

Performance agreements in higher education in the Netherlands

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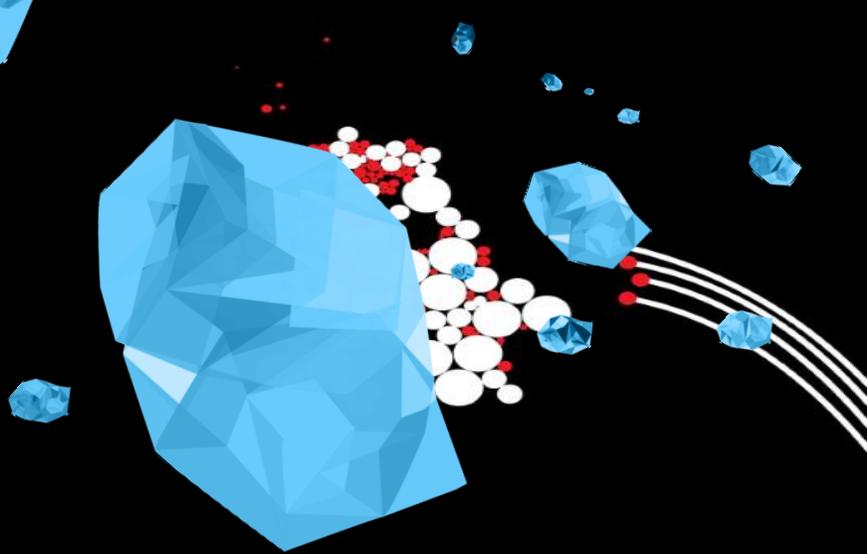
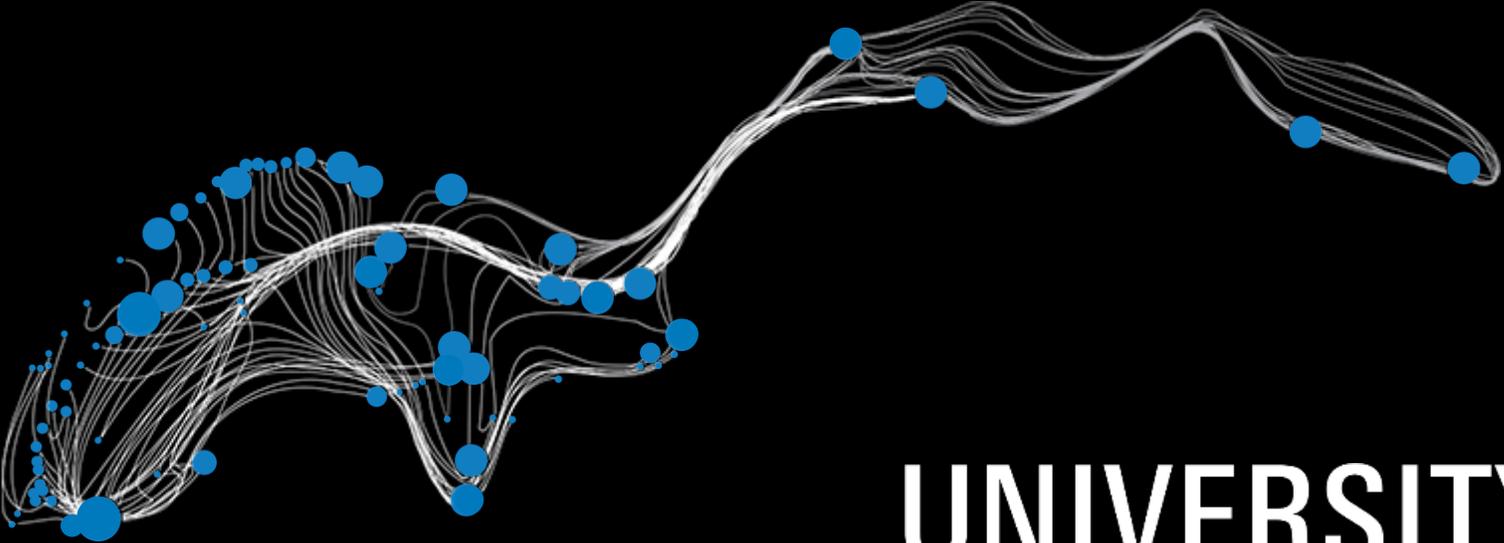
Presentation to

4th Forum of Quality Assurance Stakeholders

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



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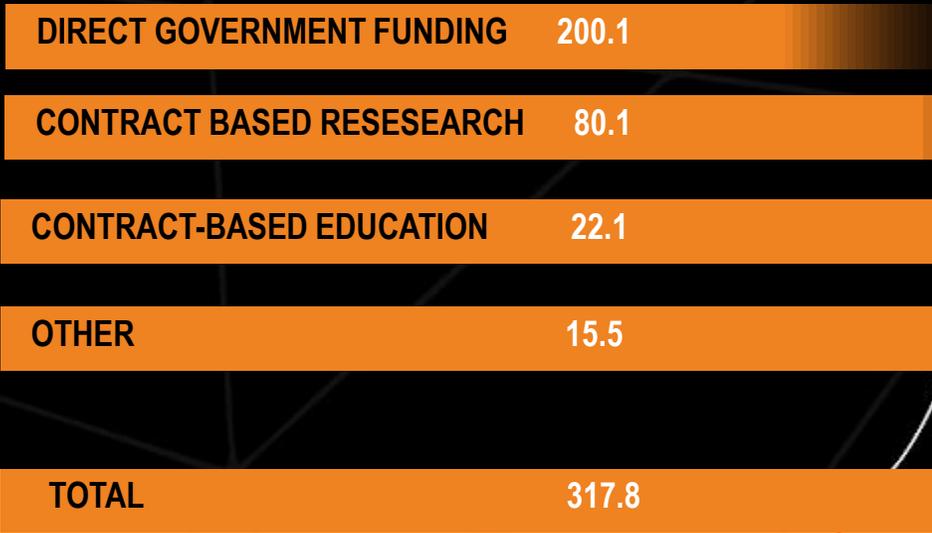


Our very reason for existing is to

- 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

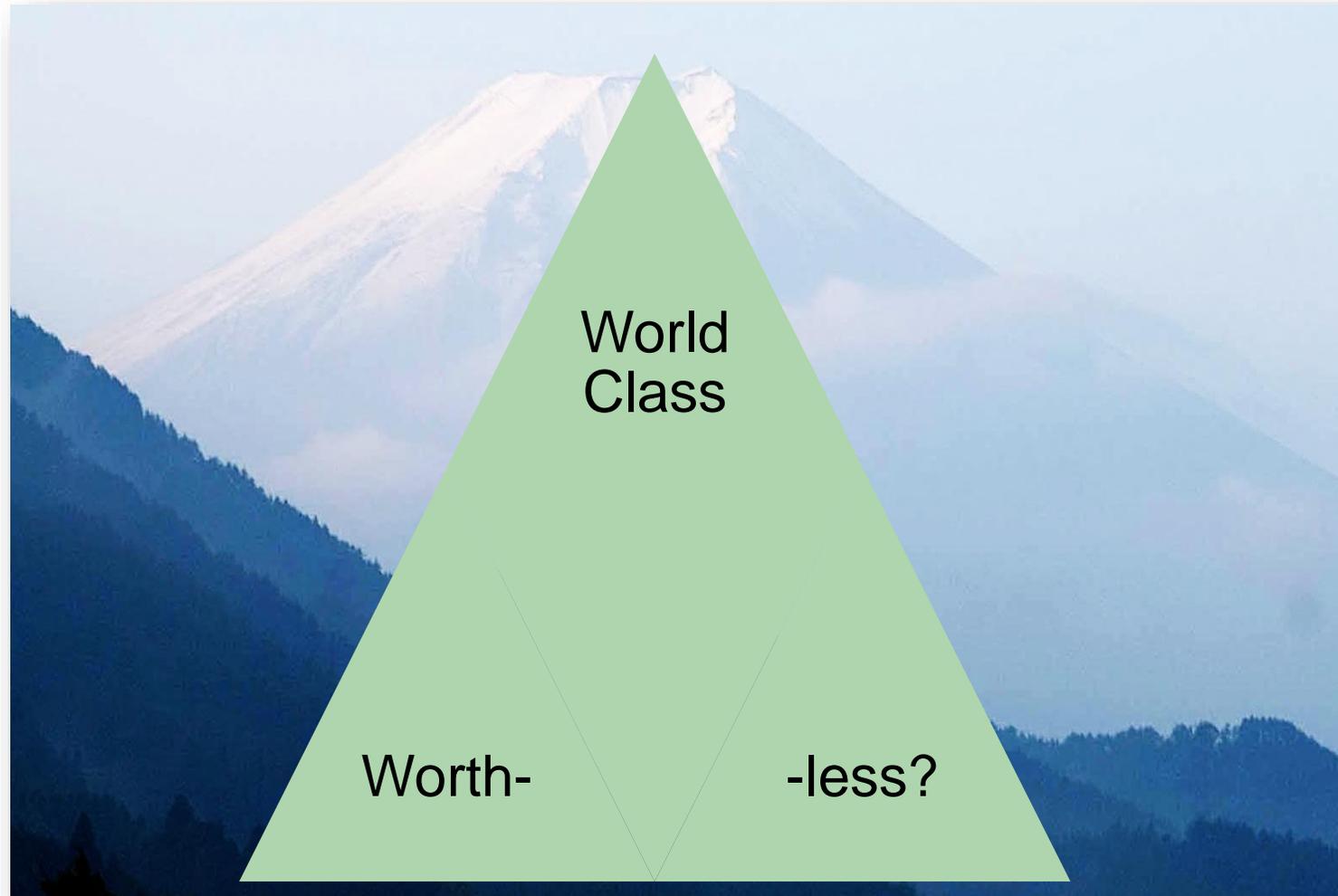
For whom?

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

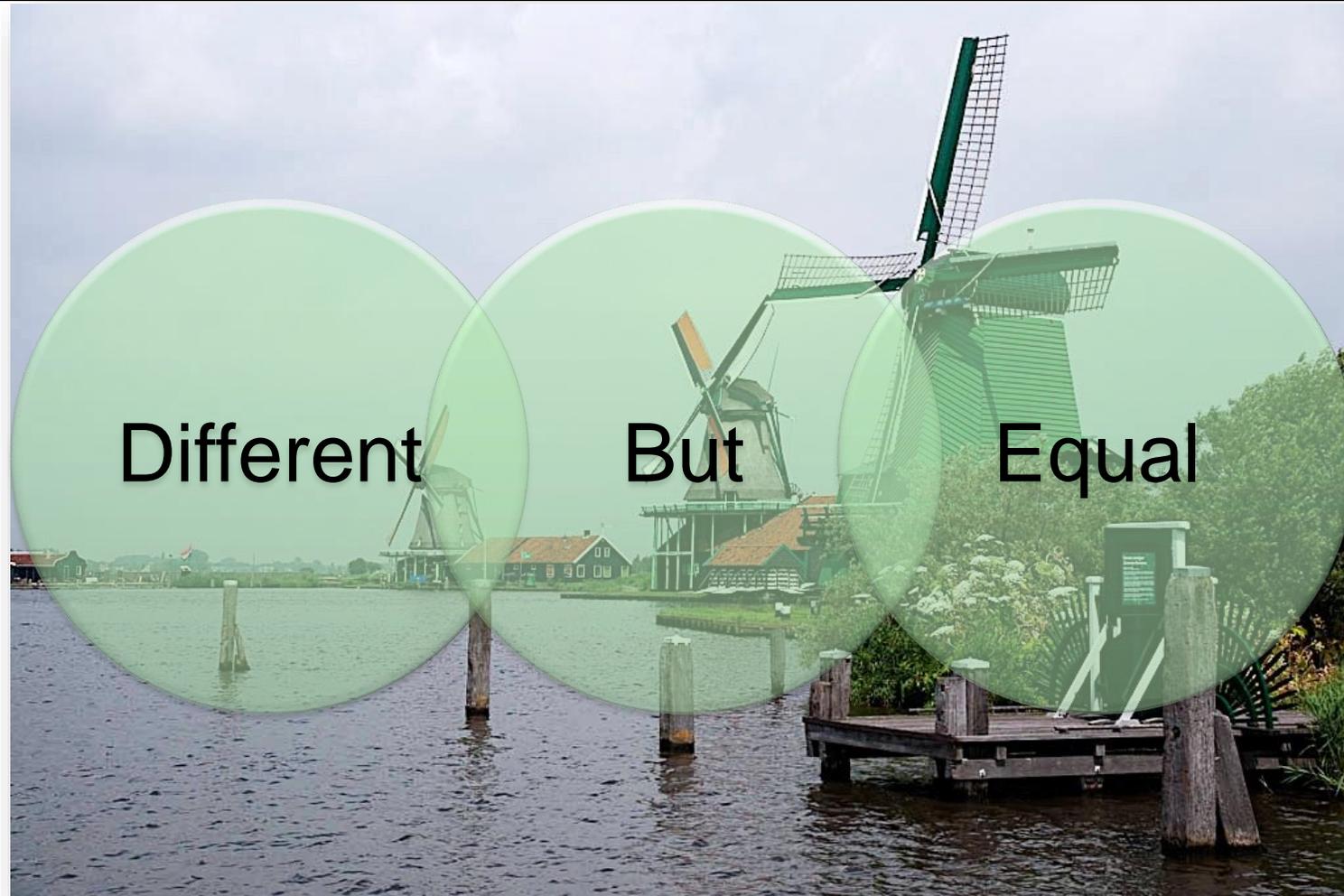
For what?

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

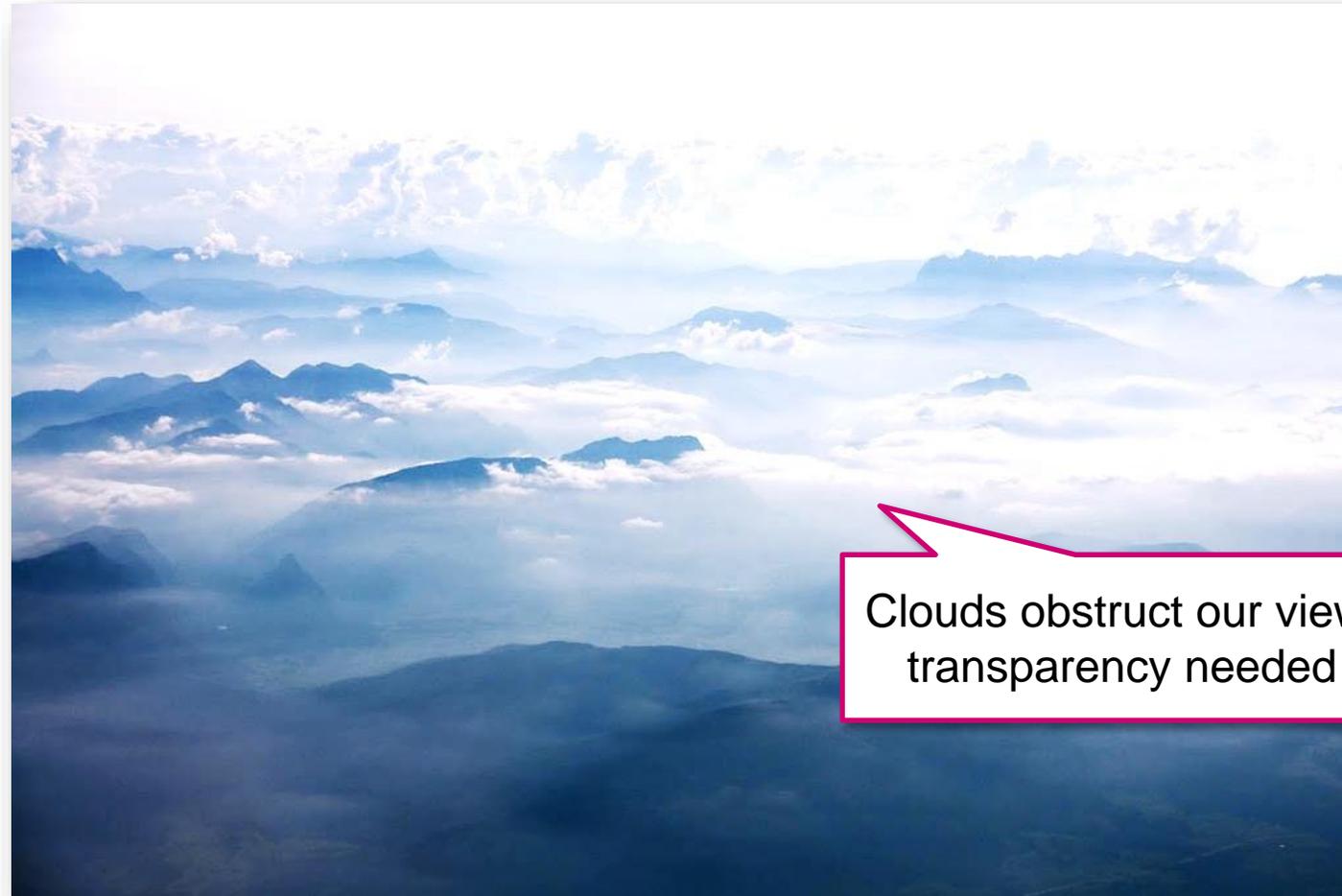
Diversity: vertical



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

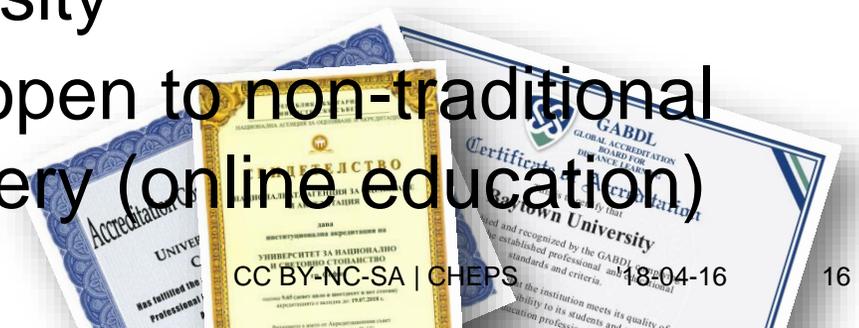
Rankings

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

Performance contracts

Accreditation

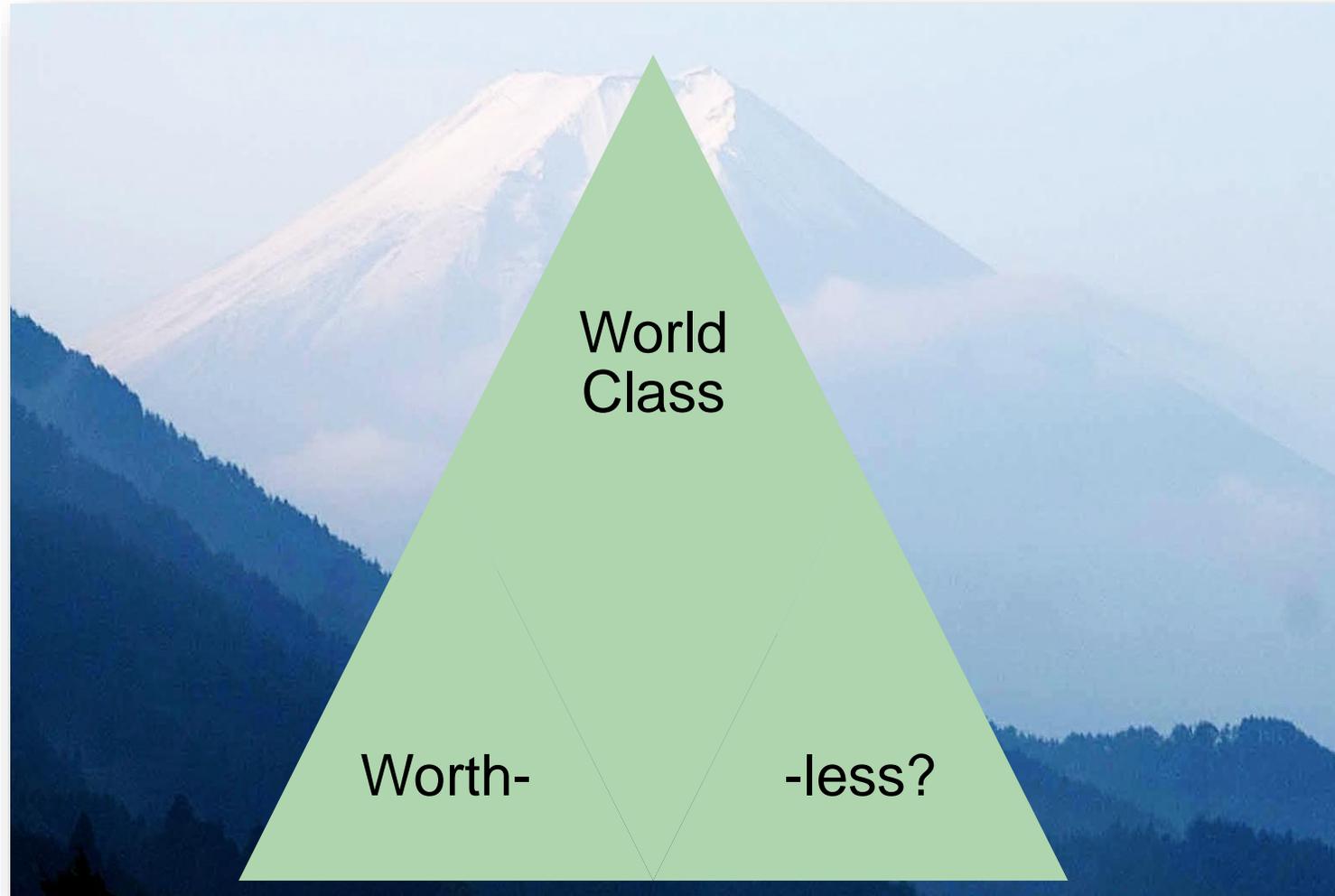
- Yes / no (/ conditional)
- Graded
 - Sufficient, good, excellent
- Often connected to legal status → beware of legal equity
- Seems easy to understand to anyone
- Comparable
- Crude transparency: threshold passed, no (or very little) information about diversity
- Not open to non-traditional delivery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



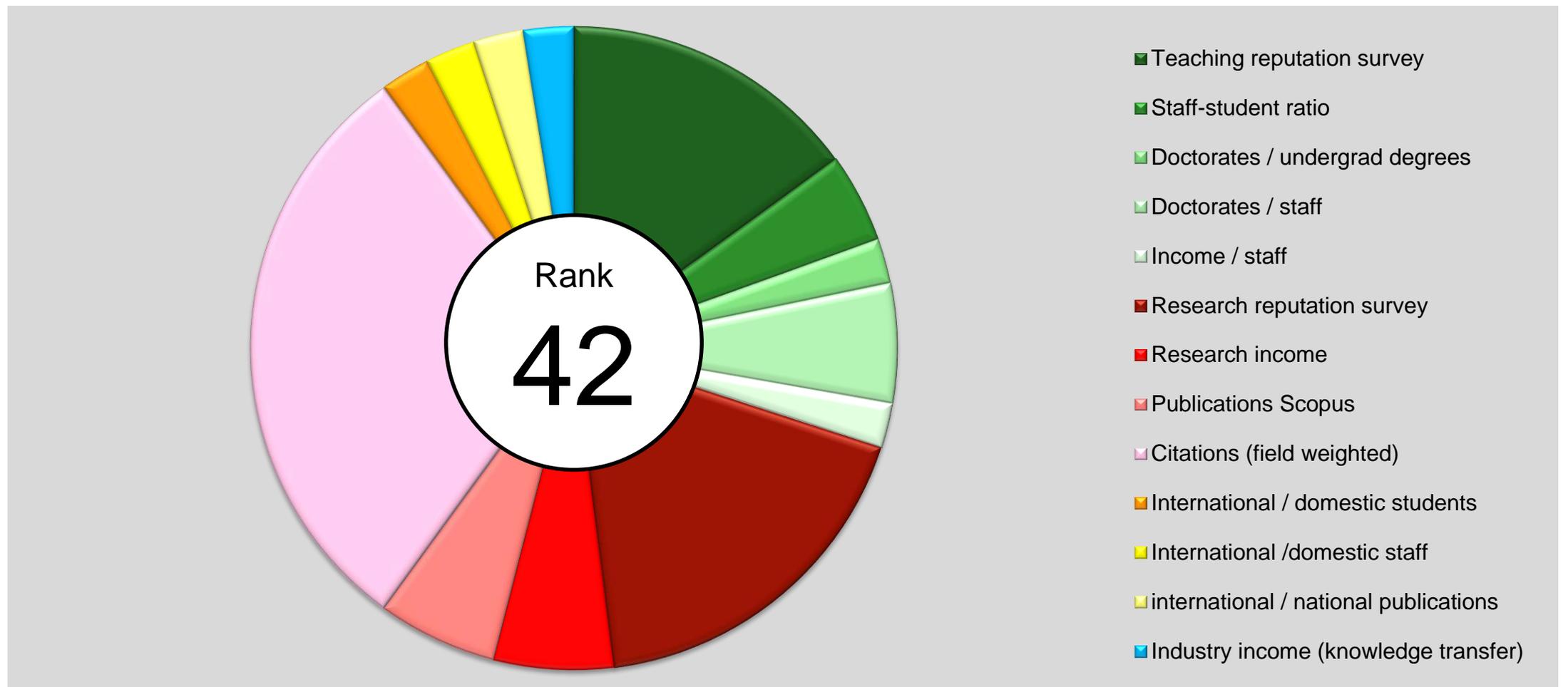
Accreditation: Threshold decision



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

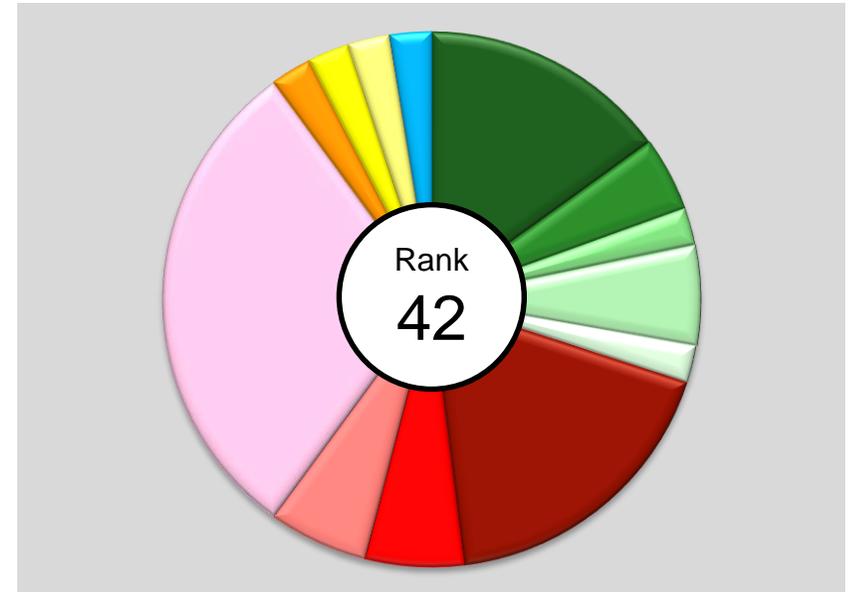
One composite overall indicator: 🍏 + 🍷 = 🍏! ?

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?

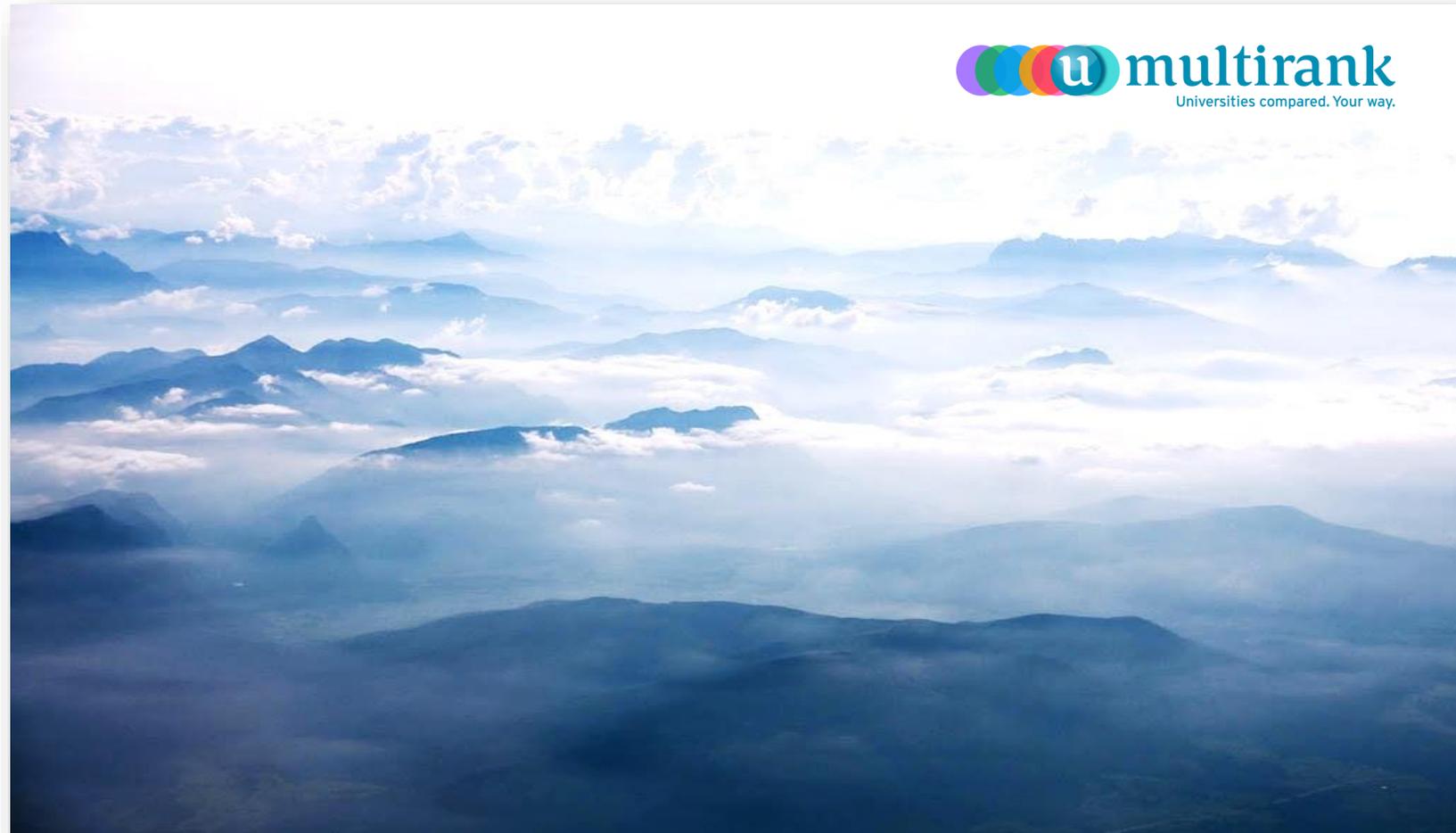


Summing up traditional rankings



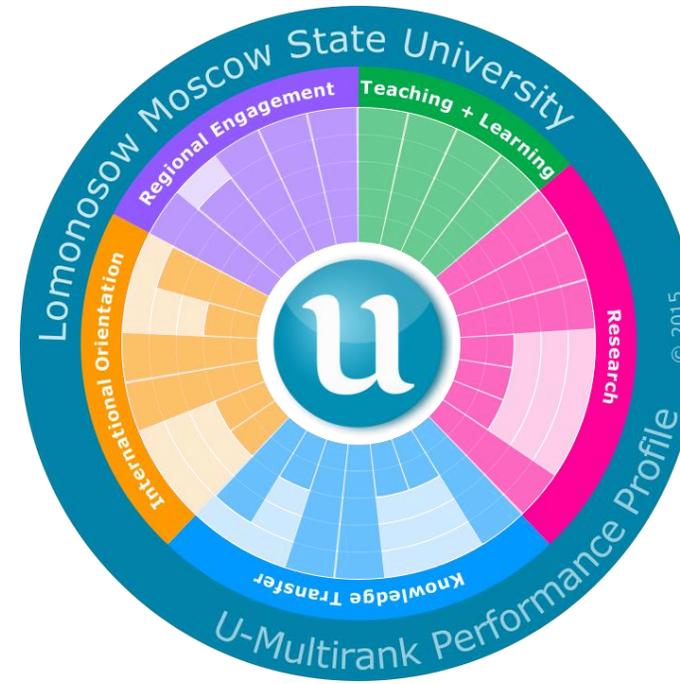
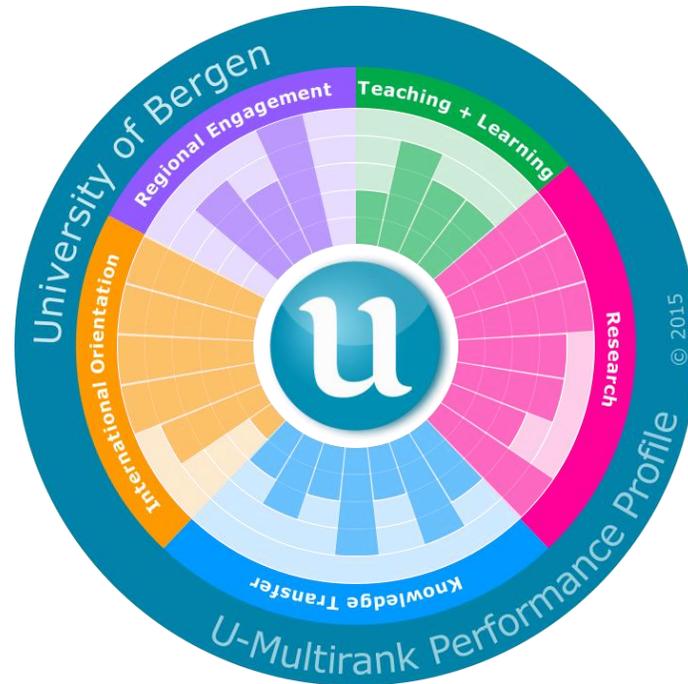
U-Multirank

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

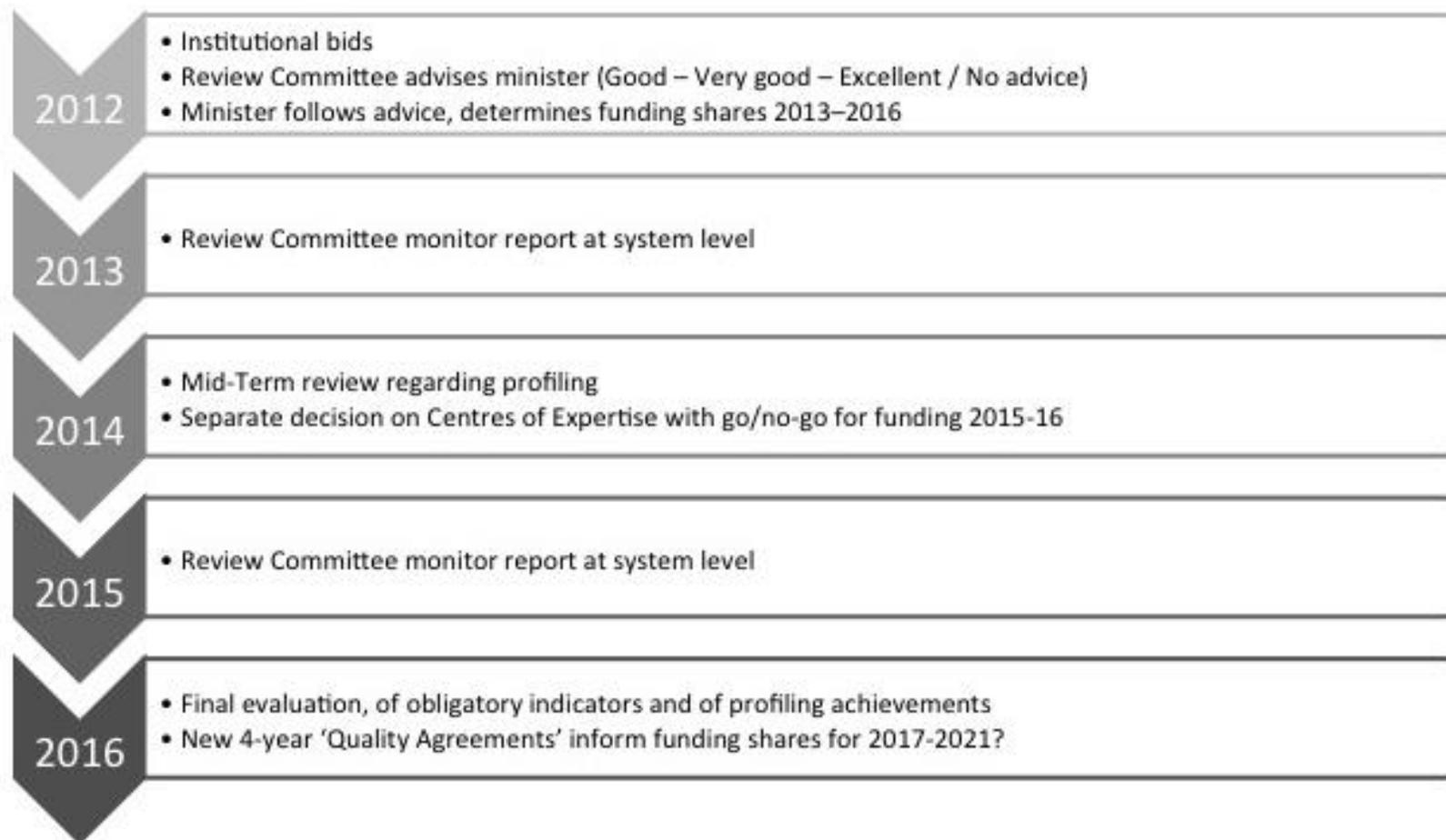
Common indicators of education quality

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



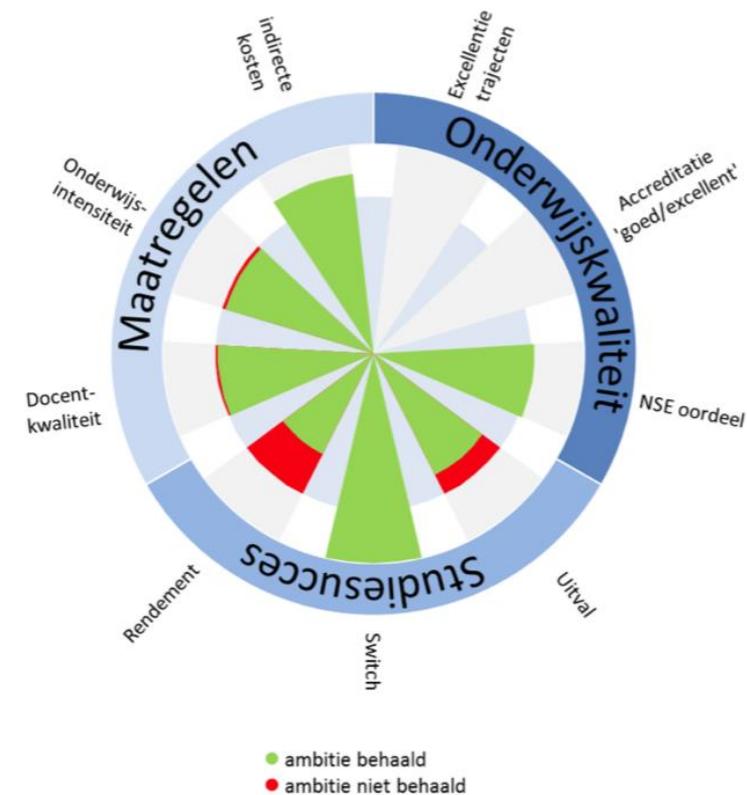
Monitoring, no additional reporting

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

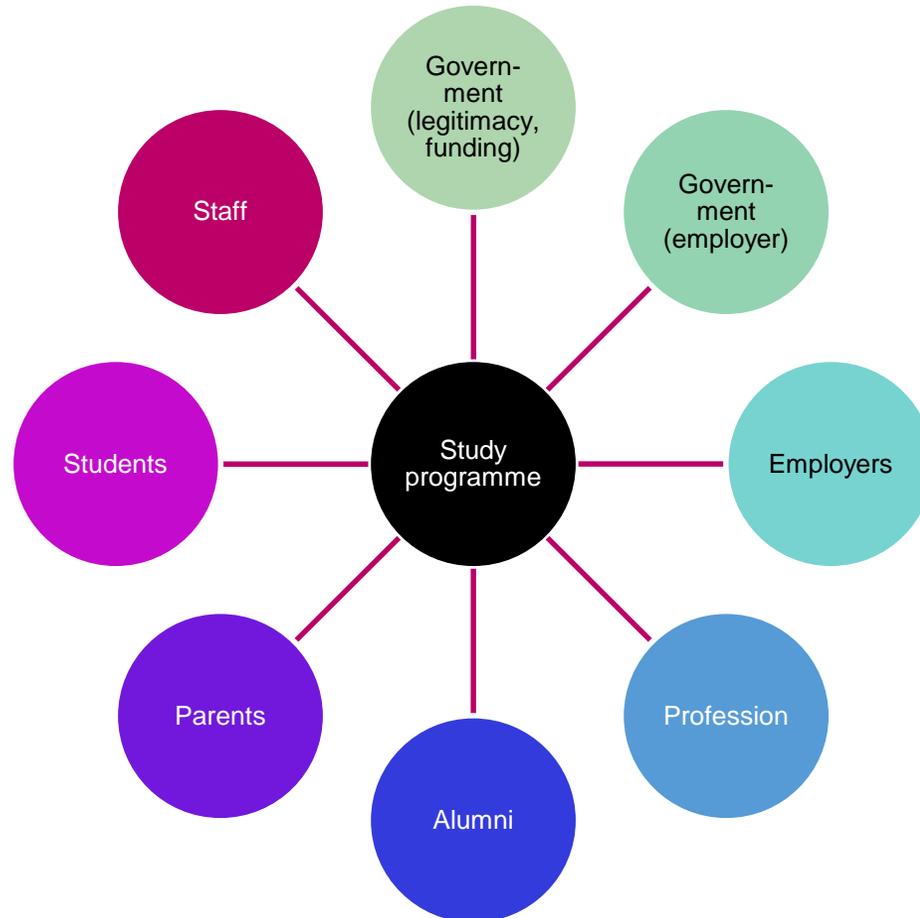


Netherlands' 2nd generation performance contracts (announced 9 April 2018)

- 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