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UNIVERSITY OF
TECHNOLOGY

University Governance

There is more than one model

Professor Ian Young

Vice-chancellor

Swinburne University of Technology



Background



- Public debate on University Governance increased due to:
- Corporate failures in US and Australia
- Changing nature of Australian Universities
 - Less reliance on Government income
 - Increase in international activities
 - Greater complexity of operations
 - Broad range of stakeholders
- Spectacular success of Australia's Universities in developing an export industry

Comparisons with the corporate world



Many similarities with corporate world – but significant differences

- Not for profit – no “shareholders”
- Diverse range of stakeholders
 - State and Commonwealth Government
 - Industry partners
 - Staff and Students
 - Community
- Many non-financial measures of success
 - National and regional development
 - Social change
 - Knowledge creation
 - Policy debate etc.

Australia - composition



- Broad representation of stakeholder interests met by diverse Board membership

Member Category	Average in 2000
Ex officio	4
Academic staff	3
General staff	1
Students	2
Parliamentarians	1
Convocation	2
Govt./Ministerial appointees	6

- Average size of Board gradually reduced, typically 22
- On average 55% of members external to University



- Role defined by Chancellors/AVCC joint statement:
 - Appoint the VC and monitor performance
 - Approve, mission, strategic directions and budget
 - Oversee and review management and performance
 - Establish policy and procedural principles
 - Approve and monitor systems of control and accountability
 - Assessment and management of risk
 - Oversee and monitor academic activities
 - Approve significant commercial activities
- Members of Board should:
 - Act always in the best interests of the University as a whole, rather than the group/body which elected or appointed them



- Operational good practice requires:
 - A joint understanding between Board, executive management and academic board of their respective roles and responsibilities
 - A “partnership” of Chancellor and Vice-Chancellor which is vital for the working success of any governance model

United States -composition



- Three general governance structures:
 - Single governing board for a single university
 - Single governing board for multiple universities, each with a local board
 - Single governing board for multiple universities, but with no local board

- Size of boards (Board of Trustees or Board of Regents) vary significantly



University of California system

- System governed by 26 member Board of Regents
 - appointed by Governor of the State of California
 - student members with no voting rights
 - individual Universities do not have a local board
 - strong system of shared governance within Universities with staff (faculty) consulted on major issues



State University of New York (SUNY)

- 15 member of Board of Trustees appointed by Governor
- 1 student member

- Role of Board:
 - Appoint president
 - Grant all degrees
 - Regulate the admission of students
 - Regulate tuition fees
 - Oversee the operation of the administration of the University



Stanford University

- Board of Trustees (self appointed) – max size 35
- Role
 - Appoint President who is responsible for management of university
 - Act as custodian of the endowment
 - Administer the investment funds
 - Approve the annual budget and policies of the University



Harvard University

- Two governing Boards
- Harvard Corporation (President and Fellows)
 - Executive Board
 - 7 members – President and Treasurer plus 5 others
 - Responsible for day-to-day management of University
 - Finances and business affairs
- Board of Overseers (size 30)
 - Elected by graduates of Harvard
 - Approves important actions of the Corporation

United States – general comments



- Broad range of governance models
- Large variation in size of Boards and method of appointment
- Strong tradition of shared governance
- Lombardi et al (2002) find no correlation between the board structure and performance of University

Europe - structure



- Boards mostly appointed by city, state or federal govt. responsible for University
- High level of political input to decisions
- No consistent structure across Europe



Technical University of Delft – The Netherlands

- Supervisory Board of TU Delft consists of 5 appointed by Minister
- Role:
 - Appoint executive, which manages University
 - Approve governing and management regulations
 - Approve University Plan
 - Approve University Budget
- Students and staff consultation on major issues



- Significant differences in governance structures across Australia, US and Europe
- Common key issues:
 - Role of board is one of oversight and risk management, rather than direct management, which is role of University executive
 - All systems include some form of shared governance, achieved either by representation on the board or through consultation on significant issues
 - Success of governance structure rests heavily on the “partnership” between board and executive, rather than the structure of the board



- Debate has centred on Universities adopting a more Business Board structure with:
 - Smaller governing Board
 - No/little internal representation
- Few examples of such structures in other countries
- Strong evidence that Board structure does not necessarily correlate with University performance

Business model – common ground



- Statements by Business Council of Australia and Chancellors/AVCC yield significant common ground
- Irrespective of structure – Board should:
 - Guide strategic direction of University
 - Manage risk
 - Monitor and report on university performance
 - Appoint and oversee performance of VC

 - Must be a clear understanding that governance role does not include day-to-day management
 - Members must act in best interests of University rather than group which appointed/elected them

