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Building Skills for Knowledge Economy through Implementation of University Reforms

Analytical Compendium

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(A) State of the Art

The employment rate for those with high skill levels across the EU as a whole is approximately 85 %, for medium skill levels 70 % and for low skill levels it stands at 50 %. And yet, it is an inconvenient truth that, despite progress in recent years, much of Europe is still not sufficiently skilled. Nearly one third of Europe’s population 25-64 – around 77 million people – have no, or low, formal qualifications and only one quarter have high level qualifications. Those with low qualifications are much less likely to upgrade their skills and follow lifelong learning. (New Skills for New Jobs: Action Now, pg. 4)

Future demographic trends will add further pressure to tackle this challenge. Fewer and fewer young people will graduate from schools and universities, and the only growth of the labour force is likely to be amongst those aged over 50. The numbers of over-65s in relation to those aged 15-64 will increase from 26 % in 2008 to 38 % by 2030. Clearly, with an increasing old-age dependency ratio, those in work also need to become more productive in order to support those outside the labour market. (Ibid.)

Worryingly, the latest figures show that 14.9 % of pupils leave school early with several countries suffering from extremely high drop-out rates; the performance in reading literacy is actually deteriorating. This is not only unacceptable but means that we are way off meeting the 10 % European target of early school leavers. We are, indeed standing on a ‘burning platform’. Europe aims to be amongst the most highly skilled regions in the world, yet many European countries are not even in the top 20. (Op.cit, pg. 8)

According to recent research, the reform of an education system providing adequate skills for all citizens could increase GDP by as much as 10 % in the long term. A better-trained workforce also benefits the economy as a whole and increases its competitiveness. It makes it easier for enterprises to adopt new technologies, innovate in products and services, processes or work organisation. Companies that train their staff are 2.5 times less likely to go out of business compared to those that do not. The lack of foreign language skills, and not just English, in small and medium-sized European enterprises alone results in a loss of more than €100,000 per year for each business on average. (Op.cit, pg. 11)

The crisis is also accelerating the pace of economic restructuring, which will have a lasting structural effect on the volume and pattern of skills demand. Some industries will not bounce back to pre-crisis growth levels and sectors like car manufacturing, steel production, construction and other industries that are experiencing temporary plant closures may eventually face permanent job losses. At the same time, the crisis will breathe new life into other sectors. New investments in job creation, also supported through stimulus packages, will create new jobs, with potentially radically different skill needs, for example, in low carbon sectors, care of the elderly, life/biosciences and some professional/business services. Anticipating future challenges and establishing early warning systems should become a priority as and when labour demand will be revitalised, the composition of jobs and skills needs will have changed, with new drivers of growth in jobs and sectors that do not exist today. (Op.cit, pg. 14)

At the same time the “academic arms race” to belong to the world’s top institutions has been intensified rather than weakened by this process. Several thousand European higher education institutions now pursue the financially impossible and possibly self-destructive strategy to reach an unobtainable worldclass status as research universities. This contrasts strongly with the United States where among a similar global number of higher education institutions only about 100 to 150 institutions deliver substantial numbers of doctoral degrees and are considered to be research universities. International rankings of universities based on research excellence clearly demonstrate the effectiveness of the concentrated US approach. (The Coimbra Group and European Higher Education after Bologna 2010, pg. 5)
The active population of the EU (25-64 years) has lower levels of higher education attainment than its main competitors in the global economy. The average level of higher education attainment among the active population in the EU is 21%, significantly lower than in the US (38%) and Japan (36%). Figure 1 gives the graduation rates for various OECD countries.

Furthermore, in comparison with its most important competitors, higher education institutions in the EU attract a lower proportion of secondary school leavers, implying that higher education in Europe is still not an attractive option for a significant part of pupils having completed upper secondary education. About 25% of young people aged 18-24 years were enrolled in higher education in EU 25 in 2002, a much lower share than in the USA (37.7%). In the USA, tertiary students start to study on average at an earlier age than in Europe. Almost 40% of 18-year-olds in the US participate in higher education, compared to about 15% in the EU.

However, the EU is catching up. Despite low birth rates in the 1980s, the number of higher education students in Europe is increasing as a result of a growth in enrolment rates. The number of higher education students increased in the EU in the period 1997 to 2002 by 16% or on average by 3.1% per year, compared to an annual growth of 2.2% in the USA and only 0.1% in Japan. (Higher Education Reform and the Renewed Lisbon Strategy: Role of Member States and the European Commission, pg. 5)

The EU-25 devotes a much lower share of its wealth to the financing of tertiary education than the US. In 2001, the EU spent 1.3% of its GDP on the financing of tertiary education compared to 3.3% in the US and 1.2% in Japan. Although public funding of tertiary education is also higher in the US than in the EU, the most striking difference between the two regions concerns private expenditure. In relative terms, private expenditure on higher education is nine times higher in the US than in the EU. Table 4 indicates that the difference between the EU and the US is less marked when one considers all levels of education.

Within the EU, the Scandinavian countries have the highest share of tertiary spending in GDP (most of this spending being public). While Germany, France and the UK spend a bit more than 1%, Italy has an even lower share. Similar gaps show up in yearly spending per student. While the EU is spending on average 8,600 euro per student, the US is spending on average 20,000 euro. For example, the Ivy League universities now charge more than 40,000 US dollars including board.

This spending gap between the EU and its major international competitors can be correlated to the financing mode of higher education. In the EU most of the financing of higher education is public funding, where the State is seen as the provider of education services as public goods with education being mostly ‘free’ with low fees and low private funding through foundations and donations. While in the EU private spending on higher education represents on average 0.1% of its GDP, this is 1.4% in the US (0.8% in the OECD).

The percentage of funding for tertiary education coming from private sources varies widely across countries, from less than 4% in Denmark, Finland, Greece, Norway to more than 50% in Australia, Japan and the United States, and even above 80% in Korea. In some countries, tertiary institutions are now relying more heavily on private sources of funding than they did in the mid-1990s. (Op.cit, pg. 9)

Work in the context of the Bologna process is bringing about a convergence in the structure and length of degree programmes towards the Anglo-Saxon degree system. The advantages of the Bologna reforms towards introducing system of Bachelor and Master degree programmes in Europe are:

• **Reduce the risk of choosing the wrong study**, encourages students to **take more demanding studies** and to **finish their studies more quickly**. The Bologna reforms allow students to wait in the presence of uncertainty with regards to their capacities, interests and job market circumstances.

• **Stimulate students to combine different studies**. Much of technological and economic progress in contemporary society occurs in the twilight zone between different disciplines.
• **Engender competition** between a larger number of shorter degree programmes. If students are unhappy with a particular degree programme, they will vote with their feet and go to another programme. The reforms boost international exchange and fuel competition.  
• It makes the European system compatible with systems of higher education found in UK, US, Canada, Australia, New Zealand, India, Pakistan and much of Asia and Latin America. This enhanced transparency encourages European universities to compete on a global scale. *(Op.cit, pg. 21)*

The projected skills profile for the EU 25 workforce shows a significant increase in the percentage of workers who will need high level qualifications (Tertiary, ISCED 5-6) a significant decrease in demand for workers with low level qualifications (Lower secondary, ISCED 0-2, 3c) and a moderate increase in the demand for Medium level qualification (Upper secondary, ISCED 2-3).

**EU 25 Labour force (15-64) qualifications profile and projected change from 2000-2020**

![Graph showing the qualifications profile and projected change from 2000-2020](image)

*(Towards a coherent tertiary education approach, pg. 19)*

One of the key objectives of the Bologna Declaration is the “promotion of mobility by overcoming obstacles to the effective exercise of free movement” *(European Ministers for Education, 1999)*. At the London Summit in 2007, mobility was designated as a key priority for the Bologna Process until 2009. EU mobility programmes such as Erasmus have been provided support across Europe for students wishing to spend a period of study abroad. However, there has been a low level of outward student mobility from the UK compared to other countries. Only about 1% of UK students spend a period of time abroad as part of their studies. **Outward mobility is also declining** – in 2002/03 the number fell to only 7,956 compared with 11,988 in 1994-95 *(HEFCE, 2004)*. Many factors affect the mobility (or lack of) of UK students such as lack of knowledge about mobility schemes, lack of a tradition of mobility, social factors, language barriers, lack of opportunity/support offered by the institution and family/work commitments. The real benefits of mobility have been highlighted in research e.g. personal development, higher levels of achievement, employability and this poses challenges for institutions to fully support the student and staff experience in this area. *(The Bologna Process: Supporting the internationalisation of higher education in the UK, pg. 3)*

The 45 countries that participate in the Bologna Process are extraordinarily diverse, even considering only the crudest economic and statistical indicators. The countries range in population from less than 1 000 individuals to over 140 million, in the number of public higher education institutions from 1 to over 1 200, and in student numbers from 330 to more than 8.5 million. Seven of the top ten world economies ranked by GDP per capita are part of the Bologna Process, but one participating state came in 136th out of the 181 world economies, and another five are found below 100th place. As well as this immense spread of quantitative factors, there are also very significant differences in social and political culture and in the systems and structures of education in the different states. *(Key issues for the European Higher Education Area– Social Dimension and Mobility, pg. 12)*
During 2005 these ambitions were seriously constrained by severe obstacles in achieving a political agreement on the new EU Treaty (the so-called ‘European Constitution’), a process that was temporarily halted after French and Dutch referenda failed to gain a majority in favor of the new Treaty, and on the new EU budget. Under the UK presidency of the European Union, the Hampton Court Summit failed to make the intended budget shift from an ‘agricultural’ to a ‘knowledge’ Union. Instead of the originally planned EUR 132 billion, a total of EUR 72 billion was attributed to all activities under the heading of competitiveness, growth, and employment.

This included a total (seven-year) budget of 7.5 billion Euro for the newly (2007) established European Research Council (ERC), set up to fund innovative, groundbreaking basic research, with competitive funding awarded based on peer review (as with the National Science Foundation allocations in the US). And a seven-year budget of 50.5 billion Euro was established for the EU’s 7th Framework Programme for R&D, which is twice the financial volume of its predecessor (FP6). In comparison: This is a slightly larger budget than the US NSF budget on a yearly basis (6.2 billion USD for 2007), although it represents not even four percent of the total of national R&D (private plus public) budgets of the member states together. Important, therefore, are the bottom up dynamics that are emerging at the same time through the network of national research councils (ERA-NET), which strives on a voluntary basis for more cooperation between them through transparent peer review, aiming to avoid overlap between national research agendas and pushing for joint calls for proposals (yet still very infrequent). It is expected that the EC may top up such common budgets as to provide a greater incentive to move toward “single pot” funding. Initiatives for such cooperation also emerge on a regional basis, as for instance between the Nordic countries (the NORIA initiative, see below), which may further encourage this type of bottom-up dynamics. (European responses to global competitiveness in higher education, pg. 10)

It is widely recognised in EU reports that our school systems can do much more to stimulate the entrepreneurial mindsets of young people. Learning-by-doing programmes encourage innovation and foster the changes of attitude and behaviour that this new century is demanding. These programmes can be successfully applied at any level of the curriculum, from pre-school upwards.

The ‘mini-company’ is one best practice in entrepreneurship education that is highly adaptable with proven results in many countries around the world. The method involves a clear set of steps and learning outcomes. Educators guide their students as they set up their enterprise, come up with an idea, raise capital through shares, produce their product and take it to market. The students are mentored by adult volunteers from the local business community. At the end of the exercise, students liquidate the company. Annual competitions reward team success in a variety of areas, but also test individuals’ knowledge and
understanding of the process. The method emphasizes experience and interaction with others (teaming) as a way of learning. It favours the application of knowledge in new ways, the improvement of transversal skills such as problem-solving and decision-making together with the development of other aspects of our development such as creativity, innovation and self-confidence.

The mini-company approach responds to our need to bring the education and business communities closer together. It exposes young people directly to real world situations, empowering them with the skills to cope with complex problems and allows them to better understand the connection between their studies and the world outside. Studies show that employability and career satisfaction is improved: 15 % of past participants between the age of 21 and 29, and 26.6 % aged 29 or over, have started their own business. The EU average start-up rate is between 6 and 10 %. Mini-companies are globally recognized and running in 125 countries (37 in Europe). (New Skills for New Jobs: Action Now, pg. 26)

In Germany, the government decided in 2004 to create top universities and research institutes that can compete with the global premier league. The idea was to achieve this through nationwide competition among universities to identify the best research universities and provide them with extra funding to become “elite institutions” or “lighthouses” able to compete on a global level. A budget of 1.9 billion Euro was earmarked for 2006–2011 (Kehm 2006). In 2003, the Dutch government established an innovation platform, chaired by the prime minister, following the example of Finland. Although already initiated in a bottom-up way, the innovation platform and the Ministry of Economic Affairs encouraged with a 50 million Euro grant the formation of a federation by Delft University of Technology, Eindhoven University of Technology, and Twente University. Today the initiative is well underway and has established a joint graduate school, joint accreditation, a common framework for the quality assurance of research, and a common scheme for research chairs. On this basis it recently engaged in the joint recruitment of 30 new professors to lead the five new joint centers of excellence that have been established (3TU 2005).

Responses from the institutional level can be illustrated by the establishment of the League of European Research Universities (LERU18). LERU was founded in 2002 by a group of 12 European research-intensive universities concerned with the question of how to ensure that more of our European universities join Oxford and Cambridge at the top of the world university rankings. In their view, the European universities need greater autonomy to respond rapidly to challenges and opportunities, combined with much greater investment to ensure that the best compete at the highest international levels of excellence. Another example concerns the 2004 merger of UMIST and the Victoria University of Manchester to create the U.K.’s largest single-site university: the University of Manchester, in order to match the leading universities in the world, i.e., to become one of the top 25 strongest research universities in the world by 2015. The examples presented above illustrate responses to global competition and clearly indicate the important role that international rankings of universities play in this respect. All of these responses have both cemented the role of the rankings themselves and further intensified competitive pressures. (European Responses to Global Competitiveness, pg. 17)

Institutional planning has evolved and matured in the United States over recent decades. In fact, the progress that has been made is so significant compared with many higher education systems throughout the world that a disconnect has materialized. Internationalization has brought students, scholars, institutions and other partners together throughout the world in meaningful ways. This must also occur within the arena of planning. It is important for those in the United States who are fully engaged in advancing institutional planning to recognize the enormous chasm that separates their progress with the neophyte aspirations of some other countries. European countries are at different stages of development, but virtually all of them recognize the merits of properly executed institutional planning. Many are struggling to find ways to turn their aspirations into realities. This does not mean that those well-versed in the process can simply parachute into other countries and transform them through lock-step consulting approaches. It’s not that simple. In fact, a few failed attempts to introduce planning in other countries can change optimism into pessimism very quickly and curtail further interest.

First and perhaps most important, as a general rule, European higher education is a bit distrustful of the American system. Many Europeans view U.S. involvement abroad in higher education not as an effort toward “internationalization” but rather “Americanization”. They consider U.S. higher education
clearly the strongest in the world, but also *excessively homogenized* so that it is hard to differentiate the majority of institutions one from the other. *Mission drift and an overzealous affinity for a market-driven mentality* are seen as driving forces Europeans are not sure they want introduced into their systems (Machado, et al, 2005). It should be pointed out that the market is becoming a force in Europe, but it is confronting obstacles from the lingering welfare state that are impeding its progress.

Second, the planning expertise from the business sector is more established and mature than that found within higher education. The business sector could probably make meaningful contributions to planning in European higher education institutions with a little additional effort. That effort would involve learning the obvious and subtle differences between the cultures of business and higher education. This should start with a grasp of the *nuances found within the States*, then be followed by an examination of Europe. Ultimately, and before networking with Europe, one would be advised to examine the higher education culture within the specific country they will engage. The diversity between countries in Europe is far greater than that between states in the U.S. With this preparation would come a cultural sensitivity that would be well-received abroad. (*The struggle for strategic planning in European higher education: the case of Portugal*, pg. 14)
(B) Challenges

It is both lack of knowledge about and visibility of the current and future supply and demand of skills, and the inertia of education and training systems alongside labour market failures, that prevents a better match between supply and demand, i.e. between the skills we have available and those that are required by the labour market. Too many individual education and training decisions are made in the absence of competent career guidance and counselling, with a lack of understanding of people’s strengths or of the real dimensions and opportunities of different careers, labour market realities and employment prospects – a situation which often leads to inappropriate training and career choices. (New Skills for New Jobs: Action Now, pg. 12)

There are also too many schools, training programmes and tertiary education institutions where the content of the curriculum and teaching methods could do much more to prepare people for the world of work. Too many vocational training programmes focus too much on obsolete skills and knowledge and too little on transversal key competences. During the last decade education and training systems in Europe have become more relevant and responsive to the needs of society, but the extraordinary potential of skills development to contribute to sustainable growth is not yet fully harnessed. (Ibid.)

Some progress has been made since 1999, but many challenges remain. Among the obstacles to mobility, issues relating to immigration, recognition, insufficient financial incentives and inflexible pension arrangements feature prominently. We recognise the responsibility of individual Governments to facilitate the delivery of visas, residence and work permits, as appropriate. Where these measures are outside our competence as Ministers for Higher Education, we undertake to work within our respective Governments for decisive progress in this area. At national level, we will work to implement fully the agreed recognition tools and procedures and consider ways of further incentivising mobility for both staff and students. This includes encouraging a significant increase in the number of joint programmes and the creation of flexible curricula, as well as urging our institutions to take greater responsibility for staff and student mobility, more equitably balanced between countries across the EHEA. (Towards the European Higher Education Area: responding to challenges in a globalised world, pg. 2)

Increased transparency in the European higher education systems without imposing uniformity is the major challenge for the Bologna signatories. The common threecycle structure and the ECTS credits are the technical answer to the need for transparency. The Dublin descriptors and the European Qualification Framework, presently in its implementation process in individual countries, are the answer to the need for comparable levels within this framework, leaving room for a wealth of diversity in study programmes.

Learning outcomes have become one of the basic building blocks of the Bologna Process to promote student-centred outcomes-based learning, although a major effort has yet to be done in defining them in an appropriate manner. The topic of learning outcomes has become one of the foremost challenges to universities, with their focus on the achievements of the learner rather than the intentions of the teacher. As such learning outcomes are at the heart of a paradigm change impacting on all sectors of European education. What seems to be forgotten in the competitive struggle or ‘academic arms race’ is that learning outcomes used to be at the heart of the “universitas” concept, not the class room teaching to which many higher education institutions have turned in desperation over exploding student numbers in the last decades of the 20th century. The attention needs to be shifted from the purely structural issues to concentrate on the in-depth details of learning outcomes, which are in turn linked to the contents of a given subject area. Flexibility and transparency are not guaranteed by mere structural measures or by broad descriptions of study programmes. Quality is not guaranteed by assessments of structural changes or by short curriculum presentations. (The Coimbra Group and European Higher Education after Bologna 2010, pg. 4)
Educate more people, with a more diverse background

When we look at the social dimension and life long learning, this means that higher education institutes have to educate not only more people, but also more people with a different background in respect to age, culture and experience in education and working life. This leads to a substantial shift of paradigm for higher education institutes in education tasks both in content and quantity. The first main question the Bologna Process therefore should address is:

• how to support the higher education institutes in Europe in such a way that they can accommodate their education in relation to a more diverse student population, and to a more differentiated qualifications framework, while at the same time maintaining the level and quality of higher education and increasing output. ([Educating the new European Professional towards Bologna 2020, pg. 3](Educating the new European Professional towards Bologna 2020, pg. 3))

Fast changing professional practice and globalisation

When we look at the demands for innovation and employability, this means a pressure on higher education institutes in two ways: providing a continuous translation of new knowledge for professional practice due to the concept of ‘half-life’ and globalisation of the labour market; and as a consequence keeping the team and competences of lecturers and professors up-to-date. The second main question the Bologna Process therefore should address is:

• how the different and complementary roles of higher education institutes in fundamental or practice-oriented research should be supported in order to guarantee an optimal alignment with professional practice (business, industry, SMEs, public sector, knowledge institutes) and innovative demands from society.

• how to keep the staff in line with newly required competencies. ([Ibid.] (Ibid.))

The progress made in the different member states is of course different following from the fact that the beginning of the memberships dates back to different years. Also the speed of progress is different. But more or less every country tries its best. As far as Germany is concerned we can realize a lot progress but nevertheless also some opposition in the universities against several goals of the Bologna Process. Some professors predict a process of downgrading quality of the higher education system. Some professors fear the change to a study structure that has unforeseeable results, the change to a qualification/learning outcomes oriented system, the bureaucracy of the quality assurance methods and the competition with other countries and systems. Some of them fail to notice the possibility of getting more flexibility in the study programmes of the two cycle structure as well as in the combination of learning phases than in the diploma study programs. And in some parts they do not accept the necessity of more cooperation between higher education and industry, the necessity of improving the quality of teaching and learning. ([Enhancing the Attractiveness and Competitiveness of European Higher Education on a Global Scale: Future Challenges in Shaping Student Affairs & Student Developments, pg. 3](Enhancing the Attractiveness and Competitiveness of European Higher Education on a Global Scale: Future Challenges in Shaping Student Affairs & Student Developments, pg. 3))

How should fees be set? There is evidence that unobserved heterogeneity is at least as important as observable variations in attendance and inputs as class size and number of teaching assistants (e.g., Martins and Walker, 2006). Peer effects are important in higher education (e.g., Sacerdote, 2001; Williams and Zimmerman, 2003). Education is a ‘customer-input technology’, since students are both consumers and co-producers of education. Selecting and attracting the smartest students thus generates a positive feedback loop as it raises the quality and reputation of the institute and thus increases further demand. Having high-quality students improves academic excellence all round and makes it possible to attract much better employees/professors and funding from sponsors and the state.

Without peer group or reputation effects, profit maximizing universities set prices to a mark-up on marginal cost. The mark-up should be particularly high for courses with low price elasticity of demand (e.g., courses followed by local students or courses for which not many substitutes exist). Most students go to their local university, perhaps as they prefer familiar surroundings. The optimal tuition fees are higher for such students, because their price elasticity of demand is lower. If peer group and reputation effects matter, tuition fees are higher for the less able or less motivated students and lower for the smart students (cf., Rothschild and White, 1995). Hence, universities should award scholarships or give
discounts to the brightest students, especially if they come from less privileged backgrounds. By selling below cost, universities induce permanent excess demand for their courses and can thus select the smartest students and pursue excellence.

Unfortunately, the European system with its sometimes not very helpful emphasis on equality, implicitly entails cross subsidies from the smart to the less able students. Europe thus still has a long way to go in this respect. Of course, the main problem with tuition fees in Europe is that they are set centrally and do not vary according to demand and supply or to meet the special needs of universities. Typically, fees are too low and too undifferentiated, thus encouraging ‘fun seeking’ students and an enormous mismatch of students to courses. (Higher Education Reform and the Renewed Lisbon Strategy: Role of Member States and the European Commission, pg. 16)

Enhanced institutional autonomy has meant higher levels of accountability as well as more stringent and detailed procedures for quality assurance at the state as well as institutional levels (‘the rise of the evaluative state’). Opponents of this trend speak of an audited society or evaluation disease, hinting at an overkill of monitoring and reporting requirements (for institutions as well as within institutions). Greater accountability also means that higher education institutions have to redefine the ways in which they inform their stakeholders about their performances. Additional demands are placed on the academic leadership, which in turn requires new modes of communication with and assistance from the decentralized units (faculties, schools, institutes, departments). The oversight of the higher education institution’s primary activities has been increasingly centralized within the institutions, with new lines of reporting and new rules and procedures for academics to ensure the quality of the higher education institution’s primary processes — teaching and research. In many cases this has led to a further rationalization of higher education institution’s decision-making structures and in many cases also has implied putting in place new ‘hierarchies’ in which institutional leadership holds a central role. For example, there has been a considerable increase in the number of mid-level management positions in European higher education institutions in the past two decades as well as the establishment of quality assurance mechanisms and systems within the higher education institutions (Kehm and Lanzendorf, 2006). Generally speaking, what one sees is the devolution of authority from the state level and at the same time centralization tendencies within higher education institutions when it comes to accountability measures such as quality assurance. In many respects deregulation has become re-regulation at another level within the higher education system. (Higher education governance reforms across Europe, pg. 13)

After nearly ten years of developing the European Higher Education Area with the hope that many more citizens will benefit from higher educational experiences outside their home country, it is perhaps surprising to discover that so little is known and understood about the reality of student mobility, nor of the real incentives and disincentives to mobility. Many countries still gather data only on nationality of students rather than tracking movement between countries for the purpose of study. With the current information deficit it is also difficult to assess the impact of the introduction of the Bologna three cycles.

The relationship between mobility and portability of student support is equally difficult to determine. Some countries have made their national grants and loans fully portable, others have introduced specific grants and loans for mobile students, and others still combine both elements. Yet as any individual’s students decision to study abroad will be complex and based on a wide range of factors, it is difficult to ascertain the impact of specific financial support measures. The issue of public financial support for mobility also has to be seen in the context of increasing societal demands on the public purse, including for example the demand to widen participation in higher education. At a time of financial uncertainty and growing demand, and with a tendency in many countries to shift a greater share of costs to individual learners, care will need to be taken to ensure that developing equitable opportunities for mobility in the European Higher Education Area remains a priority. (Higher education in Europe 2009: Developments in the Bologna Process, pg. 11)

Although the first feature, the Bologna process, paves the way for a new and large international market for graduates — especially when combined with the free mobility of graduates, one of the four freedoms
characterizing the European Union — which can be a serious contribution to peace, welfare and growth in the geographical area concerned, nothing has been provided regarding the financing of students’ mobility. Therefore, countries with the best schools will be more attractive for foreign students, but due to the mostly used financing mechanism of higher education, that quality will cost to the residents of the host country. In economic terms, countries with best higher education will provide the other countries with a positive externality. Conversely, countries might be tempted to free ride their better quality neighbors with the risk that such a process eventually downsizes the global quality of higher education in our part of the world.

The second feature is basically an empirical observation, not unrelated with the first one. Many students from France and possibly from The Netherlands are educated in Belgian higher education institutions at the expense of the Belgian taxpayer. In that sense France free rides Belgium, exporting students whose education is uncompleted and getting back enriched human capital four or five years later; roughly speaking those French students are mostly those who failed at the admittance competition for paramedical or veterinary medicine studies in France. That movement is stimulated by the good quality of higher education in Belgium, as well as by the proximity of language, the unrestricted access — at least initially - and the low level of tuition fees in Belgium. The same process appears between Germany and Austria, especially in medicine, and again the larger country free rides its smaller neighbor. That situation creates imbalances amounting to 4.7 per cent of the total number of higher education students in Belgium, and 4.4 per cent, similarly, in Austria — see below.

That situation also involves the appearance of protectionist behaviors from the local governments, like the introduction of quotas — price discrimination based on citizenship being prohibited with respect to students from the European Union. Imposing quotas is exactly the reverse of what the Bologna process aims to stimulate. (Financing Bologna, the international mobile students in European Higher Education Area, pg. 2)

Olson (2005) underlines the existence of competing visions in Europe, among the university as a service enterprise in competitive markets, the university as an instrument for national political agendas, and the university as a public service model based on the argument that higher education cannot be solely market-driven because the logic of the market does not apply easily to education. He regards the situation as unsettled, given the multitude of partly inconsistent criteria of success and competing understandings of what forms of organization and governance will contribute to good performance. Jacobs and Van der Ploeg (2006) also argue that higher education cannot be left to the market alone and that government interference may be necessary to correct for market failures. In their view, the challenge for reform of the European system is to achieve the diversity and quality for which the U.S. system is praised: choice, differentiation, and competition.

But Europe should not throw away the baby with the bathwater, i.e., it should not only invest in top academic universities but should also maintain and cherish the high average quality of its institutions. Van Vught (2006) is also concerned about the potential for simplistic market-type strategies in relation to the social dimension of higher education. The introduction through public policy of increased competition does not necessarily lead to more responsiveness of higher education institutions to the needs of the knowledge society. Rather than being driven by a competition for consumer needs, higher education institutions are driven by a competition for institutional reputation. In addition, the creation of more institutional autonomy in such a “reputation race” leads to cost explosions, related to hiring the best faculty and attracting the most talented students; institutional hierarchies; and social stratification of the student body. (European Responses to Global Competitiveness, pg. 19)

Challenges:
- Two European universities in the Shanghai top 20
- Average spending on students: $10,191 (USA:$22,476)
- 1.3 % of GDP on HE (2.9 in USA)
- Ever-declining share of Nobel prizes
- Constrained institutional autonomy
24% of working-age Europeans have a degree (39% USA) + Aging of the population but lifelong learning and access not always central in institutional strategies

*European Higher Education: Key Trends and Challenges, pg. 34*

Magalhães (2001, 112) finds that autonomy does not have exactly the same meaning for the American system and the Western European systems. According to the author, autonomy to the American system "[…] is more than a claim, but a reality. On the contrary, the Western European systems – either continental or British, either Jacobian or Humbolditian […] have taken ‘autonomy’ to mean mainly academic freedom (freedom to teach, freedom to learn, freedom to search for the truth wherever it takes one) the state being not a menace to that exercise but its main guarantee”.

Another perspective is articulated by van Vught (1988), who describes authority in continental Europe as having strong bureaucracy at the top, guild-like authority at the bottom and minimal authority in the middle levels of the hierarchy. The problem in European systems surfaces when decisions are needed. Loosely coupled institutions with strong authority at the bottom find it difficult to reach decisions. Clark (1983, 134) suggests decisions in European HEIs are “produced more by senatorial courtesy than by rectorial muscle.” The vast majority of the European systems are public and therefore dependent on public financing from their governments. Thus, their autonomy can be compromised. Burton Clark (1995) called attention to the fact that autonomy can be exploited from the financial dimension. Some authors suggest that the sources of funding should be diversified in order to protect institutional autonomy (Goedegebuure et al., 1994b). It may, perhaps, be time to discuss the alternative of equipping the academic administrators, before they assume office, with the strategic planning support and leadership skills that will allow them to manage effectively. *(The struggle for strategic planning in European higher education: the case of Portugal, pg. 5)*

First, there were a number of process issues. It was remarked that some issues are not discussed properly in the decision-making fora in the Bologna Process, because people have different understandings of key terms, e.g. qualifications frameworks. Agenda setting was also criticised by some respondents, because they saw some countries representatives constantly trying to put new issues on the agenda, and in combination with the informality of the process this could lead to the political agenda being set by those who speak most. In the context of the process, some also deplored the loss of continuity that tended to occur because of the rotation of positions in the BFUG, its board and secretariat. Recently, there have been some voices to establish a permanent secretariat.

The second and largest group of comments concerned implementation issues. In particular, in a relatively large set of at least eight interviews the pace of implementation of the Bologna Process was perceived to be too slow in general, though with large diversity across countries. There were different levels of implementation in different countries and within different dimensions, sometimes called implementation à la carte (set of issues mentioned in eight). Implementation of national reforms was not always linked with the Bologna agenda, but with other (domestic) interests. A few interviewees in this context noted that as an international process the Bologna Process of course has no possibility to do more than put peer pressure on countries that do not implement action areas or do not participate fully. *(The Bologna Process Independent Assessment, pg. 99)*

A third set of perceived weaknesses had to do with the fact that Bologna action areas sometimes reached beyond the area of competence of ministers responsible for higher education, e.g. visas, work permits, pension rights etc., which however would be needed for goal achievement. A link that some would like to see was between the EHEA and the European Research Area (ERA). *(Op.cit, pg. 100)*

Now that most of the architecture of the EHEA is in place, the crucial step is to make this structure into a reality that is ‘lived and loved’ by teachers and learners, for this is the level where the EHEA is being created. Regulations and policies can only create the conditions for the actual process of teaching and learning, and the current wave of resistance and protests (even if much of this is directed at issues that are not inherently part of the Bologna Process) shows that the EHEA is not yet sufficiently accepted by learners and teachers as a positive, interesting and challenging
project. The strategic idea of creating compatibility of higher education outcomes across Europe appears to be experienced as rules that make higher education more hemmed in by regulations, 'schoollike' and with less room for short-term (credit) mobility.

The capstone of the architecture and the bridge to focusing on the compatibility of the outcomes of education should be the national qualifications frameworks (NQF). Their implementation in higher education institutions should make the common goals of the EHEA clearer to teachers and learners, showing a positive gain for teaching and learning. The NQFs are now on the ‘critical path’ of the implementation of the EHEA and their completion by 2012 is necessary to make the EHEA a positive reality by 2020. The 2012 deadline is important, because if it takes on average some three years (until 2015) to adapt curricula to an NQF—some programmes will be due for renewal earlier, others later—, then the first major cohort of learners of the renewed programmes will graduate from the first cycle after three years (2018) and from the second cycle one to two years later (2019–2020). 2020 will then be the year when the EHEA’s content as well as its architecture becomes a reality. (Op.cit, pg. 110)
(C) Recommendations

Government, employers and individuals should see training and upskilling as an investment in a sustainable future, rather than as a cost to be minimised. People’s skills are essential to social and economic success. Employers should encourage their staff to achieve the ‘one step up’. More and better jobs will only be possible if we also raise the demand for skills by raising employer ambition and create a ‘virtuous circle’ where more skills are both available and utilised in the workplace. Working environments need to encourage people to use their potential to the full to the benefit of their work and their own development. Leadership is crucial. (New Skills for New Jobs: Action Now, pg. 9)

Develop and implement cost-efficient approaches to identify and validate prior learning and practical experience, and make this an enforceable element of collective agreements and work contracts. Raise awareness about schemes for recognition and certification and guidance and counseling and assist jobseekers with analyzing their own skills better – including key competences. Improve the integration of existing tools, e.g. develop further Europass, by including enhanced self assessments tools, raising awareness and encouraging its broader use and acceptance across multiple sectors and at all levels of education and training to make qualifications, skills and competences visible. (New Skills for New Jobs: Action Now, pg. 20)

Make greater use and better evaluate the impact of learning accounts or learning vouchers, especially for low-skilled workers, based on the principle of ‘co-investment’ by government, individuals and employers, as appropriate. Use tax relief or lower interest rates on borrowing to provide investment by individuals/employers at preferential rates. Establish co-investment as part of collective agreements and work contracts for people in work, and via counseling/ PES for the unemployed. (Ibid.)

Prioritise guidance and counseling services and motivational support for individuals, improve the quality of these services and ensure that they tackle stereotypes. Publicise in a visible and comparable format on the web the opportunities and offers, as well as the prices and returns, of public and private education and training courses, so that individuals can make informed choices. Further develop in Public Employment Services profiling systems including internet and skill-based matching tools such as the EU tool ‘Match and Map’. (Ibid.)

Enhance skills development policies through public procurement, and promote tax incentives to stimulate targeted investment in low-skilled and older workers, avoiding redundant spending. (Op.cit, pg. 21)

Explore further the benefits of treating capital investments and investments in training on an equal basis. Consider knowledge and skills acquired by employees during the course of their duties as adding value to the company, so that part of the expenditure on training and salaries during the training period can be depreciable in tangible fixed assets and transferred accordingly on the balance sheet. (Ibid.)

Communicate the benefits of a skilled, adaptable workforce and on how to improve skills utilisation in the workplace, involving key intermediaries such as education and training providers, social partners or PES, and disseminate the results of successful skills investments by companies, for example through awards schemes or other recognition. (Ibid.)

Support the further development of employer collaboration networks to share information and good practices in skills development and skill use. (Ibid.)

Provide better support for SMEs:

a) in leadership/strategic planning and training for management including in effective skill utilisation, and b) in training for staff in effective skill development. Support SME by building up regional qualification infrastructure to enable them to pursue skill upgrading. (Ibid.)
Provide the right incentives to intensify cooperation between the providers of education, training and businesses. Increase the coherence between instruments and measures such as the definition of curricular standards, including the appropriate formulation of learning outcomes, the mechanisms of assessment, evaluation and managing quality, the training and continuous professional development of educators, and institutional leaders. (Ibid.)

Encourage greater collaboration between education and training providers, employers and professional bodies, including through partnerships between their national bodies and through national/regional tripartite and/or multi-stakeholder arrangements and bodies wherever they are available. (Op.cit, pg. 22)

Ensure the responsiveness of education and training systems at all levels, including through legal frameworks, institutional structures and financing mechanisms which facilitate openness, co-funding and stakeholders' involvement. Encourage employers to co-invest and participate in the activities of education and training institutions in professional or governance and advisory board roles. Develop criteria to measure, monitor and evaluate progress. (Ibid.)

Develop outcome-based qualifications and a common language between education/training and the world of work, communicate the potential of European Qualifications Framework and national qualification frameworks, and ensure the involvement of all actors, including PES, employers and social partners. Encourage and facilitate the use of learning outcomes in planning and delivering educational and training programmes at all levels, including higher education institutions. (Op.cit, pg. 23)

Adapt pedagogy and training and assessment methods, to align them more clearly to learning outcomes. Make labour market needs analysis and the definition and implementation of appropriate learning outcomes a priority in institutional leadership and strategy, as well as in institutional level information and quality management. (Ibid.)

Break down barriers and widen access to education for a variety of audiences, including adults and vulnerable groups, through accreditation of prior learning and flexible pathways. (Op.cit, pg. 24)

Develop the integration of the key enabling competences such as creativity, innovation, entrepreneurship, and citizenship, in schools, in higher education and initial and continuous vocational education and training. Develop and provide tools for individual self-assessment.

Embed digital and media literacy at all levels in education and training, and map competences towards a goal of digital fluency for all citizens.

Develop Europe-wide indicators to measure levels of transversal key competences. Set quantitative targets (e.g. access to entrepreneurship education; or digital literacy), and provide the metrics to monitor progress. (Op.cit, pg. 25)

Encourage public-private partnerships to map qualification and competence needs for a low-carbon economy and to design relevant qualification profiles and curricula. Reinforce in teachers' education curricula 'work-related' issues: skills development, entrepreneurship and professional guidance. Ensure that newly qualified teachers come from initial teacher education with the appropriate skills and practical experience in fostering transversal competences; ensure they can engage with digital media across the curriculum and inside and outside of the classroom; re-skill as many existing teachers as possible.

Enhance the recognition of more practice-oriented teacher education programmes. Develop a European competence framework for teachers, monitor its implementation and strengthen the exchange of good practice on teachers' professional development. Encourage teachers and institutional leaders to spend time in workplaces in industry or other services and apply the experiences made, as it is already the case in vocational education and training. (Op.cit, pg. 27)
Strengthen continuing training of teachers, in particular by facilitating placements outside the education and training sector, strengthening communication with enterprises and other users of qualifications. Make similar efforts to develop the skills of other key actors in the ‘learning sector’ such as specialists in pedagogical support, curriculum development, assessment, career guidance and providers of other education related services. *(Op.cit, pg. 28)*

Improve the capacity to anticipate future skill requirements, using a combination of different methods at European and national level in a coordinated way, combining skill supply and demand forecasts with qualitative information on actual skills needed (e.g. EU-wide employer surveys, sectoral studies and scenarios, advisory sectoral bodies and/or groups of experts analysing emerging, evolving and changing occupations and labour market conditions). Ensure good quality statistical data on jobs and skill/competence requirements, especially at EU level. *(Op.cit, pg. 30)*

Create EU sectoral councils, bringing together existing national networks at EU level for the analysis of the skills needs and the development of proposals for updated qualifications in each sector. Encourage the emergence of a new and specific body representing all key stakeholders of the learning sector at EU level. *(Op.cit, pg. 31)*

Share information on surplus and shortages of skills across EU countries, and take it into account in immigration policies, on the basis of the expanding legal framework on admission schemes both at EU and Member State level.

Set clear and transparent rules for the recognition of degrees and qualifications to better recognise migrants’ skills. *(Ibid.)*

We believe that mobility of students, early stage researchers and staff enhances the quality of programmes and excellence in research; it strengthens the academic and cultural internationalization of European higher education. Mobility is important for personal development and employability; it fosters respect for diversity and a capacity to deal with other cultures. It encourages linguistic pluralism, thus underpinning the multilingual tradition of the European Higher Education Area and it increases cooperation and competition between higher education institutions. Therefore, mobility shall be the hallmark of the European Higher Education Area. We call upon each country to increase mobility, to ensure its high quality and to diversify its types and scope. In 2020, at least 20% of those graduating in the European Higher Education Area should have had a study or training period abroad. *(The Bologna Process 2020 – The European Higher Education Area in the new decade, pg. 4)*

The implementation of lifelong learning policies requires strong partnerships between public authorities, higher education institutions, students, employers and employees. The European Universities’ Charter on Lifelong Learning developed by the European University Association provides a useful input for defining such partnerships. Successful policies for lifelong learning will include basic principles and procedures for recognition of prior learning on the basis of learning outcomes regardless of whether the knowledge, skills and competences were acquired through formal, non-formal, or informal learning paths. *(Op.cit, pg. 3)*

Embedding concepts of widening access and lifelong learning in (organizations of tertiary education) institutional strategies. Universities will grasp the opportunity to address lifelong learning centrally in their mission and strategy as part of a wider definition of excellence. The complexity of lifelong learning concepts has to be acknowledged and explored as a key aspect of developing the contribution of universities to a culture of lifelong learning. *(European Universities’ Charter on Lifelong Learning, pg. 5)*

Providing education and learning to a diversified student population. European universities will respond positively to the increasingly diverse demand from a broad spectrum of students – including post secondary students, adult learners, professionals who seek to up-grade skills for the workplace, senior citizens taking advantage of their increasing longevity to pursue cultural interests, and others – for high quality and relevant higher education throughout their lifetime. European universities recognise the
important contribution that a diversified student body will make to the development of a culture of success and innovation in the institution and wider society, and the need to think how far different types of learners can interact together in a supportive mutual learning environment. *(Ibid.)*

Adapting study programmes to ensure that they are designed to widen participation and attract returning adult learners. Flexible and transparent learning paths need to be in place for all learners to access and succeed in higher education in all its different forms. It is an essential responsibility of universities to ensure that this educational offer is always of high quality. European universities acknowledge the diversity of individual learner needs and therefore their responsibility to adapt programmes and ensure the development of appropriate learning outcomes in a learner-centred perspective. They also pledge to play their part in promoting widening participation and continuing education. *(Ibid.)*

Providing appropriate guidance and counseling services. Relevant academic and professional guidance, as well as other psychological counseling, should be available for all qualified potential students when needed. This support should be relevant to learners of all ages, and from all social and cultural backgrounds. *(Ibid.)*

Recognising prior learning. To ensure that all with the potential to benefit from higher education provision are enabled to do so, it is essential for universities to develop systems to assess and recognise all forms of prior learning. This is particularly important in the context of lifelong learning in a global era where knowledge is acquired in many different forms and places. *(Op.cit, pg. 6)*

Embracing lifelong learning in quality culture. Europe’s universities have taken important steps in developing internal quality culture, assuming prime responsibility for the quality of their provision. This work will adapt to an evolving framework for lifelong learning in order to ensure that an appropriate range of targeted learner support services are provided for increasing numbers of more diverse learners. *(Ibid.)*

Strengthening the relationship between research, teaching and innovation in a perspective of lifelong learning. Universities’ research and innovation missions can be strengthened through lifelong learning strategies, and universities’ specific contribution to lifelong learning should be underpinned by research. Researchers should also be recognised as a fine example of lifelong learners whose own educational needs are continually evolving, also taking account of the changing skills required by the labour market. Lifelong learning can also be a source of new research methodologies and topics. *(Ibid.)*

Consolidating reforms to promote a flexible and creative learning environment for all students. In creating the European higher education and research areas, Europe’s universities are engaged on a path of major reforms that places all learners at the centre. Universities now need to exploit the potential of these reform processes and their tools (ECTS, Diploma Supplement, European Standards and Guidelines for Quality Assurance, Qualifications Frameworks, etc) to enhance the development of a creative lifelong learning environment that is open to a more diverse population of learners, and thus responds to societal needs for the modernisation of higher education. Fully integrating lifelong learning to the mission of universities is essential to enhance the creativity and innovation profiles of institutions. *(Ibid.)*

Developing partnerships at local, regional, national and international level to provide attractive and relevant programmes. Providing relevant educational provision in a lifelong learning context cannot be done by institutions on their own. The need for structured partnerships – with a range of other educational institutions, employers, employees’ organizations (trade unions) as well as with other stakeholders – is essential if provision is to be responsive, flexible and innovative. *(Op.cit, pg. 7)*

Acting as role models of lifelong learning institutions. Universities are not only providers of higher education and research, but also major employers in their own right. They therefore have the potential to act as role models in society by offering lifelong learning opportunities for their own employees – whether academic, administrative or technical and auxiliary staff. They should also be key actors in lobbying for coherent policy development in national systems. *(Ibid.)*
Recognising the university contribution to lifelong learning as a major benefit to individuals and society. Governments have a responsibility to ensure that universities are valued for their contribution to lifelong learning, and that this is not perceived as a minor addition to the roles of universities. It is a major cultural shift to respond to the demands of a fast evolving lifelong learning society and of long-term labour market needs, and requires significant financial investment. (Op.cit, pg. 8)

Promoting social equity and an inclusive learning society. Governments should make efforts to ensure that lifelong learning achievements are valued by individuals, public and private employers and other actors, and that a culture of learning throughout life is shared as a common societal goal. Citizens need to be provided with information on accessing lifelong learning educational opportunities, while Europe’s universities need to be supported to ensure that such opportunities are open to all who have the potential to benefit from higher education at whatever time in their life is appropriate. (Ibid.)

Including lifelong learning objectives in the missions and work of national QA agencies and systems. Most countries have now developed quality assurance systems for higher education that have a major impact on the nature of programmes developed. Attention to issues of lifelong learning in quality assurance processes is therefore a necessity to ensure that lifelong learning is recognised as a national priority. (Ibid.)

Supporting the development of appropriate guidance and counseling services. Professional academic guidance, careers advice and welfare services are essential for all learners to find their way successfully through the more flexible provision that is being developed by universities, but particularly important to those individuals most at risk of failing to complete higher education programmes and who have little support from family, friends and colleagues. Irrespective of whether services are delivered within or outside higher education institutions, governments have a responsibility to ensure high professional standards. Governments also need to ensure that guidance, careers and counselling services are linked up in a lifelong learning perspective to provide continuous support to citizens at all levels of education. This support should be relevant to students of all ages, and from all social and cultural backgrounds. (Ibid.)

Recognising prior learning. Governments have the responsibility to support and motivate institutions in the recognition of all forms of prior learning. This task can be facilitated through the provision of appropriate incentives to institutions, and by ensuring full integration of prior learning in qualification frameworks. (Op.cit, pg. 9)

Removing specific legal obstacles that prevent many potential learners from returning to higher education. Governments should address the systemic obstacles that discourage many potential learners from taking advantage of lifelong learning opportunities. This means taking action on matters such as social security rights, precariousness of employment rights, lack of financial support for lifelong learning, and loss of pension contributions during periods of study. (Ibid.)

Ensuring autonomy and developing incentives for lifelong learning universities. Governments have a responsibility to ensure that universities have sufficient autonomy to develop their own responses to lifelong learning challenges and to decide their own admission requirements, but also sufficient incentives to be rewarded for pursuing this key mission. Major progress in developing lifelong learning provision can only take place if such a framework of autonomy with incentives is achieved. (Ibid.)

Encouraging partnerships at regional level with local authorities, employers and agencies. The benefits of high quality lifelong learning provision will largely be realised in Europe’s regions, and regional development agencies, local employers, as well as employees’ organisations (unions) therefore have a high stake in this agenda. Regional partnerships with higher education institutions and social partners need to be strengthened as they are vital to the successful planning and delivery of lifelong learning educational services. (Ibid.)
Acting as role models of lifelong learning institutions. Like universities, governments can set standards in society by acting as role models for the policies that they advocate. Governments should ensure that public sector employees therefore are encouraged to benefit from the range of lifelong learning opportunities offered by the universities and other providers. (Op.cit, pg. 10)

Exactly the same master title can be obtained in one institution after a study programme of 60 ECTS credits, while in another institution, sometimes even in the same country, twice the study load is required, and in a third case the same title can be obtained by subscribing to an accredited distance learning programme without ever entering a higher education institution. Master thesis work is found to vary from active participation in scientific research to a simple literature study. While the Dublin descriptors stipulate that master qualifications imply the capacity to enter doctoral studies, in practice some master degrees are indeed considered a sufficient prerequisite for doctoral studies while others, with – on paper - virtually the same title and intended learning outcomes, are not. Among those one typically finds the professional master programmes that exist in some countries and short specialisation master programmes offered at different locations. Several higher education institutions apparently use the principle that every post-bachelor programme has to lead to a master degree.

This is certainly no plea to limit diversity and to standardise master curricula. Coimbra Group Universities are strong supporters of diversity in study programmes. There is a clear need, however, for transparency in this diversity and for quality assessment based on achieved learning outcomes rather than intended ones. In asking for this, the Coimbra Group Universities are not in favour of creating more bureaucratic evaluation processes, on the contrary. They suggest that:

- the forthcoming National Qualification Frameworks clearly differentiate standard three-cycle education from other learning provisions, which do not lead by themselves to one of the three-cycles' degrees, but which – being “self-consistent educational segments” – may become an element of alternative learning paths according to precisely stipulated rules. These latter paths are clearly relevant in a lifelong learning perspective as well as in fostering the so-called “knowledge society”.
- the existing quality assessments focus on adequate in-depth level measurements rather than checking whether institutions provide the appropriate sentences on paper about the level of their study programmes. The quality assurance agencies have to focus on contents rather than procedures and have to be genuinely independent and not semi-independent from governments or universities as too often appears to be the case. The international character of evaluation panels should be the rule rather than the exception in assessments, to guarantee that the same level requirements are valid beyond national borders. On the other hand, external quality assurance agencies also ought to diversify their assessment procedures, so that, based on proven merit, particular institutions can be considered quasi self-accrediting institutions and serve as standards.

The inevitable outcome of more thorough master level assessments will probably be that some of the present master degrees have to be transformed into postgraduate certificates for bachelors. (The Coimbra Group and European Higher Education after Bologna 2010, pg. 3)

The Coimbra Group feels that the time is now ripe for major initiatives:

a) To promote a numerical increase in exchanges, adequately responding to the EC numerical targets and actions, which become more and more ambitious; as suggested in EU documents: “the long term target is for mobility to become the rule and no longer the exception”, e.g. by introducing a “window for mobility” in all study programmes. Attention should be given to developing the dormant mobility potentials at doctoral and master level. According to our Position Paper on doctoral programmes (Coimbra Group), mobility at doctoral level should become a compulsory ingredient in research training. Co-operation among departments on thesis work carried out by exchange master students may foster reciprocal exchanges of knowledge among research groups and open new co-operation paths. University networks such as the Coimbra Group can clearly be instrumental in promoting increased mobility;
b) To launch a benchmark initiative to set up quality guidelines in mobility programmes, on the basis of indicators of student performance, transparency of recognition procedures, level of language preparation, availability of sound information and orientation. Also here university networks such as the Coimbra Group, with its strong mobility tradition, may act as an important broker; 

c) To contribute to concrete quality opportunities for vertical mobility, according to the motto “bachelor cycle at home, master abroad”. Again university networks can promote shared information and knowledge at faculty and degree course level among partner universities, recognise existing convergences at master and doctoral level and favour vertical mobility of students. Within this context benchmarking networks at discipline level can sow the seeds for future coordinated action in mobility. (Ibid.)

Apart from acquiring new knowledge and skills students have to be trained as responsible individuals and mature citizens. Only in this way will future graduates have the skills and the knowledge to contribute to the development of the societies they will enter – to create new enterprises, new jobs, alternative ways of solving problems, function in multi-cultural environments, etc. “Employability” is about the social role of future graduates, not the short-sighted fulfilment of today’s labour market needs. The present economic crisis only further underlines the need to have a clear focus on how diverse and multifaceted, creative and entrepreneurial the future graduates need to be. Universities train people to think, to synthesise, to combine, to analyse – they train tomorrow’s inventive, responsible entrepreneurs. Universities should not focus exclusively on delivering experts with immediately useful knowledge as there are far greater challenges for European universities than just contributing to the knowledge society and the economy. Universities should remain safe and free havens for the development of visionaries and for research without any apparent and/or immediate economic benefit. (Op.cit, pg. 7)

Furthermore, ECA agrees that studying the impact of quality assurance on higher education and measuring its influence on learning and teaching is important. Such impact studies should assess the value of both external and internal quality assurance measures, since the final goal of all quality assurance is to further develop and enhance the quality of teaching and research. Consequently, no quality assurance procedure should be an end in itself.

ECA is completely in line with the principle of recognising diversity in the approaches to quality assurance as one of the main shared principles of the European Standards and Guidelines. After years of intense activity, however, ECA has ascertained that there are more similarities than differences in the practical work of quality assurance and accreditation agencies. ECA members have learned to build on these similarities to pursue common goals. The convergence of quality assurance methodologies based on common principles will also be the key for future constructive international cooperation and mutual recognition. (ECA Position Paper on the BFUG "Bologna Beyond 2010" Report, pg. 2)

A survey of national Rectors’ Conferences and university associations across Europe indicates that the following topics need particular attention:

- The proper implementation of ECTS & the introduction of modules;
- Consolidating the basic framework conditions for joint and double degrees;
- Improving recognition of prior learning, study periods and degrees;
- Ensuring that newly introduced bachelor and Master programme are sufficiently flexible to allow for student mobility as well as removing obstacles to mobility both of students and staff (e.g. portability of grants and pensions etc.);
- The introduction of national QFs and the tuning of QFs between systems and at different levels;
- Pursuing the discussion on employability – with special emphasis on the role of the bachelor on the labour market – while also balancing employability goals with the other purposes of HE. (EUA policy position: The future of the Bologna Process post 2010, pg. 1)

1. Consolidating Europe’s broad base of research based higher education: Reaffirming the essential link between higher education and research as a hallmark of European higher education
and a determining factor of the competitiveness of Europe and European universities in the future. **This in turn requires connecting more closely the European Higher Education and Research Areas.** Success in bringing these two processes closer together will enhance the attractiveness of European higher education and strengthen considerably the European dimension. This requires:

a. encouraging universities to develop further their own specific and increasingly varied research and innovation profiles in line with their own (increasingly differentiated) missions;

b. maintaining the momentum in the ongoing reform of doctoral education

c. developing better career opportunities for young researchers

d. removing obstacles to mobility and overcoming national fragmentation so as to promote Europe wide opportunities for teachers and researchers at all stages in their careers (career structures, recruitment, pension rights, visa issues, link to charter & code etc…) *(Op.cit, pg. 2)*

2. **Providing more education to more people: responsive and flexible universities**: ensuring that at least 50% of each age cohort has access to high education. This requires:

a. a new pact/consensus on lifelong learning based upon the commitments made in the Lifelong Learning Charter for Europe’s universities – in order to address the needs of an ever more diverse student population (flexibility of learning paths, recognition of informal learning, customising the educational offer etc.

b. increasing the permeability of systems by addressing related social questions (tuition fees, benefits, study grants/other financial aid)

c. improving understanding and making better use of diversity (at institutional and programme level and in respect of the student body, while also taking account of the requirements of, and the demand for different disciplines, and the need to develop interdisciplinarity) *(Ibid.)*

3. **Redefining public responsibility**: the new challenges facing higher education, along with the increased autonomy that allows universities to respond better to societal demands, means that the role of the state and the relationship between public responsibility and institutional autonomy needs to be reconsidered in respect of:

a. responsibility for quality,

b. appropriate and sustainable funding,

c. governance issues,

d. the growth of private providers & the need for coherent systems of HE,

e. the need to strive for parity of esteem by promoting excellence in relation to a variety of different institutional missions. *(Ibid.)*

4. **Fit to face global challenges**: The global engagement of the European Higher Education Area and the way in which European universities cooperate and compete on the global stage is a cross cutting priority that will be of major importance in the next decade. This requires:

a. promoting ‘European’ internationalisation by considering incentives for enhancing the internationalisation of European universities based upon the Bologna tools and instruments developed over the last decade,

b. strengthening degree mobility, in particular at master and doctoral level while maintaining existing levels of mobility within degree programmes;

c. improving understanding of the relationship between the European and the global dimension by analysing:

- where local, national, European and international agendas are becoming blurred (e.g. in research, with the global competition for researchers, which impacts on doctoral programmes, or in relation to transnational education, with Europe as both a provider and a consumer);

- the extent to which the international dimension will grow in importance in the future, including: an analysis of the macroeconomic benefits of higher education, of the impact on national and institutional strategies, and of the need for more coherent policies and frameworks at European level. *(Op.cit, pg. 3)*

Funding higher education will become increasingly more challenging due to the relentless operation of Baumol's cost disease. If the EU has to make an effort to bridge its funding gap on higher education, be it public or private, this can only be realized if at the same time the governance of the higher education system is tackled. This is necessary to increase the efficiency of spending by these organizations,
thereby delivering results. To attract more funding, universities first need to convince stakeholders - governments, companies, tax payers and above all students – that existing resources are efficiently used and would produce added value for them. Higher funding cannot be justified without profound change. Providing for such change is the main justification and prime purpose for fresh investment. Given the prevalence of overlong study durations, high dropout rates and/or graduate unemployment in Europe, investing more in the current system could be perceived as unproductive or even counter-productive. Yet combined under-funding and system rigidities are so acute in some countries of the EU that they impede the reform process at universities, who are consequently trapped in a vicious circle. If Member States are to break this vicious circle, they need to combine more and better targeted funding simultaneously with reforms of the supply side, thus creating the necessary conditions to enable universities to improve their performance, to modernize themselves and become more competitive. This implies granting universities much more autonomy while at the same time demanding them to be more accountable for delivering results. (Higher Education Reform and the Renewed Lisbon Strategy: Role of Member States and the European Commission, pg. 14)

More competition among universities
In response to scarcer public budgets, a rationalization of the supply side of the higher education market has taken place. The resulting increase in the scale of universities has however generated the danger of creating (local) public monopolies. The enormous increases in scale and monopolistic practices have gone hand in hand with huge increases in overhead and capital expenditures leading to substantial falls in resources for teaching. Such monopolies reduce quality (‘grade inflation’), ignore demand of students and employers, and increase overhead costs. Monopolistic price setting drives up tuition fees and lowers quantity and quality of supply of education, especially if the price elasticity of demand is low.

Barriers to enter the market for higher education should be lowered by abolishing historical funding and barring cross-subsidies that hinder fair competition. Both private and public universities are better able to compete if subsidies are allocated directly to students through vouchers/grants. Students can spend the vouchers on the institution and courses of their preference. A level playing field can open national markets to the international environment, especially if students can get student loans for study abroad and can spend their vouchers abroad.

To make the higher education market more transparent, it helps if an independent authority publishes yearly performance criteria of universities. These criteria should cover dropout rates, average enrolment durations, average exam marks, student evaluations, quality of scientific publications, evaluations of independent scientific committees, graduate performance in the job market, etc. (Op.cit, pg. 18)

Care must be taken not to base governance on the model used in commercial business enterprises. Governance should take account of the fact that universities consist of professionals. Too much external incentives can crowd out intrinsic motivation. Supervisory boards consisting of captains of industry have little affinity with university life and may well be counter-productive.

A pivotal area of university management is personnel management. Human resources are a core determinant of quality in higher education and research. Universities must therefore work to enhance their human potential, both qualitatively and quantitatively, by attracting, developing and keeping talent in the teaching/research career. Excellence can only emerge from a favourable professional environment based in particular on open, transparent and competitive procedures. Vacancies for professors and researchers should be advertised publicly, and internationally. Researchers should be treated as professionals from the early stages of their career. Mobility across national border and between university and industry should be nurtured. Compensation should reward quality and achievement in the performance of all tasks. (Op.cit, pg. 21)

The Commission should urge national decision makers in all ministries to acknowledge that closing the severe funding deficit in higher education is a core condition for achieving the Lisbon Strategy. However, the mix of public and private funding and the mix of basic, competitive and output-related
funding will remain different between countries to reflect the diversity of cultures, economies and university traditions within Europe.

The funding available directly at the EU level for education and research at universities is negligible compared to funding from Member States. Nevertheless, it can play a catalyzing role for enhancing the use of national resources and stimulating the quality of higher education in the EU. The mechanisms within the Financial Perspectives 2007-2013 include not only the Funds for “Competitiveness for Growth & Employment” programmes (the 7th EU Framework Programme for R&D, Lifelong Learning Programmes & Erasmus, Competitiveness and Innovation Programme), but also the Structural & Cohesion Funds. And also the EIB can provide an important financial impetus for higher education in Europe. (Op.cit, pg. 23)

It turns out that the cost of EU foreign students is supported by the host country. That cost will go up with the expected increasing mobility of students: countries made attractive by the high quality of their higher education will have to finance an increasing inflow of foreign students and thus to subsidize the enrichment of human capital of other countries. Such a situation, through the externalities generated, can involve inefficiencies, the adoption of restrictive behaviors by governments and an underprovision of publicly funded higher education — see the survey of the literature above. Indeed, countries which experiment imbalances — those who welcome a relatively larger number of students from abroad than the number of their nationals that they send abroad, like Austria and Belgium — tend to turn the prohibition of price discrimination through the adoption of quantitative quotas.

In line with the Bologna philosophy we propose to move from a system where the local public authorities are responsible for the financing of the studies supplied on their territory to a system where those authorities are responsible for the financing of the studies demanded by the students from their territory.

To fix the ideas we may consider as students from a territory those who have obtained their previous degree (high shool, bachelor)on that territory after spending some years of studies in that territory.

Financing the students can take the form of issuing two-part portable vouchers. (Financing Bologna, the international mobile students in European Higher Education Area, pg. 10)

The mechanism that we suggest and discuss consists for the origin country to provide his and her students with a two-part portable voucher. The first part of the voucher intends to cover the true cost of studies and might be regarded as a tuition fee voucher: it may be used in any higher education institution of a defined international area — say the EU or the Bologna area — provided it is used in the field of studies for which it is dedicated and in a school whose quality has been recognized by the country of origin, possibly through a network of certification. The second part of the voucher is dedicated to finance the cost of living at home or abroad, and can be called a student support voucher. That part might be modulated to take into account dissimilarities in costs of living, or to favour targeted groups of students or fields of studies, or still to compensate extra costs related to the family situation of the student. In short one can say that the second part of the voucher might be equity or fairness-oriented.

The combination of the two parts of the voucher makes it an interesting tool to monitor the choice of the studies, and thus of the careers, as well as to favour a more democratic access to higher education.

Vouchers can either be provided for free, or they can take the form of a loan, or of a mix of a grant and a loan. This is up to the origin government to take decision in that matter. However, as long as students going abroad come back home after the completion of their studies and then spend their career time in their country of origin, providing vouchers for free might be justified. In contrast, when the mobility of graduates increases, so that the market for graduates becomes Bologna-wide or EU-wide actually, completing the system of vouchers by turning them from grants to loans in proportion of the time spent working abroad or by introducing a system of Bhagwati tax to compensate the country of origin is more efficient. Its practicability will depend on the integration of the Bologna or otherwise defined area. (Op.cit, pg. 25)

The social dimension in the home country of the student
1. Quality higher education should be equally accessible to all (Berlin and Bergen Communiqués)
2. Students should have appropriate studying and living conditions, so that they can complete their
studies within an appropriate period of time without obstacles related to their social and economic
background (Berlin and Bergen Communiqués)
3. Opportunities for all citizens, in accordance with their aspirations and abilities, to follow the lifelong
learning paths into and within higher education should be improved (Sorbonne Declaration and Berlin
Communiqué)
4. Governments should take measures to provide students with guidance and counselling services with a
view to widening access (Bergen Communiqué)
5. Students are full partners in higher education governance and should participate in and influence the
organisation and content of higher education (Prague and Berlin Communiqués)
6. Governments should take measures to help students, especially from socially disadvantaged groups, in
financial and economic aspects with a view to widening access (Bergen Communiqué)

The social dimension of mobility
7. Ministers should take measures to facilitate the portability of national loans and grants (Berlin and
Bergen Communiqués)
8. Mobility should be promoted by overcoming obstacles to the effective exercise of free movement with
particular attention to:
- for students, access to study and training opportunities and to related services
- for teachers, researchers and administrative staff, recognition and valorisation of periods spent in a
European context researching, teaching and training, without prejudicing their statutory rights (Bologna
Declaration) (Key issues for the European Higher Education Area – Social Dimension and Mobility,
pg. 25)

One of the main aims of the Bologna Process is to promote citizens’ mobility. Within the Process the
Ministers have agreed to implement a number of actions to facilitate mobility for example the creation of
easily readable and comparable degrees through the full use of tools aimed at facilitating recognition, the
development of national action plans to improve the quality of the recognition process, the adoption of a
system based on three main cycles and an overarching framework for qualifications of the European
Higher Education Area, the establishment of a system of credits (eg ECTS) for the transfer and
accumulation of credits applied consistently throughout the EHEA, the portability of national loans and
grants, the facilitation of the delivery of visa and work permits and the encouragement of increased
participation in mobility programmes. Other commitments within the Process either relate to the promotion
of mobility in a less visible way or are expressed in a more general manner such as “overcoming
obstacles to the effective exercise of free movement” or the emphasis on the social dimension of mobility.
Obstacles to mobility vary depending on who you are, what your family situation is, how and where you
live, what the purpose of mobility is, different systems for higher education and incentives for promoting
mobility periods etc.