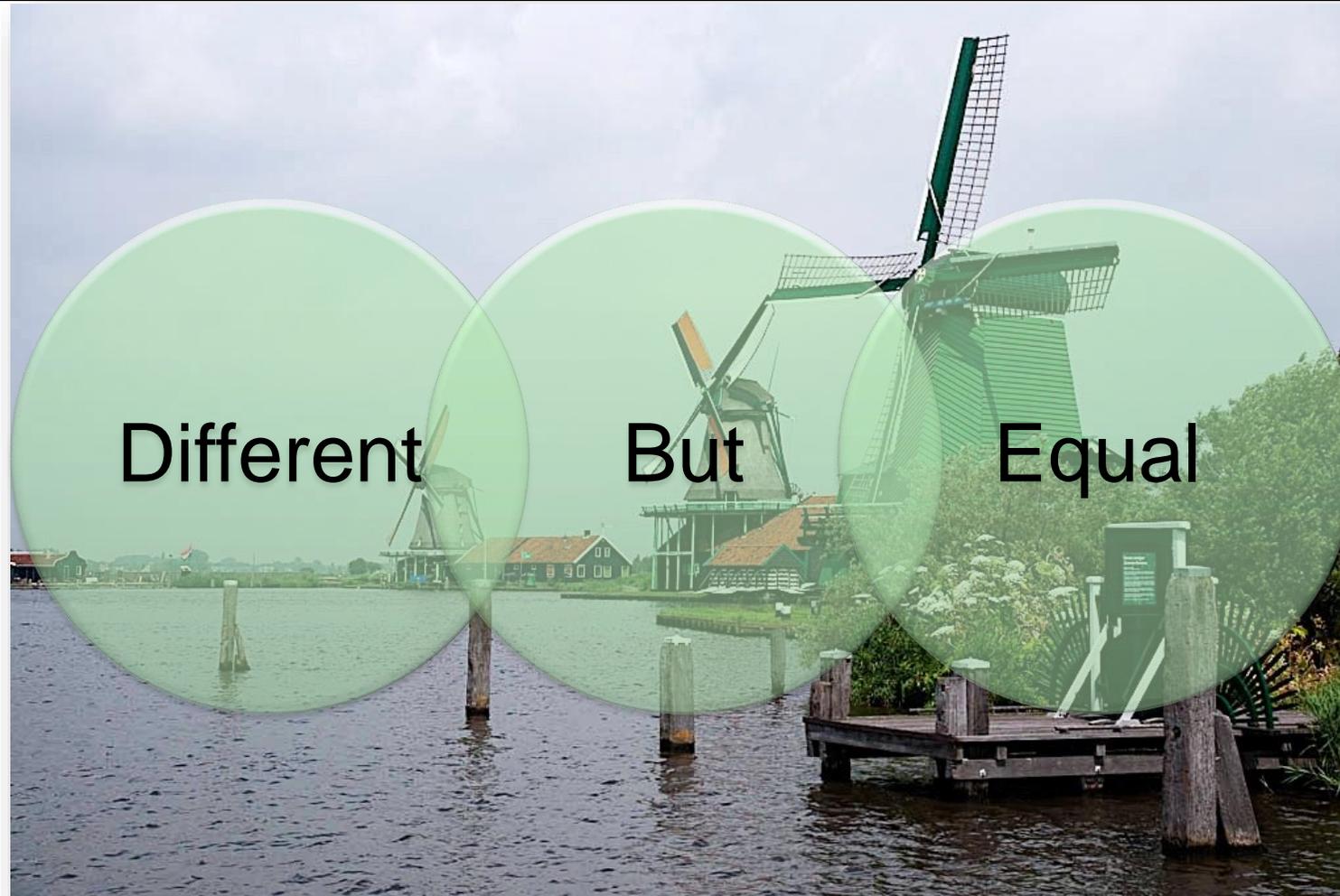
For what?

- Information is instrumental to decisions, e.g.
 - What and where to study?
 - Who to hire?
 - With whom to do research?
 - Who to fund (more)?

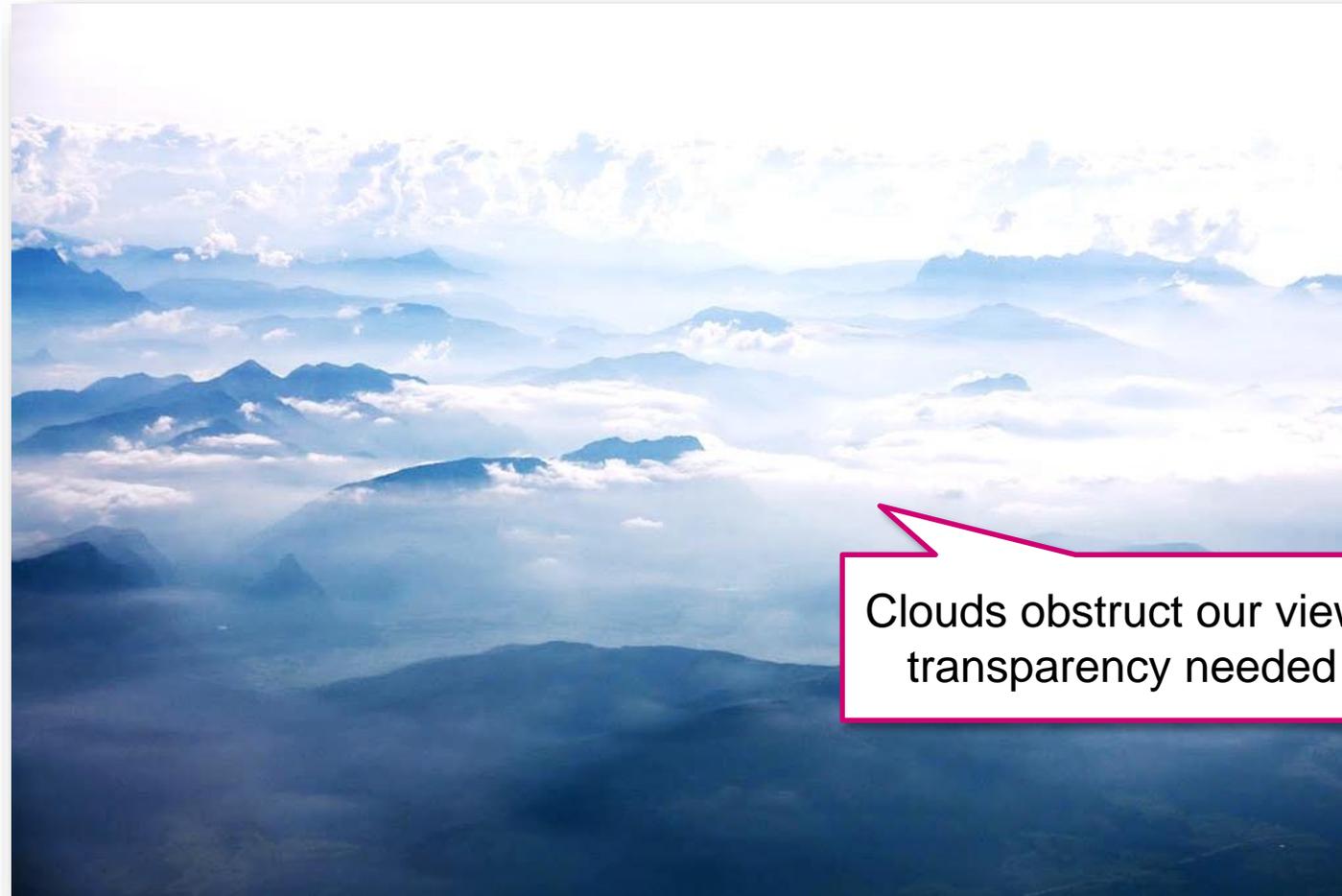
Diversity: vertical



Diversity: horizontal



A higher education landscape: Vertical and horizontal diversity



Clouds obstruct our view:
transparency needed

Which tools are available for transparency?

Quality assurance

- Accreditation

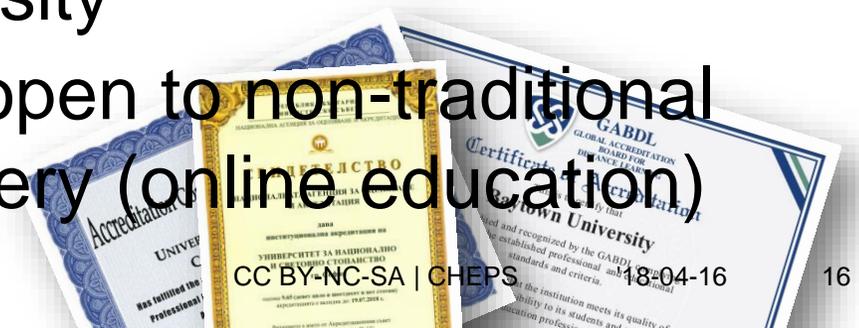
Rankings

- League tables
- U-Multirank
 - *Full disclosure: I am part of the U-Multirank team*

Performance contracts

Accreditation

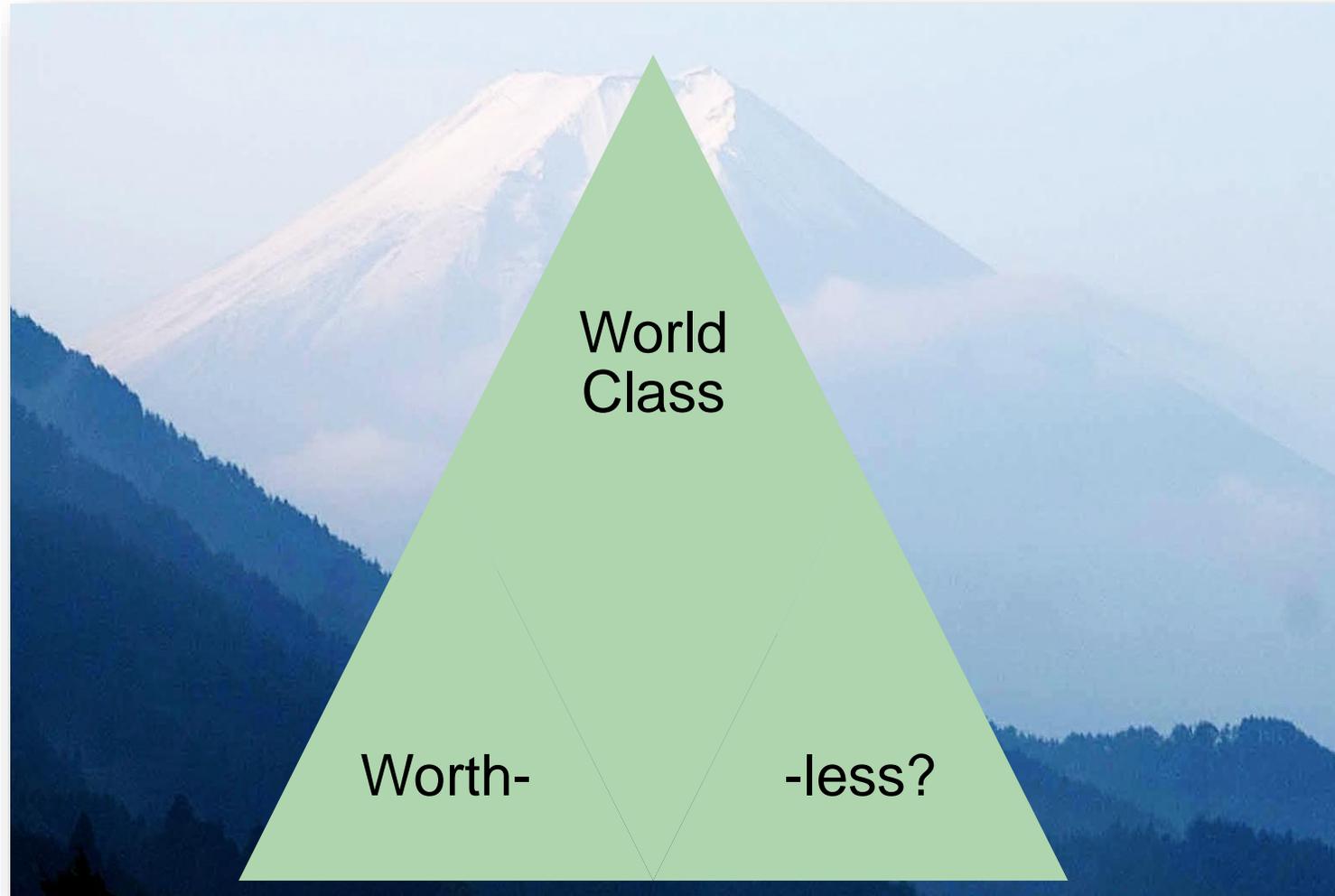
- Yes / no (/ conditional)
- Graded
 - Sufficient, good, excellent
- Often connected to legal status → beware of legal equity
- Seems easy to understand to anyone
- Comparable
- Crude transparency: threshold passed, no (or very little) information about diversity
- Not open to non-traditional delivery (online education)



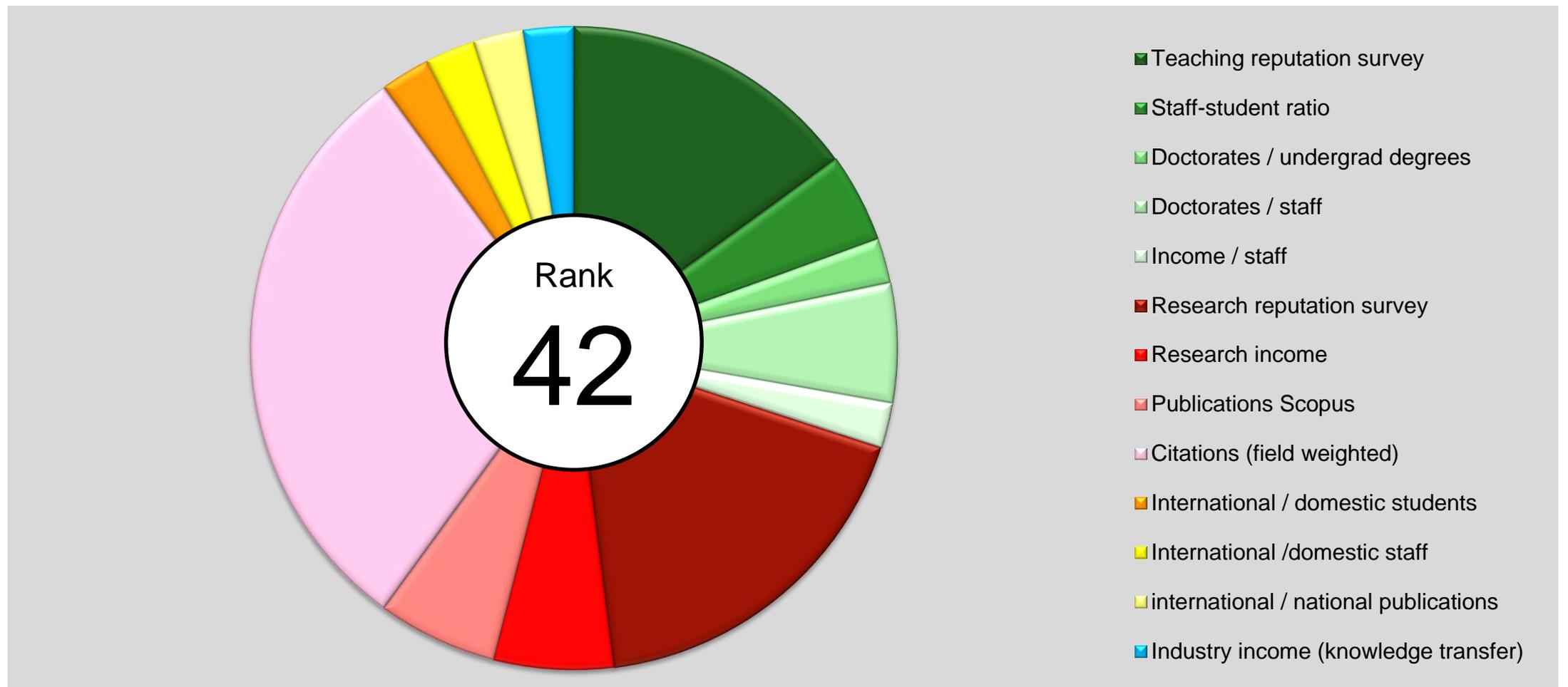
Accreditation: Threshold decision



Traditional rankings: League table



Traditional rankings: THE ranking weights (2018)



Critique of traditional rankings

Unspecified target groups: same info for every user

Whole university rankings: Ignore diversity within

Only large research universities selected (1%? of HE)

Narrow range of dimensions determines most of ranking

- Traditional research and reputation

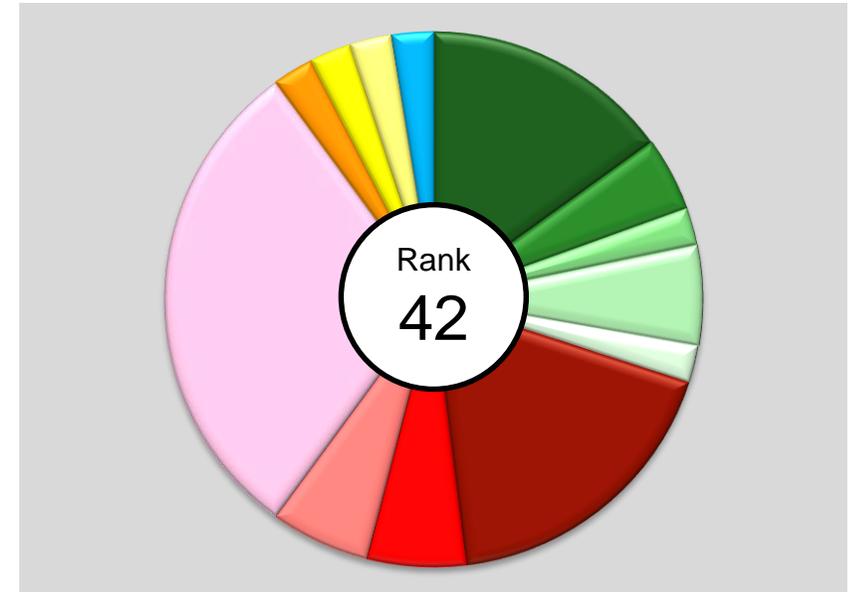
One composite overall indicator: 🍏 + 🍷 = 🍏🍷 ?

League table: 1, 2, 3, ... 42 ... 200?

Bibliometry has limited value

- Field bias in publications
- Regional bias in citation databases

Volatile methodology: New #1 wanted for sales?

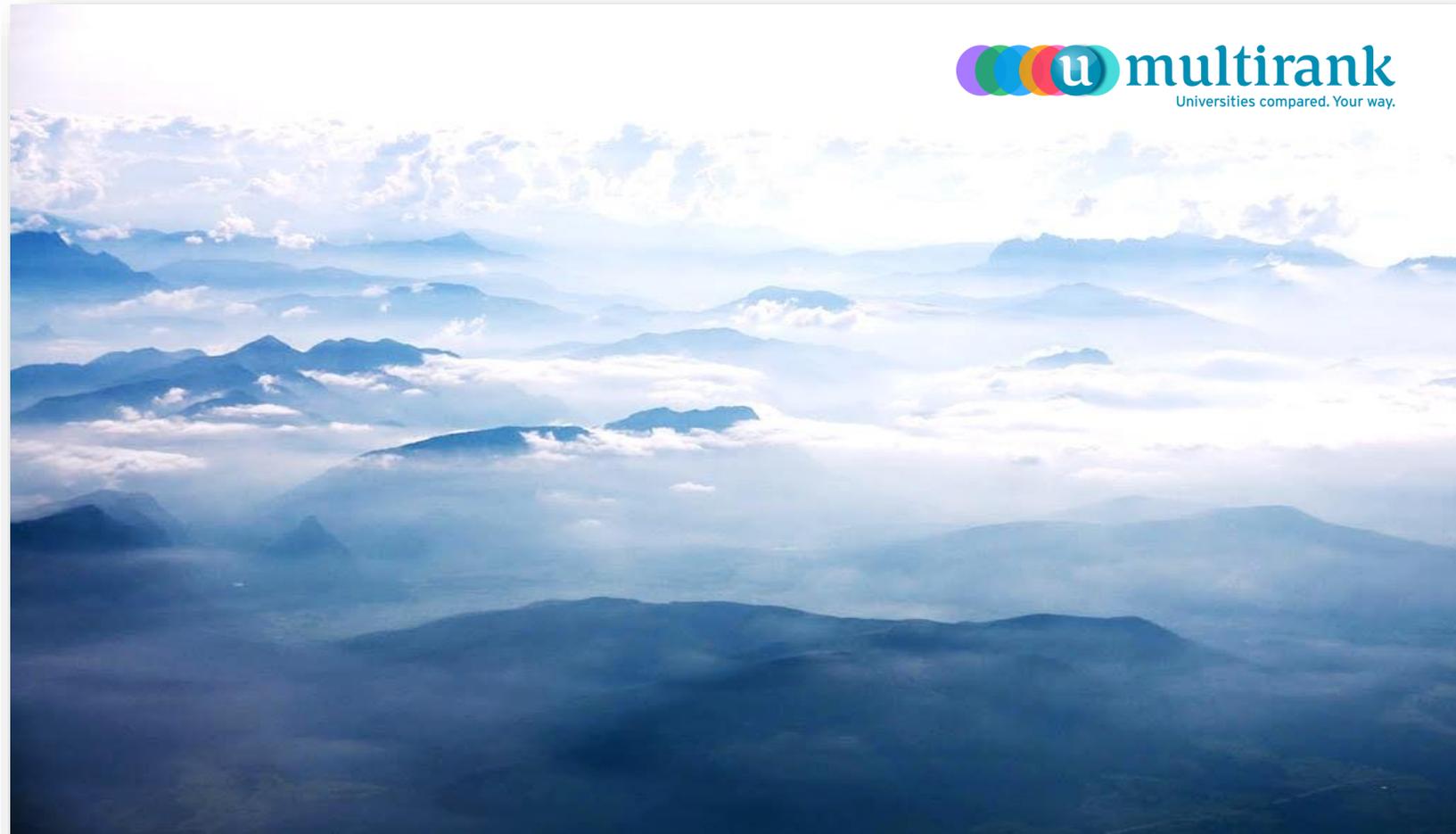


Summing up traditional rankings



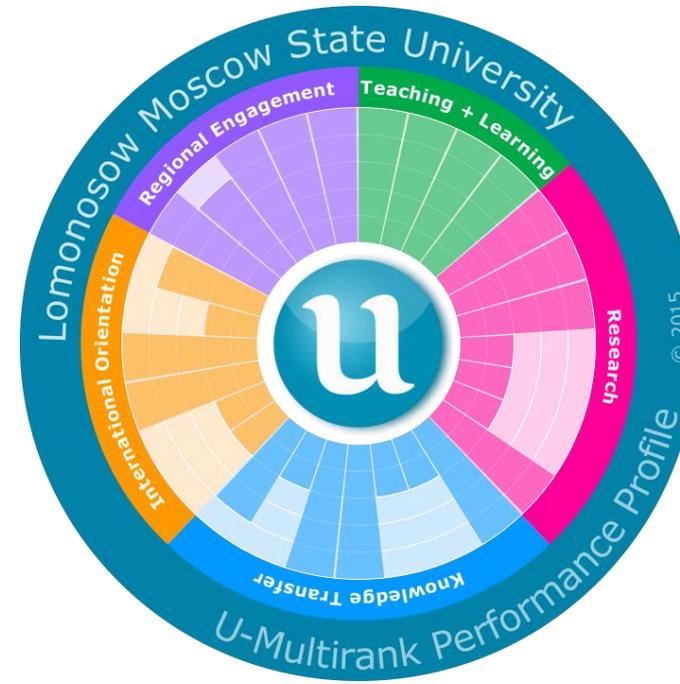
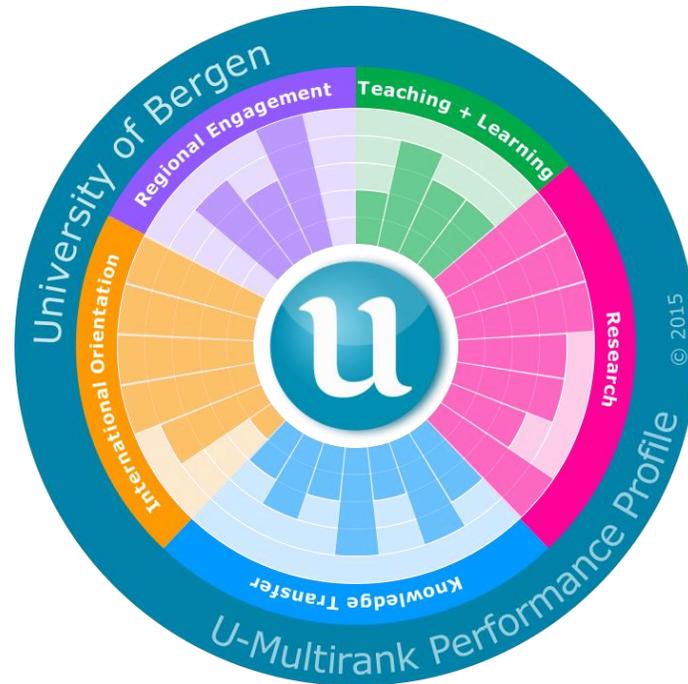
U-Multirank

Universities compared. Your way.



U-Multirank

Comparing university profiles



You cannot say that one university is always better than the other!

U-Multirank

Field-based ranking

4 Computer Science comparison Your selection: 451 universities Show choices

Change measures **Teaching & Learning** + **Teaching & Learning (Students' views)**

Personalise this ranking

Show scores

Show the whole table

Show favourites only

| | Student-staff ratio | Graduating on time (bachelors) | Academic staff with doctorates | Contact with work environment (bachelors) | Overall learning experience | Quality of courses & teaching | Organisation of program | Contact with teachers | Library facilities |
|------------------------------------------|---------------------|--------------------------------|--------------------------------|-------------------------------------------|-----------------------------|-------------------------------|-------------------------|-----------------------|--------------------|
| Catholic U Murcia ES | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Voronezh State Tech U RU | — | — | — | ● | ● | ● | ● | ● | ● |
| ENS Paris FR | — | — | ● | — | ○ | ● | ● | ○ | ● |
| IIC U Tech KH | — | — | — | — | ○ | ● | ● | ● | ● |
| U Fribourg CH | — | — | — | — | ○ | ● | ● | ● | ● |
| UAS Karlsruhe DE | ● | ● | ○ | ● | ○ | ● | ● | ● | ● |

A-Z Top scores

1 2 3 4

Default tables offer a selection of indicators



| Teaching & Learning | | | |
|--------------------------|-------------------------|--------------------------------|------------------------------|
| Bachelor graduation rate | Masters graduation rate | Graduating on time (bachelors) | Graduating on time (masters) |

| Research | | |
|---------------|-----------------------------------------|--------------------------|
| Citation rate | Research publications (size-normalised) | External research income |

| Knowledge Transfer | | | |
|------------------------------------------|-----------------------------|-----------------------------------|-------------------------------|
| Co-publications with industrial partners | Income from private sources | Patents awarded (size-normalised) | Publications cited in patents |

| International Orientation | |
|---------------------------|----------------------------------|
| Student mobility | International joint publications |

| Regional Engagement | | |
|------------------------------------------|-----------------------------|------------------------------|
| Bachelor graduates working in the region | Regional joint publications | Income from regional sources |

This is the default for the “compare track” – overview of all dimensions

Performance contracts

- Performance contracts are agreements between **individual** higher education institutions and their government(s) or funding authorities
- Part of **public funding** is connected to their commitment to fulfil several **objectives** measured by target **indicators**
- Usually performance contracts invite higher education institutions to elaborate their **strategic plans**,
 - outlining their vision of the future and
 - the specific actions directed to reaching their strategic objectives.
- In some cases, **delivering** on the performance contract leads to a **financial reward** for the institution



Aims of performance contracts

- Primarily:
 - Reward desired behaviour
 - Increase mission diversity
 - Increase performance
- Secondly:
 - Indicators → transparency



Performance contracts in the Netherlands

Context: Situation before

- Performance-based funding
 - For part of the institution's budget
 - Main indicators
 - Number of students
 - Open access, market in balance
 - 'Unit price' weighted for expensive disciplines
 - Number of degrees
 - *Note: multi-year averages*
- Same formula → same outcome = uniformity
- Two issues:
 - How to stimulate diversity?
 - Different formulae for universities and for universities of applied sciences (UAS)
 - How to simulate quality instead of quantity?

Performance contracts in the Netherlands

Context: How to simulate excellence?

- Policy #1: Multi-annual agreements
 - *2008–2010*
 - Between Minister and Associations of universities/UAS
 - No consequences for individual higher education institutions
- Evaluation (2011)
 - Completion rate rises a little
 - No increase of effort
- Policy #2: **Performance agreements** with each publicly-funded higher education institution
 - N = 57
 - *2013-2016*
- Aims:
 - Raise quality → national goals
 - Stimulate diversity

Performance contracts in the Netherlands

Outline national

- Start with sectoral ‘Outline agreements’
 - Between Minister and Associations of universities/UAS
 - Give framework for individual agreements with higher education institutions
 - Raise quality of education: common indicators, but free to set ambition levels
 - Stimulate diversity → profiling plans
- 7% of funding at stake
 - 5% of ‘own’ budget regained by quality of plans for raising quality of education
 - 2% redistributed among best profiling plans
- Fixed for next 4 years
- Same level of rewards/punishments after 4 years for (not) reaching ambitions

Performance contracts in the Netherlands

Outline per institution

- Institutional agreements
- Individual ambitions on set of common indicators
 - Balancing act: you cannot maximise all indicators
 - Strategy depends also on context of the institution: 'difficult' student mix?
- Free-form ambitions regarding
 - Research (Uni) / Applied research (UAS)
 - Attention invited to Grand Challenges
 - Top Sectors: Centres of Expertise (UAS + business)
 - 'Valorisation' \approx knowledge transfer
 - Educational profiling

Performance contracts in the Netherlands

Initial plans

| | Universities | Universities of applied sciences | Total |
|--------------|--------------|----------------------------------|-------|
| Excellent | 1 | 2 | 3 |
| Very Good | 6 | 23 | 29 |
| Good | 7 | 13 | 19 |
| Insufficient | 0 | 0 | 0 |
| No rating | 4 | 1 | 6 |
| Total | 18 | 39 | 57 |

Performance contracts in the Netherlands

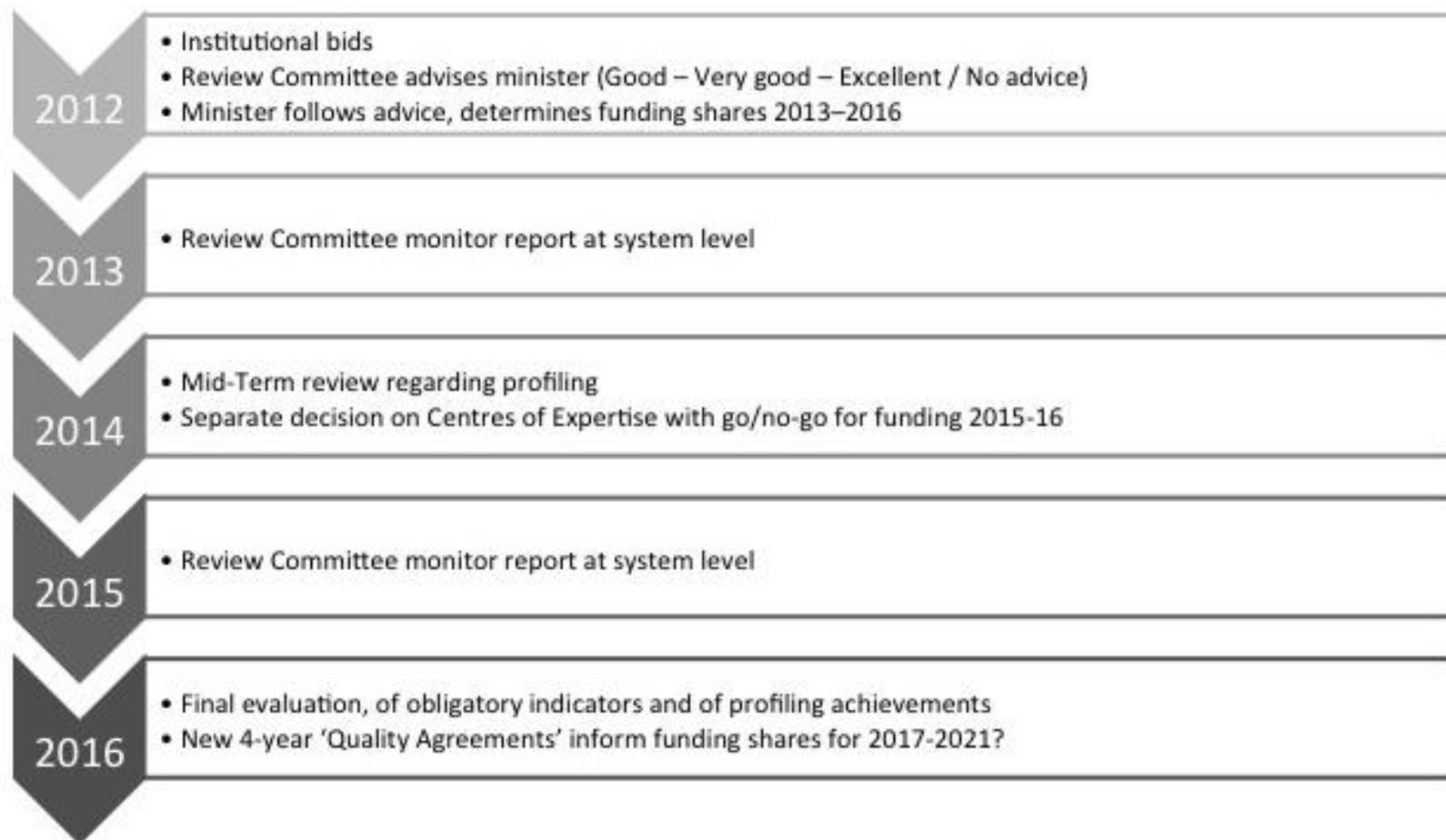
Common indicators of education quality

| 1 Quality of education | 2 Study success (all three) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1a Excellence / quality (1 of 3 to be chosen) % Students in externally validated 'excellence tracks' (i.e. special, additional learning occasions leading to broader and/or higher learning outcomes, usually for highly gifted and highly motivated students) % Students in study programmes with good/excellent accreditation | Drop out during 1 st year Switch to another study programme in the same higher education institution during 1 st year % of 2 nd year students attaining Bachelor-degree within nominal time + 1 year (i.e. in total 4 years in universities and 5 years in universities of applied sciences) |
| Student satisfaction in general, according to national student survey (NSE) | |
| 1b Measures (all three) Quality of teachers: % with Basic Certificate of Teaching in Higher Education (universities) / % Master/Ph.D. (universities of applied sciences) Intensity of teaching: % study programmes with <12 hours of contact/week Indirect costs: % teaching staff out total personnel | |
| Total quality of education: 4 indicators | Total study success: 3 indicators |

Most universities

Most UAS

Performance contracts in the Netherlands Process



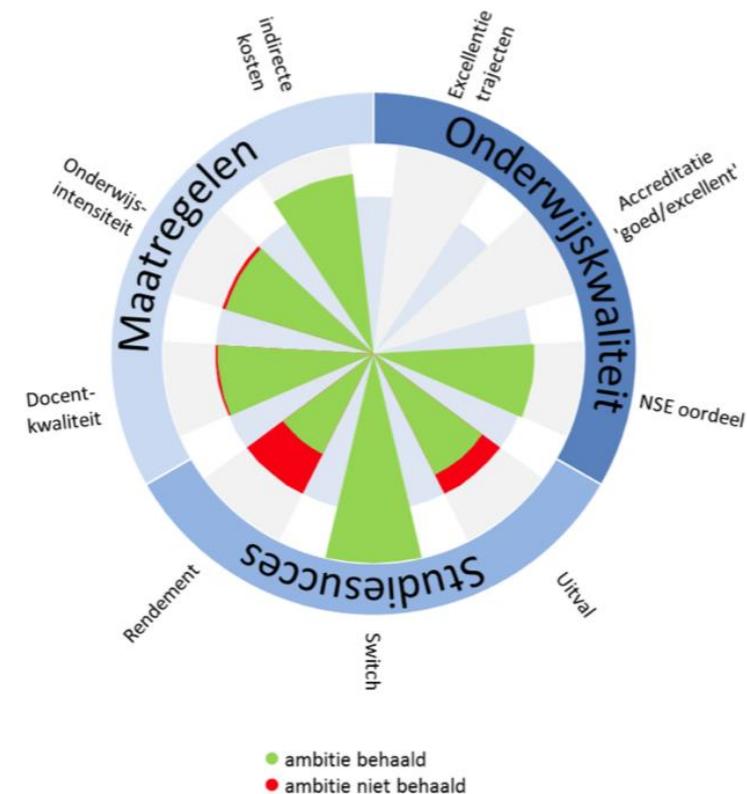
Monitoring, no additional reporting

But refocused Annual reports

Performance contracts in the Netherlands

Results

- 6 UAS punished for not achieving their ambitions regarding effectiveness of study (degree completion rates)
 - Minister applied only 50% of threatened budget reduction
(= 50% of 1/3 of 5% = 0.83%)
- Compared with 2011:
 - Certainly much effort!
 - Educational diversity increased: Associate degrees, 'liberal arts' education
 - Research diversity: stability

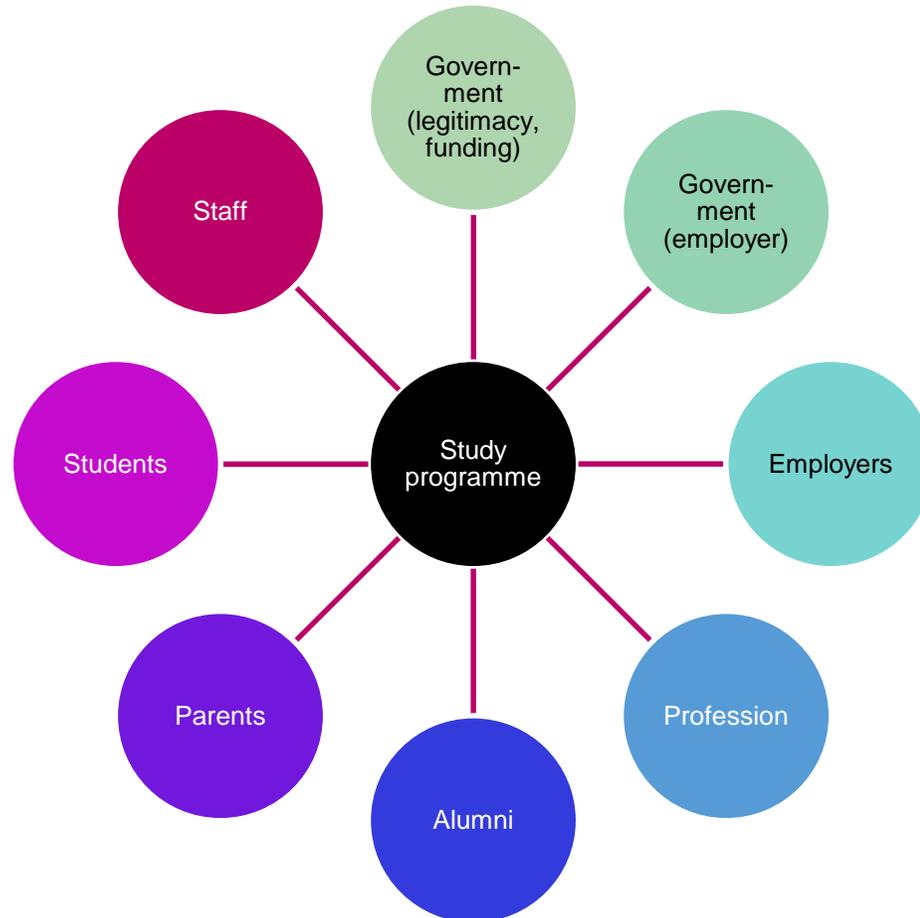


Netherlands' 2nd generation performance contracts (announced 9 April 2018)

- More based on negotiations higher education institution – regional stakeholders
- National priority remains: quality of education
- Low financial consequence (but some remains!)
- Monitoring by quality assurance agency NVAO
- Gives stakeholders more ownership
 - More interest by stakeholders in transparency?



Stakeholders



- Different for each study programme
- External and internal stakeholders
- Varying salience
- Varying frequency of feedback

Conclusions

- Performance contracts: make higher education institutions focus on reaching targets
 - If combined with some real consequences
 - But risk of 'perverse effects'
- Diversity difficult to combine with national goals
 - Even if institutions may set own balance and ambition levels
 - Hard indicators win against soft plans
- The Netherlands' 2nd generation performance contracts
 - May become interesting experiment with strengthened roles for stakeholders
 - Emphasise national (uniform) goals, less diversity