

Higher Education Mismanagement

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Higher education (HE) creates important economic and social benefits for the society and for educated individuals; these have been proven and evaluated in extensive scientific literature. According to one of the estimates, net economic benefit of HE amounts to 160,000 USD for the individual and 100,000 USD for the society. In addition, HE further contributes to social development through research.

How the society takes advantage of the development potential of HE depends on both the quality of system-level governance and the quality of management of individual higher education institutions (HEIs). The focus of our research will therefore be the changes in the management of HE and HEIs in the EU and in Slovenia, and their impact on the attainment of social objectives of education and research, as defined in national and international strategic documents.

Governance comprises a complex web including the legislative framework, the characteristics of the institutions and how they relate to the whole system, how money is allocated to institutions and how they are accountable for the way it is spent, as well as less formal structures and relationships that steer and influence behaviour. Good governance in education systems promotes effective delivery of education services and can serve as a starting point to raising institutional performance. Naturally, similar principles also apply to the relationship between management and research in HE.

Estimates of social benefits of HE are based on the assumption that graduates find suitable and productive employment and that research findings are used for social and economic development. For this reason, we will, in addition to studying the governance of HE and HEIs, also study the relationship between HE and the labour market (employability of graduates), and between HE and economic activities and public services (application of research findings).

European HE systems have faced numerous changes over the past 25 years. Concurrently with the Bologna process and the formation of a common European Higher Education Area (EHEA), a comprehensive process of HE modernisation commenced. Through changes in HEIs management and funding, governments are encouraging HEIs to fulfil their social and economic role in knowledge societies. This aspect was particularly emphasized during the economic crisis, when restrictions were placed on public funding of HE.

During the modernisation and transformation period, HE focused on the following objectives:

- Achieve a level of quality that stands the test of international comparison;
- Improve governance and accountability;
- Increase funding levels and diversify sources of funding.

The problem is the question of how changes in HE and HEIs management and funding impacted on the attainment of social objectives and contribution of HE to social development.

EU countries are piloting new funding models to strengthen HEIs incentives to deliver social priorities. Two of the more widespread models include linking public funding for HEIs to successful delivery of agreed objectives, and introducing targeted incentives to improve specific areas of HEIs performance.

Attempts are being made to change the Slovenian HE system by changing the legal frameworks that form the basis of HEIs operations, but which are not adequately taken into account in their management and operations. The Court of Audit carried out close to 30 audits of HEIs and issued qualified opinions or negative opinions in most cases, which demonstrates serious shortcomings in the management of HEIs with regards to the use of public funds and employment relationships. In addition, the ability to sustain an established network of schools and maintain the existing funding system is significantly challenged by fluctuations in young people demographics.

We can conclude that Slovenian HE system and HEIs face major challenges, which, despite their differences, have a common denominator in inadequate governance at both the system and the institution level.

Keywords: Higher Education, governance, management, audit, Court of Audit, Slovenia

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