



Does sector-specific experience matter? The case of European higher education ministers



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ABSTRACT

This paper looks at the relationship between higher education ministers and the performance of the sector that they govern. Using an original panel dataset with the characteristics of European higher education ministers, we find that having a past experience in the sector leads to a higher level of performance, as measured by ranking data. Making a parallel with the literature about the impact of education on the educated, we discuss potential explanations behind the impact of this on-the-job learning experience. As we find that this characteristic has no impact on the spendings of the sector, we argue that this academic experience makes them more prone to introduce adequate reforms that makes the sector more attractive for top-researchers. Furthermore, we find that this result is driven by ministers with both sector-specific and electoral experience, the latter measured by a successful election at the regional or national level. This tends to show that political credibility should not be overshadowed by the importance of the sector-specific experience of ministers.

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1. Introduction

Higher education is an unusual sector to administer. It houses peculiar institutions such as shared governance, academic freedom or tenure. It is composed of workers pursuing multiple activities which can hardly be measured or compared. Universities and colleges are accountable to their local and national government but play in an increasingly international playground. In this context private and public motives are not always going in the same direction, such that it leads to an unconventional blend of market forces and regulations. Due to these peculiarities, it is important, in order to improve the functioning of the higher education system, to have these institutional constraints in mind or to try to make them further evolve in the desired direction. Having experienced them from the inside may prove to be an asset once in charge of the administration of the sector. Having been a stakeholder teaches you their specific role and foundations.

The main point of our paper is that experience in higher education facilitates the implementation of reforms that can then

improve the functioning of the system. In this respect, we analyze the link between the characteristics of higher education ministers and the sector they govern. This work is at the crossroad of two streams of the literature. The first relates to the works done by political economists on the important role played by political leaders. Following Jones and Olken (2005), according to which leaders matter for growth, Besley et al. (2011) show that their level of education plays a key role in this relationship. Dreher et al. (2009) explain this further by the tendency of educated leaders to be more reform oriented. Focusing, as we do, on ministers rather than on country leaders, Moessinger (2014) and Jochimse and Thomasius (2014) find that the professional background of public finance ministers can help him solve the state budget's common pool problem for which he is appointed.

The second is linked to the economics of education literature that tries to explain performance in the education sector. Using cross-country data in the context of compulsory education, previous works (see Hanushek and Woessmann, 2011 for a survey) claim that resources and, most importantly, institutions matter. Due to the absence of standardized test scores, Aghion et al. (2008) have used ranking data to make a similar statement for the higher education level. Closer to this study, Goodall (2009) and Goodall et al. (2014) have looked at the role of higher education leaders in determining the performance of their own institution. These works

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find that being headed by an accomplished scholar (as measured by the number of citations) can influence positively the research productivity of the institution. Arguments such that they are credible leaders, experts in the work done by the institution they now manage and standard bearers are presented. To our knowledge this work is the first that tries to understand the role of political leaders, and more precisely their background, in the higher education sector.

Using an original panel dataset with the characteristics of European leaders, we test if having been active in academia influences the performance of the higher education system, as measured by ranking data. Controlling for economic and political institutions as well as for the characteristics of the sector, we observe a robust correlation between the higher education performance and the academic experience of the minister. We discuss potential explanations behind this result, each related to the impact of education on the educated, as previously discussed in the literature, applied in the context of on-the-job learning experience. Being active in the sector as a professor, a dean or a rector can improve their general and sector specific human capital. The links and relationships accumulated throughout their careers can impact the sort of decisions they make when becoming a minister. This past experience can also make their preferences evolve, such that they have a more public oriented behavior. Finally, in the beginning of their mandate, when the information about their ability to govern the higher education system is imperfect, this previous experience sends a credible signal to the electoral base and the people directly impacted by the changes to be implemented.

Furthermore we find that this relationship is conditional on the political experience of the higher education leader, as measured by a successful election at the regional or national level. Hence, our result is driven by leaders with both political and sector-specific experience. Next, we find that having an experience in the higher education sector does not lead to an increase in the funding received by the higher education sector. Assuming that money and institutions are both important ingredients to have a well-performing higher education system, as acknowledged in the literature, this finding makes us claim that experienced ministers are more prone to implement reforms that improve the sector's performance. Finally, we analyze the link between the minister's experience and each of the 6 indicators used to compute the ranking. In agreement with all these results, we discuss how reforms related with the academic job market and the architecture of the higher education system corroborates with our findings. However, we are only able to show the short run impact of ministers (up to 4 years) but cannot conclude about their influence in the longer run.

The paper is organized as follows. Section 2 discusses the main theoretical explanations behind the link between experience in the higher education sector of ministers and the performance of the system. Section 3 presents the data that was collected for this empirical study while Section 4 discusses our empirical strategy. The main results are derived in Section 5. Robustness checks related with different dependent variables, samples and estimators are exposed in Section 6, where we also discuss the issue of endogeneity. Finally Section 7 concludes.

2. Hypotheses

Past experiences shape ministers and how they govern. The case of higher education ministers is of particular interest, as they control a well-defined sector in which many of them have been previously active, as a student, a lecturer, a dean or even as a rector. Even if imperfect, cross-country comparisons of the sector performance can be made and are a much discussed topic among higher education circles, the press and the political arena. To explain the

impact of this on-the-job learning experience on the performance of the higher education sector, we draw a parallel with the works that have studied the impact of education on students. We classify each of these potential explanations under four categories.

The first argument is directly related to the theory of human capital. The on-the-job experience acquired in the higher education sector should improve their (cognitive and non-cognitive) skills and their knowledge. Some of these are general and others are limited to the higher education sector. One of the key skill acquired through trainings and on-the-job teaching experiences is pedagogy. It gives them the ability to convey in an understandable manner complex informations. This can be useful when communicating about a reform to a wide and a specialized audience. Another key skill relates to the managerial experiences gained from being dean or rector. Finally, they have acquired a wide knowledge of their sector. Institutions such as tenure, academic freedom, the publication process or shared governance might be perceived as awkward to an outsider of the system (Gordon, 1999). Being an insider of the system gives them the possibility to grasp their key roles and foundations. It can help them to develop a perspective on the policies to implement keeping these constraints in mind or to make these institutions evolve. Hence, these skills and knowledge should lead to a better-functioning ministry and an improvement of the higher education system.

The second explanation relates to the theory of social capital, as pioneered by the work of Pierre Bourdieu. Throughout their career, ministers have accumulated links and relationships. This social capital defines their socioeconomic status. This status should impact the decisions of the minister as it creates a form of personal loyalty towards some of the key stakeholder of the sector. As argued by Hayo and Neumeier (2012, 2014), a minister with a greater experience in the higher education system would spend more in this sector, as a way to please people with the same social background as him. However, this could also lead to a form of regulatory capture (see DalBo, 2006 for a review). By being too close to the interests of the sector that they are governing, a minister with an experience in higher education might be reluctant to reform the system in the general public interest. Overall, it is unclear in which direction this explanation will impact the link between sector-specific experience and performance of higher education.

The third argument relates to the preferences of people with an experience in the higher education sector. A number of empirical evidences (see for example Milligan et al., 2004 or Dee, 2004) have shown that education improves citizenship and lead to a more public oriented behavior. This argument, used by Besley et al. (2011) to explain the better economic performances of countries governed by educated leaders, can also be considered with on-the-job learning in the higher education sector.

The fourth class of argument relates to the signaling theory, in the sense that the ministers background conveys information about them. Their past education and experiences have not only an impact on their performances, it also sends a message about some of their characteristics (related to their ability and preferences) that are not perfectly observed by the stakeholders of the sector. As this signal is costly to acquire, it seems accurate to state that people with relatively superior characteristics will be more inclined to invest in it. Hence, this signal can be seen as credible. The legitimacy derived from it should facilitate the implementations of reforms by building a trusting relationship between the minister and the people with a stake in these reforms. It sends a signal about their ability but also about their preferences, as it shows that they share similar values (Goodall, 2009). This signaling can help diminish information asymmetries which are especially present when ministers have no previous experience heading a cabinet or in the beginning of their mandate. Overall, this should facilitate the implementation of reforms and have an impact on the performance of the sector.

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