A Renewed University Governance: Changes and Perspectives from the Italian Context

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ABSTRACT

During recent years radical changes have affected universities in most Western European countries, implying new pressures and demands on higher education systems and deeply influencing the context in which universities operate. The paper attempts to investigate governance issues and the need for new strategic paths emerging as a result of changed scenarios. Specifically, the greater number of stakeholders involved in academic activities requires universities to take into account a variety of social, economic and cultural factors when making strategic decisions. Adjustments in board composition through appointing non-academic members are signals of such trends. Moving from this consideration and relying on data on the governance structures of Italian universities, the paper discusses challenges for academic institutions in terms of change in their strategic management and governance structures as well as the likely directions such change is taking.

Keywords: Academic Governance, Board Composition, Business Management, Higher Education, Italian Universities, Strategic Decision Making

INTRODUCTION

Since the Bologna Declaration and the Lisbon Agenda, the competitiveness of national university systems has been an issue of academic debate in Europe. Each State is pushing in the direction of optimizing performance to avoid marginalisation. In competitive terms, performance is seen as the capacity to attract both the most talented young people to universities and funding for European research Programmes. Consequently, the benchmark will be the efficiency of National university systems as a whole and adequate governance tools.

The European university system in many respects is experiencing what could be called a governance crisis, given its shift from closed corporation status to that of exposed Institution encumbered with strategic planning and management remits, practically unknown in the past. Accountability, responsibility, efficiency and transparent decision making are the key words underpinning this epochal change.

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combined with the democratic representation of all the members, each in reference to their specific role held in the system. In Italy too, autonomy introduced with the Law no.168/89 has reviewed and modified the relationship between the Ministry and universities. At present, the role of the Ministry involves planning, devising directives and evaluating mechanisms within the university system, taking into account the results obtained in order to allot resources (i.e. defining parameters for measuring performance). In the pursuit of high quality training, research and development, the Italian Government is also promoting forms of competition and differentiation among Universities, experimenting innovative models of research and teaching, new curricula etc. At the same time, it is introducing mechanisms to stimulate interest in the internationalisation process of training and research and encouraging teacher and student mobility.

However, autonomy in a university context is not envisaged in individual terms but rather in an institutional sense, at the service of the people and the stakeholders operating in the territory. The Conference of the European Ministries for Higher Education in Berlin in September 2003 emphasized how Higher Education “is a public good and a public responsibility”. In Italy, for many years now, the concept of ‘self-reference’ has been the subject of debate between academics and politicians in that universities are accused of ignoring the needs and demands of their users generally speaking and those of the labour and production world in particular. The lack of an active role in university governance on the part of stakeholders is denounced, mainly as concerns the students and their families as well as the business world, the professions and Institutions of territorial governance, underlining how universities rely on the public for their main source of funding. In our view, the way to interpret the principle of autonomy of university education lies in defining criteria of governance that are valid for every university in order to avoid or banish self referential mechanisms. Unquestionably, representatives of the public in governance structures together with student delegates is a start whereby strategies of development and policy guidelines can be discussed in the light of established goals. In short, the principle of autonomy in the University has to combine with the monitoring and evaluating of such goals, assuming full responsibility towards stakeholders when implementing strategic decision making processes.

RESEARCH PURPOSE AND STRUCTURE OF THE PAPER

The paper starts from the premise that the recent changes in the European Higher Education system have driven universities to consider the expectations of their stakeholders (competition and market orientation perspectives). Nowadays, it is widely acknowledged that universities need a new model of governance in order to preserve the integrity of their mission as well as to make their strategic decision-making processes more effective, timely and sensitive to strategic stakeholder input.

This paper investigates governance issues and the need for strategic change emerging as a result of the new context. By virtue of the large number of interest groups involved in a university’s activity and the importance of strategic input coming from the external environment rather than from the organization’s internal setting, a shift towards extensive adjustments in university governance structures and management has been noted.

First of all, the paper attempts to describe and explain the recent changes and new trends in the European higher education system, by means of a detailed analysis of relationships between central government, the marketplace and public universities. From an overview of the literature, the study proceeds with a brief description of the composition of governing bodies in Italian State universities, illustrating the modalities and procedures of how they work, their responsibility for determining university strategy and finally, the relation between governance and management. The research question starts from the assumption that to best satisfy
their needs stakeholders should be included in strategic decision making processes. Universities sensitive and receptive to external stimulus, put in place decision making processes that are attentive to input arriving from their many stakeholders. In particular, our research attempts to appraise the following:

1. The number of stakeholders involved.
2. The governing bodies in Italian Universities.
3. The number of universities that include stakeholders in their strategic decision making processes.
4. The category of stakeholder involved.

In particular, on the basis of findings relative to research questions 3 and 4, a positioning map is devised for assessing stakeholder engagement in Italian universities. By means of gathered data (using secondary sources) findings are presented. The conclusions are reached by comparing the field results with the theoretical analysis, at the same time underlining possible implications for future research.

In the literature review, the issues studied and the assumptions underpinning the steps in our approach are reported. In the field analysis, specific aims are declared and the sources used to define the sample unit (Cineca Databank) illustrated as well as the sources for the analysis of the governance structures of the universities investigated (University documents). Then, an attempt is made to respond to the research questions and to provide a detailed analysis of the phenomenon investigated. Finally, the conclusions and research implications are presented. Figure 1 indicates the phases of research.

**RECENT CHANGES AND NEW TRENDS IN THE ITALIAN HIGHER EDUCATION SYSTEM**

In Italy as well as in most European countries since the beginning of the 90s, a radical process of reform in education systems has taken place leading universities towards greater managerial autonomy and revolutionizing traditional teaching activities. At the European level, one political initiative - the Bologna process - has

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*Figure 1. Research design*
paved the way for the organizing of comparable structures cross cutting national borders in European higher education. At the same time, national political reforms have reduced the coercive impact of governments in higher education, with the effect of increasing autonomy in universities (Hedmo & Wedlin, 2008; Kogan & Hanney, 2000).

Changes in the regulatory framework have modified the role of the State in terms of public funding and in formulating the general guidelines of academic activities in a context of greater autonomy. One fundamental principle of the Bologna Declaration is that research and teaching in universities has to be morally and intellectually independent of all political authority and economic power. In the past, governments have protected their universities from competition on the part of other knowledge organizations. However, the university is not a protected trademark and trust in academic institutions greatly depends on consensus and government legitimacy (Engwall, 2008).

In addition, a number of signs indicate that universities are also subject to pressures from the marketplace. In effect, greater pressure on efficiency and effectiveness and the differentiation of teaching courses are key elements which characterize university systems throughout Western Europe.

At the same time, change has brought about effects consisting in greater market orientation, with a focus on the needs of students/users as well as other stakeholders and a managerial focus in approach relative to the economic issues that respond to the need for efficiency and effectiveness.

Feasibly, the changing relationships between central government, marketplace and public universities are creating new pressures upon higher education institutions. Consequently a rethinking of university mission, goal and management practice is needed as well as changes both in governance mechanisms and academic leadership (Henkel, 2005).

In particular, in Italy, greater convergence with education systems in other European countries is needed along with that of overcoming specific national weaknesses. These goals have started a radical innovation process within the Italian university system, summed up in the shift - from a context characterized by scarce attention paid to the economic sustainability of academic activities to a greater focus on the relationship with the central government as a main university stakeholder - towards a context characterized by: decentralization of strategic decisions at individual university level; greater emphasis on the efficient deployment of resources and not least, the need on the part of universities to take into account a larger number of social, political and economic stakeholder groups.

Consequently, strategic management in universities is becoming more complex and new governance issues are emerging as the patterns of stakeholder interaction are being redefined.

**COMPETITION AND MARKET ORIENTATION**

The process of change described above has resulted not only in more independent decision making and strategic choice at university level but has also emphasized the shift towards a more competitive environment (Bleiklie, 2005). While in the traditional static, non-competitive scenario with the State as main stakeholder, most decisions were centralized and each academic institution implemented locally, choices made at central government level. In the new competitive environment, the role of demand in driving the university’s development is much more relevant. The capacity to interpret and satisfy higher education needs in terms of matching the expectations of students and society and transferring knowledge and competences actually required by the job market, are becoming key elements of the university mission (Chevaillier, 2002). The output of a university is multidimensional (Bear, 1974). In addition, measuring the same is complex and does not reflect wide agreement (Reeder, 1974).

Academic activities affect a number of stakeholders. The impact on the students is immediate, however, the effects of academic
activity are reflected in different ways on the world of production and work and on the territory where the university is located.

To increase the quality of the overall value propositions, researchers in the field of higher education are highlighting the potential benefits of applying marketing theories and concepts that are effective in the business world (Hemsley-Brown & Oplatka, 2006; Binsardi & Ekwulugo, 2003; De Jager & Soontiens, 2010). Marketing instruments too, for identifying and monitoring demand are becoming more common: regulations and quality standards, customer satisfaction tools, etc (Baldwin & James, 2000; Umashankar, 2001; Chevaillier, 2002; Pugsley & Coffey, 2002; Bok, 2003; Martinez-Argüelles, Castán, & Juan, 2010; Snider, Xia, & Xia, 2011). The link between university activities and the general performance of the economic system is more evident today. In general, universities create value for public administrations and private enterprise not to mention for employers interested in recruiting personnel who can fill their competence and knowledge gaps. Therefore, teaching activities should be planned in order to suit external pressures and specifically the expectations expressed by enterprise (Vuori & Piik, 2010). Local government organizations operating in the area where the university is located are important stakeholders seeing as the link between the effect of a university’s activities and local development is currently, widely acknowledged (Etzkowitz, 2003). The presence of a university within a specific area is logically, a driver of the economic and social development of that area. Finally, society as a whole is affected by university activities as the effects of knowledge production and dissemination are public goals that any State should aim to achieve.

More efficiency in the deployment of resources (Leifner, 2003) and the adoption of a more outcome-based management style, are further signals of the new pressures and demands on universities. Hence, along with the need to better address the demands of society, universities are starting to focus on stakeholder expectations. As a result, greater responsibility is needed relative to the effects of new initiatives in terms of investment as well as greater awareness of risks associated with strategic choices. In fact, emphasis on financial autonomy is driving universities to evaluate the financial effects more carefully within the broader multi-faceted implications of their activities. Such emphasis on economic issues is reinforced by the new mechanisms of resource allocation that have been introduced in Italy recently. Public funding is related to parameters of efficiency and effectiveness concerning university activities (Kogan & Hanney, 2000; Huisman & Currie, 2004). In other words, assessment systems combine the principle of autonomy with that of responsibility and provide an effective account of the correspondence of activities undertaken by individual universities with respect to institutional objectives (Shattock, 2003). In short, accountability has become a key element in the modernization of higher education systems (Huisman & Currie, 2004). However, university awareness of the external scenario should not be contingent merely to the phase of evaluation or monitoring of stakeholder satisfaction but should be channelled into constructing processes of ongoing dialogue with the stakeholders even in the defining phase of strategic choice. In other words, stakeholders should be involved ex ante in university decision making in defining objectives, devising useful performance measurement indicators for assessment and suggesting corrective action where necessary, in the accountability phase.

**ISSUES OF UNIVERSITY GOVERNANCE IN A CHANGING ENVIRONMENT**

Increased autonomy, to respond actively to a changing environment and greater competition is regarded as a core theme by both European Union Commission and OECD experts. The changes taking place in the university environment are resulting in significant momentum in terms of strategic decision making processes. The fundamental question addressed now is
to what extent changes in strategic management are going to affect university governance structures. At the same time, the accountability of universities to their numerous stakeholders has to be emphasized and reflected in the composition of their governing bodies (Engwall, 2008). The involvement of stakeholders it goes without saying, should not be limited merely to the final phase of accountability of academic activity for evaluation purposes but on the contrary, should offer stakeholders the opportunity of taking part – with ideas and proposals - in all university decision making processes. In other words, universities should extend the composition of their governing bodies to include external stakeholders in order to improve the quality of teaching and to put in place initiatives for disseminating research and development as well as to stimulate economic growth in the territory of reference.

Governance has to do with organization as a whole and in the main with the devising and monitoring of strategic plans. The issue of university governance encompasses the composition of governing bodies, how they work, their responsibility for determining university strategy and the relationship between governance and management (Shattock, 2002). In other words, whereas governance is mainly related to devising an organization’s strategic policies, management relates to putting such policies in place (Bennet, 2002).

**STRUCTURES AND FUNCTIONS OF GOVERNING BODIES IN ITALIAN UNIVERSITIES**

In the context of governance in Italian universities, it should be pointed out that the roles and tasks of each governing body start from the analysis of its regulatory framework. A university’s governing body is the ultimate locus of authority (Rochford, 2001) and strategic decision-making centre where the responsibility for policy is placed.

The overall structure of governance envisages the application of a checks and balance mechanism relative to the various entities constituting university governance. Ministerial regulations define the roles and authority of each, attributing precise responsibility for decisions made; different functions are allocated to the various governing bodies, on the one hand those with planning power, for defining strategies and verifying performance and on the other, entities charged with functions of coordination of action necessary for implementing plans on the agenda. The governance structure of Italian universities is composed of: Vice Chancellor, Academic Senate, and Board of Governors.

The Vice Chancellor, the representational nominee of the University, is the official head of the organization, responsible for the definition of strategic guidelines and the accomplishment of the organization’s goals. The Vice Chancellor has a leading role as president both of the Academic Senate and Board of Governors. As Managing Director of the organization, the Vice Chancellor focuses on the overall strategy of the university and specifically on strategic aspects concerning research and teaching activities. The Vice Chancellor furthermore, guarantees autonomy and is designated to define in agreement with the Academic Senate, the programmes and goals to achieve and adequate policies for the distribution of resources, in collaboration with the Board of Governors.

The Academic Senate is responsible for planning and coordinating research and teaching activities. On the basis of proposals from the Departments and Faculties, taking into account the input from an internal control Committee (the presence of which is mandatory in any university) the Senate devises a plan for university development and identifies objectives. The Committee is usually composed of the Vice Chancellor (the President) (a Vice President); Dean of Faculties; all or a quota of representatives of the Research Departments and administrative personnel.

The Board of Governors is responsible for university management from an administrative and financial point of view and acts on the basis of criteria and guidelines defined by the Academic Senate. Generally, the Board of
Governors is described as having a strategic control function. It represents an ‘open’ governance structure within the university as it may include a number of stakeholder representatives. It is usually composed of the Vice Chancellor (President), (a Vice President); the Chief Administrator, a small group of representative administrative staff and representative lecturers and researchers.

Governing bodies are mainly composed of elective members. The latter are higher in number compared to that of any private sector corporate governing body. As result, strategic decision making is a complex and slow process. Moreover, in universities, decision making responsibility is widespread within the organization, and risks of overlapping decision competence are frequent (Fici, 2001). University regulations generally envisage the setting up of Committees and Commissions, grouping together a limited number of persons with specific remits. The Committees have a consulting or support function. Their presence could even be interpreted as a response to the slow and bureaucratic way of working of the governing bodies.

In short, university governance is characterized by highly complex strategic decision making processes as well as by the involvement of a vast number of actors. From a managerial point of view, in a turbulent environment, the traditional way of working of governing bodies is considered inadequate. For example, Senates do not convene frequently and a ‘too many cooks’ approach contrasts with the need for timely and effective decisions. Generally, the style of governance is considered incapable of meeting stakeholder expectations satisfactorily.

**EMPIRICAL RESEARCH**

Changes in higher education demands and generally speaking, changes in the environment in which the university operates, call for a change in governance structures. Empirical research starts from the premise that the new competitive environment and a greater emphasis on market mechanisms deeply affect the strategies and organization of universities. Consequently, governance style and structures are important areas of change (Shattock, 2003). In other words, whether and to what extent, governing bodies are able to involve stakeholders in strategic decision making processes needs to be appraised in order to satisfy the wide range of expectations emerging not only in but also from outside the academic community. In particular, empirical research attempts to respond to the following: 3. The number of universities that envisage stakeholder participation in strategic decision making processes; 4. The category of stakeholders involved. From data gathered, a positioning map of Italian universities can be plotted in order to measure the level of stakeholder engagement.

**Source of Data**

Our analysis was based on the gathering and processing of secondary data. Secondary data sources included (see Figure 1):

- **External Sources:** Information from publications and documents available on the websites of the Italian Ministry of Education (MIUR), Conference of Rectors, National Committee for the Evaluation of the University System and National Conference of Italian University Rectors. In particular, in order to define the field of reference and selected sample, reference was made to the CINECA databank;
- **Internal Sources:** Random university websites were consulted. Specific documents examined included: the Statute of Autonomy; Working Regulations; Strategic Plans for Development (relative to each university in the sample) and the Reports of Meetings of the governing bodies.

Data analysis was considered both from the point of view of construct validity as multiple data ensure a more accurate and thorough analysis of the phenomenon and the reliability and completeness of findings.
Field of Reference and Sampling Procedure

The field of reference consists of all Italian universities awarding valid, legally recognized qualifications. At the date of the survey - 31/12/2010 - universities as a whole, numbered 95. The source used to define the field of reference and selected sample was the CINECA databank, a prominent global information system. CINECA is an Inter-University Consortium which together with the Italian Ministry of Education (MIUR) operates in the sector of technological data transfer through highly accurate scientific calculations, the management and development of virtual networks and the elaborating of articulated and complex informative systems for large scale data processing (Wang, Yan, Chen, & Xing, 2010). CINECA also develops advanced applications and services of Information Technology, covering the role of trait d’union between academic scenarios, pure research contexts and the industrial world and the Public Administration. CINECA could also be called the “operative technical arm” of the management and service systems devised in support of the University and MIUR and has elaborated sophisticated on line systems to aid universities attempting to deal with and define modernizing governance procedures and processes in complex and articulated academic realities. The CINECA databank facilitates interaction on the part of all the members of the academic world both on an individual level (researchers) and on an organizational scale (university) with the central government guaranteeing MIUR’s ongoing monitoring of the processes and coordination.

In the CINECA databank classification, universities are divided into two main groups: State run Universities and privately run Institutions. This is because the Italian University system is mixed. Some Universities are funded mainly by the State and others established and funded by privately. Furthermore, the latter are accredited by MIUR to award legally recognized qualifications in compliance with current legislation. Differing models of governance applied in Italian privately-run as opposed to State run universities merely highlight principles of autonomy and pluralism from which the national university system as a whole benefits. Given their diverse ownership and funding mechanisms, privately-run universities present widely differing governance structures. The Boards of all private universities include what has previously been defined as external members. Their presence on the Board is intrinsically related to the funding mechanisms of the universities: firms and institutions financing universities have representatives on the Board. As a result, in such institutions the reason for appointing external members differs from that of State run universities. However, as the two groups are not uniform, our focus is on State run universities.

The sample selected - Italian State run universities as at the date of 31/12/2010 - consisted of 55 universities.

Data and Preliminary Findings

For each university we collected data on the composition of the Academic Senate and Board of Governors to verify the presence of external members. The goal of the field research was to investigate universities characterized by the presence of independent members on the Board i.e. external stakeholders or non-academic/administrative members. Categories of the latter included: students; enterprises and delegates of government; the categories reflect the three main functions of the university remit: education and teaching; research and knowledge diffusion; support for the local development of culture and society (Brint, 2005; Ramirez, 2006; Frank & Glaber, 2006).

The 3 categories of external stakeholders present compared to the total number envisaged on the board of the Academic Senate and on the Board of Governors, was measured as follows (Figure 2):

In other words, the distribution frequency relative to each external stakeholder category was measured. More precisely, the range 0 – 2 envisaged 0 when not even one member of a
A particular category of external members was present on both boards (Academic Senate and Board of Governors). At the other end of the scale, the value 2 is recorded in the unlikely event that all the members of the category of stakeholder considered, correspond to the total number of members of both governing bodies.

The value obtained for each category of external member enabled the positioning of the selected universities on a three-dimensional diagram (scatter plot 3D) (Diamond & Jefferies, 2001) using Wolfram Research (one of the world’s most respected software companies) software “Mathematica 8.0”. This particular software is used by academic researchers to analyze data accurately and swiftly, to test hypotheses and to report results. In our case, Mathematica was used to build-in functions for visualization. Mathematica provides powerful functions that enable automating processes of creating cognitively and aesthetically compelling representations of structured and unstructured data, not only as concerns points, lines and surfaces, but also graphs and networks.

FINDINGS

In this section the results of empirical analysis on the governance structures of Italian universities are provided.

On the basis of the assessment made during the phase of data collection, the universities have been positioned on a three-dimensional diagram indicating (Figure 3):

- On the x-axis, the ratio of Students involved on the board of both governing bodies;
- On the y-axis, the ratio of Businesses involved on the board of both governing bodies;
- On the z-axis, the ratio of Governments involved on the board of both governing bodies.

In other words, the positioning of each university on the graph is determined by measuring the three variables: Students, Business, Governments.

A preliminary consideration emerging from the findings is that academic members are the predominant members of the governing bodies. By comparing the absolute value (2) with measured values (0.6 Students; 0.5 Governments; 0.15 Businesses) a modest presence of external members is evinced, in particular, the low presence of the business world is indicative.

The graph highlights: universities (white) contemplating the presence of students only as external members on the board (11); universities (light gray) envisaging the presence of both students and governing bodies as external members on the board, (31); universities ac-
cepting the presence of all three categories of external stakeholders (13). Consequently, it clearly emerges that universities recognize that non-academic stakeholders can play an important role in counterbalancing the policy of the university which typically, is too often focused on “internal affairs” and “political struggles” rather than on local government and firm expectations. Furthermore, external stakeholders can prevent universities from making planning mistakes (specifically concerning teaching programmes) by pushing the strategy process to take into account job market expectations.

Of the 55 State-run universities, the presence ratio of the three categories of external members on the governing boards is plotted in Figure 3. In addition, the categories of representatives appointed and the distribution of their presence on the board in the Academic Senate (A) and on the Board of Governors (B) are detailed in Table 1.

The most common category present on the Board of Governors is that of representatives of the central government, indicated by the Ministry of Education. Local government is well represented on university boards: 15 universities have appointed a representative of the Commune where the university is located (the President of the city/town). Of these, 9 universities include the presence of representatives of the provinces and 10 have appointed a representative of the region. The presence of private institutions such
as firms or banks is less significant in numerical terms. Enterprise is also represented by the President of the Chamber of Commerce or by a representative of local Trade Associations.

This describes the overall picture related to appointing external stakeholders on governing board. Concerning the motivations and expected advantages, the following reasons are suggested (on a scale of importance from 1 to 5): to enhance synergies between the local context (local private and public stakeholders); to render the university development strategy coherent with the needs and expectations coming from the area; to obtain important contributions in terms of ideas and collaboration from non-academic stakeholders; to strengthen the function of external control over the effectiveness and efficiency of academic activities and finally, to make the university more aware of its responsibilities towards society. However, the presence of external members on their boards could be perceived by universities as risky, envisaged in terms of: constraining university autonomy which is a “value to preserve” and limiting the cultural, economic, and social role of a university to a far too narrow perspective. A university’s role has to be considered as going well beyond the local context, while non-academic stakeholders, made up mainly of representatives of local institutions; in effect, could inappropriately, attempt to deviate the university’s mission.

**CONCLUSION**

Clearly, university governing bodies in Italy have to fulfil an increasingly managerial role. The new environment demands a more ‘ outward-looking’ perspective on their part. Greater presence of external members on boards reflects the shift from a governance model focused on the satisfaction of internal pressures (coming from the academic community) towards a model that takes into account the variety (number and kind) of stakeholder.

However, even if the presence of external members on a board can be interpreted as a signal of specific focus on stakeholder management, appointing ‘externals’ could result merely in superficial changes in the governance style of a university. In fact, as the Board of Governors is responsible for the final approval of strategic initiatives; the contribution of ‘outsiders’ to strategic activity would be of a merely formal kind if their decisional powers are not translated in terms of deeper involvement in the preliminary stages of the strategic decision making process.
In other words, a substantial change in the university governance style in the direction of more attention addressed to stakeholder expectations, requires their involvement in the whole strategic process. Such considerations are strengthened by the observation that universities are decentralized organizations in which strategic initiatives are generally formulated and developed at faculty and department levels before they are approved by the governing bodies. Therefore, external stakeholders cannot play a complete role in the final step of the strategy process if their role is not acknowledged throughout the various phases. It goes without saying that the question of number is not pertinent. A new model of governance goes beyond membership.

Figure 4 sums up the potential directions of change in Italian university governance. Three basic stages are identified:

- The first recalls the ‘old-fashioned’ traditional university, in which strategic management reflects the classic model of self-referential organization, drawing no strategic input from outside the university’s internal environment (box 1);
- What most Italian universities started to do after the beginning of the reform process was to show an increasing awareness to the needs and expectations coming from outside the university (sensing). Hence, the importance of external input for strategic management continues to increase. Awareness is developed at faculty and department level, where generally, pressures for new strategic initiatives emerge. As a result, a stronger link between non-academic stakeholders and the university’s operating structure characterizes the model in box 2;
- A further change can be observed at the level of governing bodies. In fact, a greater emphasis on external demands and non-academic stakeholders find expression in a revision of the governance structure, appointing ‘outsiders’ on the board (box 3).

While in stage 2 the connection with non-academic stakeholders concerns the first phases of strategic processes and largely relies on a number of informal contacts at the operating structure level, in stage 3, the role of non-academic stakeholders is formally acknowledged at the governing board level. A stronger link between stakeholders and the university’s operating structure results in the stimulus and involvement in the development of new initiatives on the part of the former, basically through a series of informal connecting modes (meetings with professors, participation in project planning sessions, providing suggestions – on demand from departments/schools - for critical professional figures). On the other hand, the link between stakeholders and governing bodies is the result of the contribution of external members on university boards. Generally speaking, appointing ‘externals’ appears to be a significant trend in the composition of university board of governors. ‘Outsiders’ are considered gatekeepers to the external environment.

Figure 4. Evolving patterns in universities through stakeholder involvement
Nowadays, most universities are in the process depicted by the arrow a). A (13 Universities) are already in the process depicted by the arrow b). Other universities have carried out governance changes since the start of the reform signalling a greater awareness of external expectations. However, changes in the composition of governing bodies are not enough to guarantee a real change in strategic management and style of governance in the direction of more attention paid to expectations coming from external environment. As discussed above, appointing outsiders while preserving an ‘inward-looking’ perspective at an operative-structural level may result merely in formal change. Changes in the composition of governing boards do not really affect the style of governance when they are not integrated with greater involvement in all the phases of the strategic process. For this reason, the process depicted by arrow c) should be considered risky, having no substantial effect on the strategic management of universities. The point is not just to enlarge the board by appointing new members, but to develop mechanisms and routines through which entrepreneurial, cultural, social and economic stakeholders are really involved in the strategic processes, both at operative-structural level (when making proposals and contributing to the development of new initiatives) and at governing body level (in terms of decision making powers).

DISCUSSION AND IMPLICATIONS FOR FURTHER RESEARCH

The changing environment of governance calls for a response both in terms of management practices and governance structures. While changes in the regulatory framework, the external environment and (in part) ‘style of management’ have been key elements in modernizing universities in recent years, ‘style of governance’ is the new trend and on the agenda as the “next step” in the process of evolution.

Concerning management practices, change can be summed up as the shift from an ‘inward-looking’ approach to an ‘outward-looking’ approach. Hence, the main issue is to enhance awareness, i.e. the university’s sensing capacity so as to take into account strategic input from the external environment. We argue that in a competitive environment, the sensing dimension of the strategy process is critical. As a result, university operating structures (Faculties, Departments) need to develop of a set of formal and informal mechanisms through which a greater involvement of stakeholders in strategic initiatives can be achieved.

In short, in terms of governance structures, the need to match the diverse expectations of a variety of stakeholders requires that university governing boards become more representative of their interests. Consequently, the presence of outsiders on the board reflecting stakeholder interests, having managerial and/or professional skills, is likely to be the main feature of university governing boards in the future. The Italian context already shows signs of such change. Whether and to what extent the presence of outsiders on university boards can be considered merely “fashionable” without any substantial implications for strategic management or rather, responds to the substantial involvement of non-academic stakeholders in strategic policymaking, remains an ‘open question’.

Future research should provide sound empirical evidence relative to the relationship between the changing environment in universities and governance structures. It would be of interest to analyse such a relationship over time. Moreover, new insights into the working of modern universities would be provided if research could link university strategies and governance structures. In addition, the analysis of how external strategic issues are processed within universities also deserves attention, contributing to a better understanding of their strategic processes. In this sense, our paper can be considered a work in progress as it would be interesting to analyse the impact of the presence of more external stakeholders on governing boards. In particular, an in-depth field analysis could verify whether the ‘more open’ universities (13 Institutions) with the presence of a congruous number of external stakehold-
ers in the Academic Senate and on the Board of Governors, actually achieve improvements in performance. After a prescribed period of time it would be interesting to compare their performance with that of the 11 universities envisaging only students as externals on the board and with that of the 31 that include both students and other stakeholders in the Academic Senate and on the Board of Governors. The implications of such an analysis would certainly contribute to the devising of opportune managerial practices for effective and efficacious university governance. It should be underlined however, that the performance under review needs to take into account the relation resulting from the category of stakeholder that the universities have included in their governing bodies. For example, would the presence of the business world in the 13 ‘more open’ universities improve the relationship between academic research and industry practice?

In short, this would appear a quite feasible analysis considering that the mission of any university is more difficult to evaluate and direct comparisons have not been attempted. It goes without saying however, that none of the three main university remits (research, education and innovation) can be clearly defined “products” and as a result, a cross-national comparison of university performance is at this stage, effectively not feasible.

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