

Strategic Responses to the German Excellence Initiative

A case study of Berlin Humboldt University

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Master of Philosophy in Higher Education
Department of Education, Faculty of Educational
Sciences

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Abstract

This master thesis examines the strategic responses of Berlin Humboldt University to the German policy instrument Excellence Initiative. Using document analysis and qualitative interviews, it investigates which changes have been taking place within the university and whether they can be interpreted as strategic responses to the policy instrument. Furthermore, it addresses the question to what extent the changes have been triggered by the institutional leadership and in which way they are being influenced by institutional forces. The analysis is based on Oliver's (1991) typology of strategic responses and characterization of environmental pressures. The findings indicate that several organizational changes took place that can be considered strategic responses to the Excellence Initiative. A large part of the strategic behavior was deliberately triggered by the institutional leadership but several changes also emerged from within the institution. This means the university can be considered a strategic actor that is able to act strategically within the boundaries of its institutional norms.

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1 Introduction

This thesis analyzes the strategic responses of Berlin Humboldt University to the German Excellence Initiative which is a governmental policy instrument intended to advance excellent research and international visibility of German universities by promoting organizational strategies (BAnz, 2005). Using an empirical case study, it will be investigated which changes have been taking place within the university and whether they can be interpreted as strategic responses to the policy instrument.

The reasons why this research is relevant are threefold: First, by investigating whether organizational changes have been strategically triggered by leadership or whether they have emerged from within the institution, this thesis contributes to the understanding of strategic behavior in universities. Exploring the topic by using an empirical approach is particularly interesting as there has been only little research done on strategic behavior in universities so far (Fumasoli & Lepori, 2011; Hazelkorn, 2009; Kezar & Eckel, 2002). Second, this thesis provides insights into how policy instruments influence organizational change and strategic behavior by investigating the changes within Berlin Humboldt University that took place after the implementation of the Excellence Initiative. This contributes to the empirical research on the outcomes of the recent reforms that have been taking place in European universities (Gornitzka, Maassen, Olsen, & Stensaker, 2007). Finally, by using the case of a highly institutionalized university such as Berlin Humboldt University, it can be expected to get interesting insights into how institutional forces influence the outcomes of the intended changes, thereby addressing the question to what extent strategic behavior is possible in higher education institutions (Fumasoli, Gornitzka, & Maassen, 2012).

1.1 Strategic behavior and organizational change

In order to understand strategic behavior, it is important to explain how it is related to organizational change. Organizational change describes any kind of change that is taking place within a university. On the one hand, it can emerge from within the institution without being strategically planned. On the other hand, organizational change can also be triggered by an identifiable group of actors, in which case it can be considered as strategic behavior (Gornitzka et al., 2007). Based on these assumptions, strategic behavior can be studied by

investigating organizational changes and by examining whether these changes have been triggered by certain actors or whether they have incrementally emerged without strategic intention. Considering that strategic behavior is a form of organizational change, it is therefore important to take a closer look at the literature on organizational change as a starting point.

1.1.1 Changing dynamics in universities

Organizational change has always been part of the institutional dynamics of universities throughout the 900 years of their existence. However, speed and magnitude of change seem to have increased greatly during the last decades (Maassen & Stensaker, 2011). The starting point of those accelerated change dynamics lays in the late 1960s, when higher education systems began to grow at a large scale. While the university seemed to be in little need of change during the preceding period of economic growth of the 1950s and early 1960s, massification and the financial constraints it brought along began to undermine the legitimacy of the university's purpose and function (Maassen & Stensaker, 2011). Paradeise, Reale, and Goastellec (2009) have argued that the beneficial contribution of universities to society by spreading knowledge and education remained unquestioned by public authorities and the general public as long as higher education was only accessible for a small elite. Only with the opening up to the broader public and the increasing scarcity of public money did the voices who demanded a rethinking of the university's purpose start to get louder.

Against this background many experts suggest that we still remain in a „critical period“ with a potential for radical change especially with regard to the balance of authority and power in university governance (Gornitzka et al., 2007). This assumption is supported by the observation of several fundamental changes that have been taking place in almost all parts of the university, including the core areas of academic freedom, the way universities and whole systems are organized and the degree to what institutions are granted autonomy (Olsen, 2007). While some of those changes are being initiated by reforms, some are emerging incrementally, seemingly without any particular goal.

Such times of radical change offer a valuable opportunity to take a closer look at how universities work and how they are organized, Moreover, it can help identify possible outcomes of the change that is currently taking place (Olsen, 2007). More empirical research on organizational change is especially important considering the difficulties many researchers

have experienced when trying to predict reliably under which conditions radical or incremental change is likely to take place and what impact it is actually going to have (Gornitzka et al., 2007). Berlin Humboldt University being a good example of a university having faced several reform attempts lately, it will give interesting insights into what kind of organizational change is taking place within the university and whether those changes can be considered strategic responses to the changes in the environment.

1.1.2 Changing environment of universities

In order to understand why changes are taking place within universities, it is necessary to discuss the developments in the institutional environment that are leading to these increased change dynamics. The main driver of change in universities is their need to adapt to the environment in order to survive (Olsen & Maassen, 2007). One major change has been taking place in the expectations society has of universities. Today in Western Europe universities are generally regarded as core knowledge institutions which play a major role in their country's 'knowledge-based economy'. They are perceived as producers and diffusers of knowledge for the sake of national and regional innovation and economic performance (Paradeise et al., 2009). Following the idea that a country's economic well-being is increasingly resting on knowledge and innovation, universities have therefore gained a more prominent position both in politics and the general public over the last decades (Paradeise et al., 2009). This brings about many expectations for higher education institutions, such as catering for the fast-growing demand for high-level skilled workers and research-based commercial technologies (Olsen & Maassen, 2007). At the same time universities are facing the challenges of the ongoing diversification and massification of the higher education system (Enders, 2006). The need to change is further increased by the financial constraints most higher education institutions are facing due to the steady decrease of per capita public investment in higher education in most European countries (Paradeise et al., 2009).

More often than not, universities in Europe are seen as incapable of meeting societal demands with stark contrast to their main competitors in the US and Asia (Olsen & Maassen, 2007). Many claim that European universities are not adapting quickly enough, arguing that more fundamental changes will be necessary, i.e. that universities as such need to rethink their role in society and reshape the way they are organized (Olsen & Maassen, 2007). The inertia of change within universities can be explained by certain characteristics of higher education

systems that affect the ability and capacity to change. Higher education systems in most European countries are highly institutionalized with high levels of bureaucratization and professionalization which entail various constraints upon change (Clark, 1986). Moreover, because universities are bottom-heavy professional bureaucracies, most decision-making responsibilities lie with professional experts and are therefore highly fragmented. This makes the coordination of change a difficult and laborious task (Mintzberg, 1979). Especially in Europe, where there has been a tradition of oligarchical forms of authority in higher education systems, this tends to constrain the pace and depth of change, as “guildlike groups guard local, fragmented guild territories” (Clark, 1986).

1.1.3 Organizational change through reforms

Several higher education reforms in Europe have attempted to influence the factors that seem to hamper the success of European universities in the global competition. In general, the solution for the gap between rising demands and performance is mostly seen in the reorganization of the national systems of higher education with the aim of making the system perform better and adapt more quickly, while at the same time lowering its costs (Paradeise et al., 2009). Many reforms entail policy instruments that are aimed at initiating organizational change within universities, as is the case with the German Excellence Initiative. By providing incentives to universities for developing an organizational strategy, it aims at advancing strategic behavior.

However, Excellence Initiative is only one of several policy instruments in the German higher education sector. Like in many European countries, most higher education reforms are part of overarching reforms of the public sector which have been affected by the idea that productivity and quality could be best improved by transforming the public bureaucracy by means of New Public Management (Paradeise et al., 2009). With regard to higher education institutions, this includes the reorganization of the universities’ organizational and financial basis according to this new organizational paradigm, rebalancing their governance structures and rethinking who should be the main actors influencing the future dynamics of the institution (Olsen & Maassen, 2007). According to this view, universities should become more autonomous and governments should interfere less, the reason being that universities themselves know best what is needed in order to fulfill their mission. It is believed that state interference tends to reduce performance and competitiveness and government steering

should only take place at arm's length and mainly through accountability mechanisms (Olsen & Maassen, 2007). One implication of the increased institutional autonomy is the idea of a strong, unitary and professional institutional leadership, which is supposed to enhance the universities' strategic capabilities to manage their available resources and to approach their challenges in a more centralized manner. In general this belief is paired with the assumption that it is important to establish more determined university strategies (Olsen & Maassen, 2007). In line with the demands for increased societal relevance, the above assumptions generally lead to the expectation that to the extent that universities gain greater autonomy they are to respond more to the needs of society, including industry and business. This belief is reflected for example in the trend of including more and more external stakeholders in the governing bodies of universities (Olsen & Maassen, 2007).

One thing that should be kept in mind when investigating reforms and policy instruments is that there is no global and stable meaning of the concept of quality. In fact, the causal chains between formal structures, university practices and actual performance are usually indirect, long and complex (Olsen, 2007). Even though empirical evidence indicates that there is no straight causal line from the intentions of identifiable actors to university performance, European policy makers nonetheless often act on the assumption of environmental determinism in order to justify their reform attempts (Gornitzka et al., 2007). However, past observation shows that changes in environment, for example during industrial, democratic and scientific revolutions, might have influenced but never determined university dynamics (Olsen, 2007). At the same time, it has been shown that no single actor or coherent group of actors is likely to have full control over the process and outcomes of the reforms (Gornitzka et al., 2007). In general, opinions with respect to the degree to which universities can be reformed through deliberate intervention depend on the extent to which institutions are seen as autonomous actors independent of environmental stability and change (March & Olsen, 1984).

Those considerations call for further investigation of the organizational changes that have taken place in the context of recent higher education reforms. Of particular interest is the change in strategic behavior and how this change is related to the policy instrument Excellence Initiative. Thereby this study will not only shed more light on strategic behavior within universities, but will also contribute to the debate to what extent reform outcomes are influenced by institutional forces.

1.2 Universities as strategic actors

As mentioned above, many recent reform efforts are based on the assumption that universities need to be given enough autonomy in order to be able to make strategic choices within their environment (Gornitzka et al., 2007). Underlying those reforms is the emerging idea of universities as strategic actors. This means that universities are perceived as integrated, goal-oriented organizations deliberately choosing their own actions and capable of being held responsible for them (Krücken & Meier, 2006). This idea differs greatly from the traditional conception of universities not being important decision-making entities in their own right, which is related to the fact that universities in continental Europe are traditionally considered to be loosely coupled professional bureaucracies with a weak institutional level (Paradeise et al., 2009). In Germany, this tradition is reflected in the dual leadership structure of many universities, in which administratively appointed staff share the floor with elected academic leaders, whereas both sides have had little strategic leadership capacity (Paradeise et al., 2009). Rather than acting like a chief executive of a large organization, a rector is considered a *primus inter pares* acting as an institutional integrator among colleagues and using status resources rather than functional position to lend legitimacy to university decisions. Instead, the decisions are really taken by the faculty, often in direct interaction with the Ministry and ratified by the executive board (Paradeise et al., 2009). However, due to recent reforms institutional leadership of German universities is being increasingly professionalized and centralized, thereby gaining capabilities to act strategically.

1.2.1 Rise of the notion of organizational strategy

Parallel to the strengthened institutional leadership a rise of the notion of organizational strategy has taken place in German higher education. This can be explained by several reasons. First, the increased degree of institutional autonomy and the decreased level of state control over higher education institutions increasingly require the universities to define their position in the system (Bonaccorsi & Daraio, 2007; Ferlie, Musselin, & Andresani, 2008). Suddenly universities are responsible for defining their own legitimate goals, instead of only responding to externally imposed tasks or assigned societal functions (Krücken & Meier, 2006). Second, in several countries governments advocating New Public Management have asked universities to provide planning, often in form of a concrete strategy document (Maassen & Potman, 1990). Finally, higher education institutions are under pressure to

differentiate by strategically constructing their portfolios (Bonaccorsi & Daraio, 2007). Fumasoli and Lepori (2011) have introduced the term ‘institutional positioning’ for this process. Fumasoli and Huisman (2013) have further conceptualized this process along the following two dimensions. Along the first dimension, institutional positioning takes place as an outcome of deliberate actions as well as emerging from environmental influences. The second dimension describes whether the institution positions itself by showing compliance to the environmental pressures or whether it is emphasizing differences from competitors in order to elude competition. Each institution can be located along those two axes and the position it takes is considered its so-called niche within the higher education system. This positioning process is accelerated by the growing demands of an increasingly diversified society, which expects its universities to adjust their educational and research activities accordingly (Teichler, 2008). At the same time the process is actively encouraged by explicit government policies such as Excellence Initiative, which is aiming to create competition among universities, which forces the institutions to develop a strategic profile (Bonaccorsi & Daraio, 2007).

1.2.2 Conceptualizing organizational strategies

It is important to outline what is meant by organizational strategy in this thesis. Following the definition by Fumasoli and Lepori (2011, p. 3), a strategy is conceived as

„a pattern of decisions and actions aiming at realizing objectives that are relevant for the organization and which compose a coherent sequence developing in time and across relevant areas of activity. To be identified as a strategy, such patterns must be recognized and shared by organizational members as a collective pursuit of organizational goals. Actors’ rationalization of a pattern as an organizational strategy can occur before decisions and actions take place (as in strategy formulation, for example in the strategic plan), meanwhile or afterwards, as actors rationalize organizational events in a strategic perspective.“

Organizational strategies can be considered instruments that help universities manage their organizational processes and deal with their environments with the goal of selecting a portfolio of activities and finding an appropriate position in the higher education system (Fumasoli & Lepori, 2011). However, it is interesting to mention Mintzberg’s (2007) argument that the positive return on investment in strategizing is not always apparent because

the 'strategic' method of formalized planning is often less informed by evidence and therefore rather risky. This is especially the case when strategizing takes place in isolation from the normal 'chaotic' flow of information and decisions within an organization. Leslie (1996) suggests that the idea that structure and process in a university can be rationally designed for results is outdated. Mintzberg (2007) concludes that organizational strategies should be understood as a pattern emerging while the organization is engaging in somewhat opportunistic transactions with a continuously changing environment.

Similarly some have proposed the idea that strategies in universities are of an interpretive nature, which means that through those strategies the organizational representatives can convey meaning that is intended to motivate stakeholders to act in a favorable way for the organization. This idea makes it easier to explain how organizational strategies work within universities, given that the traditional adaptive model entails that organizations change mainly in order to be aligned with consumer preferences, a model that is difficult to apply to loosely coupled system like universities (Maassen & Potman, 1990) .

1.2.3 Organizational strategy – a controversial topic

Even though the notion of organizational strategy has spread widely in European higher education, the issue is controversial within the research literature. One reason for this is a wide-spread skepticism that it might be inappropriate to consider higher education institutions as strategic units which perform deliberate strategic actions in the sense of the definition above. From the very beginning, authors have expressed doubts about the applicability of a business concept such as strategic planning to a highly institutionalized organization like a university and in fact many expected the concept to gradually disappear over time (Maassen & Potman, 1990).

The arguments for this skepticism are threefold. First, the institutional approach sees universities as old and slowly evolving organizations whose essential institutional nature hinders strategy (Fumasoli & Lepori, 2011). As stated by Bonaccorsi and Daraio (2007) „universities bring with them the 'iron cage' of their historical origin and follow largely institutionalized and general rules that strongly limit the scope for discretionary behavior“. Because universities are inclined to follow these rules, they must be responsive to external stakeholders such as scientific communities, which doesn't leave much room for strategic deliberation (Bonaccorsi & Daraio, 2007). This could explain why university strategies and

mission statements are often considered organizational window dressing and in a way being rather detached from day-to-day decision making (Krücken & Meier, 2006). However, the elements of such 'front stage' statements could be seen as globally institutionalized scripts of what the university is expected to be (Krücken & Meier, 2006).

A second argument against the strategic capabilities of universities is based on the simple fact that most European universities are public institutions with no large endowments and no ability to borrow money at the financial market, making them very dependent on public funding. As the ability to make decisions about the amount of collected resources that are then allocated to strategic objectives is a fundamental condition of strategic behavior and, in the case of European universities, resources are mostly allocated outside the reach of their power, one must conclude that the notion of strategic behavior cannot be applied to public higher education institutions (Bonaccorsi & Daraio, 2007). It can be argued that this contradiction is caused by the problematic direct translation of the term 'strategy', which is originally coming from the business sector, into the public realm of higher education (Amaral, Jones, & Karseth, 2002). Similarly, Whitley (2008) points out that the development of strategic autonomy within universities depends highly on the availability of resources from a variety of different agencies, activities and in particular from commercialization revenues.

The third and final argument against the view of universities as strategic units derives from the common idea of higher education institutions as loosely coupled organizations (Weick, 1976). According to this theory decentralized structures and the unclear and ambiguous technology in such organizations render strategy at the organizational level organizations difficult (Musselin, 2007). This can be explained by the strong autonomy and self-regulation the professional staff has in the decision making process and the execution of their tasks (Bonaccorsi & Daraio, 2007). Moreover, authority is divided into a formal line, which comprises mainly financial and administrative matters, and an academic line, which is based on reputation and professional competence and is relatively independent from the former. In addition, the subunits of such organizations are also relatively independent from each other in the pursuit of their targets. Resources are generally distributed according to predefined rules without any precondition of defining priorities (Bonaccorsi & Daraio, 2007). Mintzberg (1979) has termed this kind of loosely coupled organization 'professional bureaucracy'. Under these circumstances the idea of deliberate strategic planning is difficult to maintain, because such planning would require researchers to share their intellectual goals, knowledge

and resources in the joint pursuit of organizational objectives, as opposed to pursuing mainly the objectives of their individual research group or their discipline (Whitley, 2008). The dominant role of scientific communities in establishing research priorities and merit criteria limits the ability of universities to coordinate and determine the direction of their research activities (Whitley, 2008). In fact, Whitley (2008) argues that universities are becoming more similar to portfolio managers, who decide to make strategic investments in particular project teams instead of genuinely being strategic actors in control of the actual research and teaching activities. Leslie (1996) goes so far as to claim that universities are very unlikely to have enough centralized intelligence or information that would be needed to impose effective standardized strategies on their organizational units. On the contrary, he sees the strength of such loosely coupled systems in the collective and independent intelligence of their constituent parts.

Considering the controversial nature of the subject of strategic behavior in higher education institutions, it is therefore interesting to contribute an empirical case study to the topic. Examining the organizational changes in Berlin Humboldt University that followed the implementation of the Excellence Initiative will contribute to the question, if strategic behavior is possible in universities or whether those changes have emerged from within the institution instead.

1.3 Excellence Initiative and strategic behavior

Focus of this study is the strategic behavior in Berlin Humboldt University that might have taken place after the implementation of the policy instrument Excellence Initiative. This instrument aimed at promoting cutting-edge research and creating outstanding conditions for researchers at German universities by a competitive grant provided by the German Federal Ministry of Education and the sixteen State Governments (BAnz, 2005). It has been initiated in 2005 and distributed in total € 4,3 billion via three lines of funding: Excellent Graduate Schools, Clusters of Excellence and Institutional Strategies (DFG, 2012). In the first two funding lines German universities could apply by providing a proposal for interdisciplinary research clusters or graduate schools respectively. Funding was granted based on the evaluation by a review panel of international academics. In the third funding line, money was granted for so-called Institutional Strategies, i.e. universities were asked to apply with a

university-wide strategy of how to develop its structures and processes in order to provide conditions for excellent research.

1.3.1 Objectives of Excellence Initiative

One of the Excellence Initiative's main objectives being the promotion of institutional strategies in universities, this policy instrument makes a particularly insightful case for examining organizational change within universities that can be interpreted as strategic behavior. Its official main rationale is to make German universities more competitive and internationally visible (Exzellenzinitiative, 2008). On the one hand this is pursued by promoting excellent research via the funding lines Clusters of Excellence and Graduate Schools, on the other hand the funding line Institutional Strategies is aimed at initiating organizational change within the universities and increasing their strategic behavior. Moreover, the Institutional Strategy is supposed to help reduce the fragmentation within the institutions and to strengthen the university leadership (Gaehtgens, 2010). Another argument for combining project-based funding of clusters and graduate schools on the one hand and university-wide funding of an Institutional Strategy on the other was based on the observation that research clusters and schools were generally more successful when integrated into an overall university strategy (Gaehtgens, 2010). By granting additional money through the Institutional Strategies it became easier for the universities to make strategic decisions, which sometimes includes making risky choices which in case of failure might lead to negative financial consequences (Schreiterer, 2010). In general the funding line of the Institutional Strategy is said to reflect the fact that the strengthening of the strategic capabilities of higher education institutions is considered as a central goal that is shared by all stakeholders of the German higher education sector (Gaehtgens, 2010). As stated by the German University Rectors Conference, the „international competitiveness of German higher education institutions is to a considerable amount determined by their ability to organize planning processes, performance based budget allocation and internal governance in an efficient way“ (HRK, 2005; translated by the author).

By encouraging higher education institutions to position themselves more strategically in the system, the Excellence Initiative aimed at advancing the institutional differentiation of the whole German higher education system in general, both horizontally and vertically (Meyer, 2010). According to Hazelkorn (2009), the Excellence Initiative can in a way be seen as a

ranking instrument which advances the reputational and thereby vertical differentiation among German universities. She emphasizes that every German university has been affected by this new differentiation paradigm, even those which might have previously been sheltered by their history, mission or governance (Hazelkorn, 2009). Albrecht (2013) argues that the Excellence Initiative is not only aimed at structural change of German higher education institutions, but also at a more general cultural change within the German higher education system. In the same vein, some authors speak of a fundamental paradigm change within the German higher education system which was initiated or at least advanced by the Excellence Initiative. Despite the fact that the Humboldtian idea of equality had so far always been predominant in the German system, in recent times more and more voices have begun to advocate the idea of institutional differentiation (for a critical review see Hartmann, 2006; Münch, 2007).

1.3.2 Impact of Excellence Initiative

Several authors have written about the outcomes of the Excellence Initiative on different aspects of the German higher education system. Many have observed that the Excellence Initiative caused an “atmosphere of departure and readiness to reform” in the universities, in which a so-called “mobilization effect” took place (Neidhardt, 2010, p. 59; translated by author). This mobilization of self-regulation and organizational re-structuring processes within the institutions began already before the first funding phase of the Excellence Initiative had started, as the institutions needed to improve the effectiveness and efficiency of their internal decision-making structures in order to be able to successfully compete in the initiative successfully. Universities felt pressure to set priorities, produce successful project proposals, administer processes effectively and to create structures that promote excellent research, which led many German universities to reshape their governance structures, internal organization and their recruitment processes (BBAW, 2010; Kehm, 2012). In general, the anticipation of receiving more resources and improved working conditions has caused all university members to invest large amounts of time and effort into the application process (BBAW, 2010).

The internal mobilization processes also included the increasing professionalization of university leadership and administration (Neidhardt, 2010). At the same time the university leaderships have been strengthened. While this happened de facto in most universities, it did

not necessarily change de jure as well (BBAW, 2010). It is expected that the Excellence Initiative will lead to a great increase in strategic management (Berthold, 2011). In accordance with those changes a similar development took place in human resource policies of universities. The traditionally reactive structural planning started developing towards a more proactive quality oriented personnel concept with a stronger influence of the university leadership (Schreiterer, 2010). However, in some cases the establishment of strong research clusters and graduate schools led to a rather unintended effect. As those new organizational actors are likely to follow their own agenda, they were acting against the intended integration of the university into one organizational actor, thereby rather decreasing the institution's strategic capabilities (BBAW, 2010). In general, it is expected that conflicts will arise in universities that have received funding for excellence clusters and graduate schools and therefore had to redistribute their internal budget, which means that some departments gained resources at the expense of others. The effects of this are expected to be noticeable at the latest when the Excellence Initiative funding will end and henceforth the newly established structures need to be financed by the university itself. However, in universities that received additional funding through the Institutional Strategy, the effects have remained within reasonable limits so far. This can be explained by the fact that most Institutional Strategies include internal funding mechanisms that are open to every department and thereby help to absorb potential imbalances between departments that might arise from dominant research clusters (Gaehtgens, 2010).

Despite being heatedly debated in the beginning, the Excellence Initiative has by now been widely accepted, at least with regard to having achieved its goals more or less successfully (BBAW, 2010). One important factor of success of the Excellence Initiative was the right timing. For all universities who applied successfully with their Institutional Strategies, the additional money helped to advance some internal restructuring processes that had been taking place anyway. One example are the internal structural changes that were taking place due to the generational change that was happening in many universities at the time of the Excellence Initiative (Schreiterer, 2010). Another factor that supported the success was the fact that the whole reform process was steered by the German Research Council with only very limited influence by the government. This was perceived as very important, as it helped to increase the trust of all stakeholders into the reform process (Neidhardt, 2010). By basing the selection decisions on nothing but scientific merit, the German government delegated much control over the national knowledge production to the scientific community who

determined the selection criteria (Whitley, 2008). In general, the policy makers put large emphasis on institutional autonomy, which gives an indication of the underlying willingness of the government to grant a considerable amount of trust into the self-regulation capabilities of the institutions (BBAW, 2010). This was reflected in the unusually open thematic and formal specifications of the application process. In particular the explicit statement by the German Research Council which encouraged “unconventional ideas” in the application was welcomed by the universities and is believed to have led to a unusual degree of intrinsic motivation among the applicants (Neidhardt, 2010). Within the universities this seemed to have had positive effects on the communication culture. While academics stated that suddenly university leadership started to be more open to unconventional projects, the leaderships stressed that the different departments began to be more cooperative with regard to structural changes (Simon, Schulz, & Sondermann, 2010).

One interesting observation is that the success in the Excellence Initiative is largely dependent on the experiences the universities already had with strategic profiling. In cases in which universities had already proven their strategic capabilities in the context of performance-based budget allocation systems or when being confronted with budget cuts, success in the application process was much more likely (BBAW, 2010). Due to the differences between the Länder the universities started from different vantage points. It is argued that the room to maneuver and the ability to create a successful Institutional Strategy is very dependent on the basic funding that is promised by the respective Länder government. Moreover, it seems to be the case that the more the governmental steering of a Land is based on mutual trust, deregulation and accountability, the larger the chances of success were (Gaehtgens, 2010). This makes the Excellence Initiative also a competition between the federal governments which is reflected in various spin-off funding programs in the different Länder that were either supposed to support the regional universities in the application process or were meant to provide funding for projects and Institutional Strategies that had failed very closely (Gaehtgens, 2010). This “the winner takes it all” principle of the competitive Excellence Initiative is seen as problematic by some observers. It is believed to lead to an academic two-class society in which the winners use the rest of the country as a “shopping mall” in which they “buy” the best researchers from other universities which didn’t succeed in the competition (Fach, 2008).

1.3.3 Excellence Initiative and institutional boundaries

Another reason why the case of the Excellence Initiative can be expected to give an interesting insight into the organizational change dynamics caused by the promotion of strategic profiling is the German higher education system in itself which entails certain characteristics that make strategic positioning rather difficult.

As mentioned above, the German higher education system has followed the egalitarian tradition of Humboldt (Hazelkorn, 2009; Strohschneider, 2009), which means that until recently there has been only moderate vertical and horizontal diversity, as the idea of vertical differentiation was a politically controversial concept for a long time (Ash, 2010; Kehm, 2012). This is reflected in the German law, which provides a guarantee of equal access to higher education for German citizens (Meyer, 2010) and institutions of one type have always been considered to have more or less the same level of quality (Kehm, 2012). Especially the idea of universities as organizational actors is rather foreign to the traditional German model, as there has hardly been any room and legitimacy for the organization as an independent decision-making actor in the traditional system based on strong state authority and academic oligarchy (Krücken & Meier, 2006).

Even though the Excellence Initiative was met with much resistance at first, it has had a surprisingly large effect. This may be explained by the generally difficult funding situation of the German higher education system, which makes any form of additional funding all the more attractive (Neidhardt, 2010). Retrospectively, budget cuts in the past have been identified as the government's most important form of leverage. A surprisingly large change process was initiated using only small incentive in absolute numbers. The total funding of the Excellence Initiative over its total funding period from 2006-2017 did amount to as little as 4.3 billion Euro, which is a rather small sum compared to the overall higher education budget in Germany. Currently, Germany invests about 1,3 % of its GDP in tertiary education, which in 2013 amounted to around 23.5 billion Euro. (HRK, 2014a). About 14.4 billion Euro were spent on research and development (BMBF, 2014a). Even though the total amount of the Excellence Initiative compared to the total budget spent on research and development is not particularly large, financial benefits for the successful institutions were significant. As the money from the Excellence Initiative has been distributed on a highly competitive basis to only a small number of universities, single institutions received a considerable sum, especially

compared to the rather limited regular funding provided by the Länder governments. This is especially true for financially constrained Länder in the Eastern parts of Germany, such as Berlin.

As one of the Excellence Initiative's aims is to make the German higher education sector more competitive internationally, it also implies the creation of more favorable conditions for attracting young talents and highly reputed researchers to German universities and to facilitate change in the personnel structures and regulations within the higher education institutions (BBAW, 2010). However, strict salary regulations of German civil servants and highly regulated budget management within the institutions further limits the room to maneuver of German universities (BBAW, 2010), making it more difficult to meet those demands and to develop a long-term strategic profile (Gaehtgens, 2010). As emphasized by Meyer (2010), it is important to keep in mind that German universities are highly regulated public institutions. He points out that the Excellence Initiative was designed without taking into consideration all relevant regulatory obstacles. Many sceptics are concerned that this might result in the emergence of „parallel structures“ and internal fragmentation within the institutions (Gaehtgens, 2010; Schreiterer, 2010). Which actual changes the Excellence Initiative will lead to can therefore be expected to depend on institutional forces, such as the already existing internal structures, institutionally defined expectations, ideas and practices within the German universities (Fumasoli et al., 2012).

To summarize, the characteristics of the German Excellence Initiative and its context make this case a valuable empirical setting for this study. For one, it is a policy instrument which is explicitly aiming at the increase of strategic behavior in German higher education institutions. Second, it takes place in a higher education system which is under pressure to change while being strongly regulated at the same time. On top of that, even though there has been a lot of empirical research on the impact of the Excellence Initiative in a variety of areas, there has not yet been a study focusing on the changes in strategic behavior at German universities.

1.4 Research Questions

Based on the above considerations, this thesis attempts to investigate strategic behavior of higher education institutions and the ways in which it is changing. To narrow down the vast field of organizational change and the possible factors that can influence it, the focus of

interest will lay on the question how strategic behavior of universities is influenced by policy instruments such as the German Excellence Initiative. The changes will be examined in various areas of the university related to strategic behavior, such as changes in governance, human resource policies and research profiling (Fumasoli, 2011).

The following questions will be addressed:

- (1) Which organizational changes took place within the university after the introduction of the Excellence Initiative?
 - a. Which changes took place in the university's internal governance after the introduction of the Excellence Initiative?
 - b. Which changes took place with respect to the university's human resource policies after the introduction of the Excellence Initiative?
 - c. Which changes took place with respect to the university's research profile after the introduction of the Excellence Initiative?
- (2) What role does the institutional leadership play in triggering these changes?
- (3) To what extent are these changes influenced by institutional forces?

The first question aims at examining the actual changes that have been taking place within the organization, following the introduction of the Excellence Initiative. The second question takes the inquiry one step further by examining how the observed organizational changes might have been triggered by strategic choice of the institutional leadership. Finally, the third question asks to what extent those organizational changes are conforming to pressures in the institutional environment. Examples for institutional forces are already existing internal structures, professional identities, institutional identity, institutional norms, institutional traditions and regulations.

1.5 Thesis outline

The rest of this thesis is organized as follows: first, an analytical framework will be outlined based on the integration of resource dependency theory and institutional theory. An argument of how to investigate the research questions will be constructed, mainly drawing on the ideas developed by Oliver (1991) and Fumasoli (2011) of how to conceptualize and analyze organizational strategies. In the third chapter the methodological approach will be explained in detail, followed by an overview of the empirical setting of this study in chapter four. Next,

in chapter five the findings of the analysis will be presented and based on those outcomes a possible approach to answering the research questions will be outlined. In the sixth and final chapter it will be discussed how the findings contribute to the research on strategic behavior in universities and how it can be influenced by policy instruments.

2 Analytical Framework

2.1 Institutional Theory and Resource Dependency Theory

This thesis builds upon a combination of two prominent perspectives on organizational behavior: resource dependency theory (Pfeffer & Salancik, 1978) and institutional theory (DiMaggio & Powell, 1983). Resource dependency theory focuses on the adaptive capabilities of organizations which are assumed to adjust their behavior according to the observed changes in their environment. By contrast, institutional theory stresses the taken-for-grantedness of organizational action and the importance of cultural elements in the organizational process (DiMaggio & Powell, 1983). However, the two perspectives converge in a number of points. First and foremost they share the basic assumptions that organizational behavior is constrained by various external pressures, and that organizations can only survive when they are responsive to those external demands and expectations (Maassen & Gornitzka, 1999). In addition, both assume that a) organizational environments are collective and interconnected; b) organizations seek stability, predictability, legitimacy; and that c) organizations are interest driven (see also Oliver, 1991). By combining the two perspectives, this framework follows the attempts of various authors (e.g. Gornitzka, 1999; Huisman & Meek, 1999; Oliver, 1991) who argue that the best account of organizational behavior integrates both perspectives. Examples of integrated approaches for investigating organizational change in higher education empirically include Huisman and Meek (1999) and Reale and Seeber (2011). These authors use the analytical framework developed by Oliver (1991), which combines the two perspectives in order to investigate organizational behavior. Oliver's framework rests on the assumption that, while organizations are affected by their institutional structure, they are also able to make strategic choices by manipulating their environment (Oliver, 1991). Oliver argues that „given resource dependency theory's focus on the methods and benefits of noncompliance in response to external demands, this theory provides a particularly appropriate basis of comparison for revealing institutional theory's delimiting assumptions and for identifying the full repertoire of alternative strategies available to organizations“ (Oliver, 1991, p. 173).

Huisman and Meek (1999) investigated curricular innovations in two Dutch universities by applying Oliver's suggested typology of strategic responses. They show that both institutional and task environments of universities are created to a considerable extent by the government. These environments in turn seem to determine to a certain degree the types of strategies chosen by the universities. Reale and Seeber (2011) developed a new model based on Oliver's framework after difficulties applying it to highly heterogeneous institutions and to cases of less clearly defined environmental pressures such as budget cuts. Nonetheless, their findings show the integrated theoretical approach to be well suited for explaining organizational changes within higher education institutions.

This thesis will examine in how far organizational changes within a German university can be interpreted as strategic responses to external pressures in form of the policy instrument Excellence Initiative. To this end I will use Oliver's typology of organizational responses to investigate whether the changes within the university have been triggered by strategic choice or whether they have emerged from within the institution. In terms of analyzing an organizational change process, one can think of the policy instrument as the independent variable influencing the dependent variable, i.e. strategic behavior within the organization. In order to ensure sound construct validity, those variables need to be operationalized carefully. First, I will give an overview of how the Excellence Initiative will be characterized as proposed by Oliver (1991). This will serve as the framework for analyzing the university's responses to the policy instrument. Second, using Oliver's framework I will outline the dimensions along which strategic behavior will be characterized. On this basis it will be analyzed which of the observed organizational changes can be interpreted as strategic behavior. Third, I will describe the indicators that will be used to identify organizational change within Berlin Humboldt University, thereby highlighting the areas that are most likely to provide insight into strategic behavior.

2.2 Characterizing policy instruments

To begin with, it is important to delineate which definition of policy is used for this characterization. As proposed by Maassen and Gornitzka (1999, p. 14) policy is defined as follows:

„A policy is a public statement of an objective and the kind of instruments that will be used to achieve it.“

A public statement is considered to be based on a decision in an elected assembly at the national level and to have the approval of the parliament. Consequently, the Excellence Initiative can be defined as a policy instrument that is used to achieve an overall policy objective of increasing competitiveness and differentiation within the German higher education sector. Policy instruments are likely to give input into organizational change processes at the institutional level (Maassen & Gornitzka, 1999). The Excellence Initiative can be seen as an environmental pressure to which German universities respond. According to Oliver (1991) an organizational response depends on the following five characteristics of the environmental pressure:

- Why is the organization being pressured to conform to institutional rules or expectations? (CAUSE)
- Who is exerting institutional pressure on the organization? (CONSTITUENTS)
- To what norms or requirements is the organization being pressured to conform? (CONTENT)
- How or by what means are the pressures being exerted? (CONTROL)
- What is the environmental context within which institutional pressures are being exerted? (CONTEXT)

For an analysis of the Excellence Initiative and of its influence on strategic behavior within universities, it will be helpful to characterize it using this model. Doing so will give us a basis for explaining the organizational changes that took place within Berlin Humboldt University. In what follows the five dimensions are further elaborated:

Cause

The cause of institutional pressures refers to the rationale, set of expectations, or intended objectives that underlie external pressures for conformity. Those reasons fall into two categories: social and economic fitness. While some pressures are created to make organizations more socially fit or acceptable, other pressures have objectives of economic accountability and rationalization. Strategic behavior will depend on the degree to which an organization agrees with the objectives of the external pressures. In terms of this case study, it

is interesting to see if the Excellence Initiative aims at increasing the economic performance of universities or if it aims at enhancing their legitimacy, for example by increasing their social relevance. The cause behind the Excellence Initiative will be identified by examining its formulated objectives, in particular with respect to the social and/or economic fitness of higher education institutions.

Constituents

Institutional constituents include the state, professions, interest groups and the general public. They impose a variety of laws, regulations and expectations on the organization. In general, organizations face different and often conflicting demands from multiple constituents. This often makes unilateral conformity to the environment difficult, as the satisfaction of one constituent often requires ignoring or defying the demands of another. This dimension will be examined by identifying who the constituents of the Excellence Initiative are and to what degree their demands diverge. Those constituents could be the Federal Government, the Länder Governments, as well as several other stakeholders interested in changing higher education institutions to their benefit. Those stakeholders include the academics themselves, industry representatives and students.

Content

Two elements of the content of the environmental pressure itself are especially important for predicting strategic behavior. We need to examine whether the content is consistent with the goals of the organization. Another impacting factor is whether the environmental pressure causes a loss of decision-making discretion, i.e. autonomy. This dimension will therefore be examined by identifying the extent to what the demands of the Excellence Initiative are consistent with the goals of the university and whether organizational autonomy is being impacted by the changes.

Control

Institutional control describes the means by which the environmental pressure is imposed on the organization. This happens through two main processes: implementation by means of authority and legal coercion, and implementation by pressuring for voluntary compliance. This dimension will be examined by identifying whether the implementation of the

Excellence Initiative is controlled more through voluntary diffusion or through legal coercion. Legal coercion implies a variety of regulations and laws that are used to ensure the participation of the universities in the Excellence Initiative. Control by voluntary diffusion occurs when participation and compliance are increased by giving incentives and using name and shame.

Context

The environmental context is important for predicting the organizational response to a given pressure. The most important element of the context is the degree of environmental uncertainty. Environmental uncertainty occurs when future conditions of the environment can be anticipated or accurately predicted. This dimension will therefore be examined by identifying the level of uncertainty of the institutional environment of the university. Of particular interest are the uncertainties arising from fast-changing developments in the so-called knowledge society, as well as the changing paradigms in the European higher education sector, which may have significant impact on the perceived ability of the university to predict the future conditions of its environment.

2.3 Characterizing strategic behavior

Oliver (1991) provides a detailed framework of behavior an organization may enact in response to environmental pressures, for example to the Excellence Initiative in this case. She proposes five types of responses, which vary in the supposed degree of agency on the part of the organization from passivity to increasing active resistance. The aim is to investigate whether and how the organizational changes that took place after the Excellence Initiative can be typified in terms of the responses proposed by Oliver (1991). This will help answering the following two questions:

- (1) What role does the institutional leadership play in triggering these changes?
- (2) To what extent are these changes influenced by institutional forces?

Table 1: Typology of organizational responses, adapted from Oliver (1991)

Response	Definition	Examples in University
Acquiesce	Following invisible, taken-for-granted norms and traditions, and obeying rules	Universities reproduce widely institutionalized roles such as professors, students, administrators and leadership positions based on conventional definitions of these activities without questioning them
		Universities consciously change their research profile in order to comply with the societal demands
Compromise	Balancing expectations of multiple constituents by negotiation and placating their needs to the extent that institutional norms are not jeopardized	Universities conform to clearly stated objectives of a policy instrument, but will not change anything beyond the necessary
		Universities bargain with government about how many graduates they are expected to produce
Avoid	Avoiding the need to conform to environment, while disguising nonconformity	Universities engage in “window dressing” and develop a strategy document but show no effort to actually implement it
		Universities attempt to be vague about their research profile in order to be buffered from scrutiny of the details of this activity
		Universities escape need to successfully compete in prestigious funding schemes by changing its objectives and mission to a more practical orientation
Defy	Defying explicit norms and values and contesting or ignoring rules and requirements	Universities ignore demand to reorganize their internal structures if that diverges dramatically from their institutional values and traditions
		Universities challenge rationale behind a policy instrument by calling it “not rational” and use this as an explanation not to take part
		Universities openly attack media coverage of the positive public opinion toward a policy instrument
Manipulate	Manipulating environment and shaping values and norms	Universities attempt to persuade students to take part in their decision-making bodies in order to neutralize their opposition
		Universities attempt to influence the performance criteria by which they are evaluated
		Universities attempt to alter the way in which their achievements are announced to the public by developing their own rankings

2.4 Indicators of strategic responses in higher education institutions

In order to analyze organizational responses according to the typology provided by Oliver (1991), it is necessary to identify indicators that help to observe strategic behavior within higher education institutions. By adapting the analytical framework used by Fumasoli (2011), strategic behavior will be observed by identifying patterns of organizational decisions and actions. The analysis will be carried out on the institutional level, as the notion of strategy is much more relevant at the overall university level. As outlined by Bonaccorsi and Daraio (2007), the reasons for this are manifold. First, in most universities strategic decisions are made at the institutional level and not at lower levels. Second, strategic decisions concerning the profile of activities usually require formal authorization at the institutional level. Third, resources for new staff and buildings are typically being reallocated following centralized decision processes. And last, institutional rules of recruitment processes are mainly established at the institutional level. The analysis at the institutional level will also help shedding light on the extent to which the university can be understood as an integrated strategic actor.

The probability of observing strategic behavior in response to environmental pressures is high in the following sectors: a) internal governance, b) research and c) human resource policy. For this reason we will examine those sectors in detail. The first research question (1) *Which organizational changes took place after the introduction of the Excellence Initiative?* will be addressed by empirically examining which changes took place in those three sectors. As organizational change in itself is a phenomenon that is difficult to observe, it is important to provide a clear operationalization by identifying observable indicators that suggest organizational change.

In the sector of *internal governance*, indicators of strategic behavior will be organizational structures, strategic planning and internal actors, all of which are likely to change in response to environmental pressures. This can be observed through organizational charts, strategy documents and by interviewing internal actors. In the sector of *research*, strategic behavior will be observed through the indicators of research collaborations, number of doctoral students and acquisition of external funds. Those indicators help to identify possible changes in research activity and profile that might take place as a strategic response. They can be

observed through documents informing about research profile, performance reports and by interviewing internal actors involved in research. In the sector of *human resource policy*, the indicators for strategic behavior will be the evolution of staff, as well as the way in which personnel planning is carried out, for example through the introduction of tenure track or through new recruitment procedures and criteria. We assume that those indicators will help discover changes that can be interpreted as strategic responses to environmental pressures. They can be observed through regulative documents for human resource procedures, performance reports and by interviewing internal actors involved in human resource decisions.

If it is possible to examine changes in any of these indicators, one can infer that organizational change is taking place. Furthermore, by inspecting the patterns these changes show over time, one can then identify those changes as organizational strategies, which may have been initiated deliberately or may have emerged over the years (Mintzberg, 2007). As this thesis will analyze the patterns of change that have taken place since the Excellence Initiative has been introduced, it can be assumed that those patterns might have emerged in relation to this policy instrument. By matching the observed organizational behavior with Oliver's suggested typology, it will thereby be possible to address the question whether the observed behavior patterns are triggered by strategic choice or by institutional forces, thereby addressing research questions (2) *What role does the institutional leadership play in triggering these changes?* and (3) *To what extent are these changes triggered by institutional forces?*. This will in turn contribute to the more general question whether universities can be perceived as proactive strategic actors or if their behavior should be rather understood as a reaction to external pressures. As organizational strategies are defined as "patterns of decisions and actions [...] recognized and shared by organizational members as a collective pursuit of organizational goals" (Fumasoli & Lepori, 2011, p. 3), it is essential to conduct interviews with university members in order to be able to judge whether an observed organizational change can be interpreted as a strategic response.

3 Methodology

3.1 Research Design

This work uses the research design of an embedded case study. As defined by Yin (2014, p. 16) a case study is understood as an empirical inquiry that:

- investigates a contemporary phenomenon in depth and within its real-world context, especially when
- the boundaries between phenomenon and context may not be clearly evident.

This case study of Berlin Humboldt University is considered to be embedded because even though only a single case is used, it involves units of analysis at more than one level and because attention is given to subunits as well as the overall unit. As the rationale behind the choice of Humboldt University is based on the research question, this case can be considered to be of a critical nature (Yin, 2014). This means it was chosen because it has all the critical characteristics (successful participation in the Excellence Initiative, highly institutionalized environment) required to provide satisfying answers to the research questions. Moreover, because Humboldt University received funding for its Institutional Strategy through the Excellence Initiative only in 2012 after having failed in the former rounds in 2006 and 2007, it is assumable that organizational changes have taken place to the Excellence Initiative in between 2006 and 2012. In order for the case to provide critical empirical evidence, the theory under scrutiny must provide a clear set of circumstances in which its propositions are believed to be true, which the case selection should then be based on (Yin, 2014). This clear set of circumstances is provided by Oliver's framework. The following section gives a more detailed overview of the selection procedure of the case.

3.1.1 Previous approach

It is important to mention that an earlier approach of this thesis had a slightly different focus than the current version. This should be kept in mind in order to understand the development of research design and the selection of cases for the current thesis.

As pointed out by Yin (2014), it is often necessary to adapt the research design during the data collection. A previous approach aligned with the rationale of the FLAGSHIP project currently being conducted at ARENA Research Centre for European studies of the University

of Oslo. This project, which investigates empirically how European flagship universities are interpreting and translating their institutional autonomy into practice, includes several case studies of a number of flagship universities in continental European countries (Fumasoli et al., 2012). The original idea of this thesis was to investigate the changes in academic recruitment at departmental level due to the effects of the German Excellence Initiative. The research design relied on an embedded case study of both an Excellence Cluster and a regular department of the same disciplinary field within a German university. The first analysis of the internal organization of the two structures was based on the accessible information online and led to the assumption that the chosen Excellence Cluster had emerged from a regular department of the university and that several academics had affiliations with both structures, whereas some other academics were affiliated to only one of the two.

This seemed to make the two cases interesting subjects for a comparison of the effects of the Excellence Initiative on the recruitment procedures on the departmental level, as they share most characteristics while differing in exactly one variable - being awarded 'excellence' status - which was central to the research question. However, the first interviews revealed that the strict recruitment regulations within the university and the Land it was located in made it more or less impossible for the Excellence Initiative to create any kind of observable difference between the new structure of the Excellence Cluster and the regular department. Moreover it became clear that the university had chosen not to grant any structural autonomy to its Excellence Cluster. As a result, the cluster remained an integrated part of a faculty and its recruitment procedures were dependent on the decisions made within the faculty just as it is the case with any other department. While this is an interesting finding in itself, it didn't provide sufficient basis for an analysis.

Nonetheless the interviews were rich in information on changes within German universities. In particular the topic of change in strategic behavior was a predominant theme in all of them. This led to the decision to shift the focus to the current topic of this thesis, which is now focused on the emergence of strategic behavior of the whole university rather than on the institutional autonomy at the departmental level.

3.1.2 Definition and selection of cases

An examination of organizational change due to the Excellence Initiative requires, as a case, a higher education institution in Germany that is participating in this competition. The case was

chosen based on a defined set of operational criteria whereby the possible candidates would be deemed qualified to serve as cases (Yin, 2014). In order to make sure that the case would most likely provide the empirical data needed to answer the questions, one important criterion was a high level of institutional autonomy. This criterion was operationalized as follows:

- Comprehensive university in a major urban area with a scientific leading role at the national level (Flagship university)
 - *Explanation: Flagship universities can be expected to be given more leeway than smaller and less research intensive universities, which is why they provide a good case for investigating autonomy within higher education (Fumasoli et al., 2012)*

As second criterion, the successful participation in the Excellence Initiative was operationalized as follows:

- Institution received funding in the third funding line 'Institutional Strategies' in one of the three rounds (2006, 2007 and 2012)

Based on these criteria, Humboldt University (HU) in Berlin was identified as the most appropriate case, as it can be expected to have enough room to maneuver in order to develop strategic behavior. Moreover, HU successfully secured funding for its Institutional Strategy in the third round of the Excellence Initiative in 2012. The fact that HU's Institutional Strategy application had been unsuccessful in previous rounds of the competition in 2006 and 2007 adds another interesting aspect to the case. It can be expected that both failure and the process of reapplying may have a particularly strong impact on the institution's strategic behavior.

Finally, the first interviews revealed that HU has an unusual set of institutional characteristics in forms of strong traditions and norms that make it likely to exhibit institutional rigidities that interfere with organizational change processes. As a former poster child of the Humboldtian tradition, HU is therefore very protective of its norms and values. At the same time the university used to be in the former German Democratic Republic (DDR), a country with strong regulations and protective employment contracts which are still in use, in particular in the administration of the university.

The time frame used for the collection of data covers the years 2005 – 2014. As the first round of the Excellence Initiative was announced in the year 2005 (BAnz, 2005), it can be argued that changes in strategic behavior are observable starting with this first official announcement.

3.2 Data collection and analysis

3.2.1 Sources of evidence

In order to be able to answer the research questions, several sources of evidence are being used. First and foremost an analysis of relevant documents related to the university and the Excellence Initiative such as strategy documents, regulations and meeting protocols is being conducted. Moreover, semi-structured interviews with different actors of the HU are being carried out.

In total, the following sources are used:

- Documents related to Excellence Initiative
- Documents related to Humboldt University
- Legal framework documents
- Semi-structured interviews

Documents

The HU provides easy access to a wide variety of valuable documents, some of them lasting back as long as 20 years. Most documents were downloaded from official websites of the university and in many cases various versions were available which have been revised and updated over the last years. As most of them are official documents of public interest, the error and distortion rate can be considered to be low and both high authenticity and representativeness are given (Bryman, 2012). In particular the performance reports of the HU presidium and the common performance reports of all Berlin universities to the Berlin Government have been a valuable source, as they contained a detailed account of the changes that took place within the HU.

The following documents have been used:

Table 2: Documents used for analysis

Type of document	Original title	Translated title	Publisher
Strategy document	Zukunftskonzept der Humboldt Universität, 2012	Institutional Strategy of Humboldt University, 2012	Humboldt University
Human resource document	Hochschulstrukturplan seit 2004	Structural Plan of Humboldt University since 2004	Humboldt University
Human resource document	Hochschulstrukturplan 1998 - 2004	Structural Plan of Humboldt University 1998 - 2004	Humboldt University
Legal framework	Fünf Hochschulverträge zwischen dem Land Berlin und der HU 1998 – 2000 2001 – 2002 2003 – 2005 2006 – 2009 2010 – 2013 2014 - 2017	Five consecutive contracts between HU and Berlin Government 1998 – 2000 2001 – 2002 2003 – 2005 2006 – 2009 2010 – 2013 2014 - 2017	Berlin Government
Annual report	Zehn jährliche Rechenschaftsberichte des HU Präsidiums 2003 - 2012	Ten annual performance reports of the HU presidium 2003- 2012	Humboldt University
Annual report	Acht jährliche Leistungsberichte der Berliner Hochschulen zum Berliner Senat 2005-2012	Eight annual performance reports of all Berlin universities to Berlin Government 2005-2012	Universities of Berlin
Legal framework	Berliner Hochschulgesetz (BerLHG)	Berlin University Act	Länder government Berlin
Legal framework	Verfassung der Humboldt-Universität zu Berlin, Letzte Version Oktober 2013	Constitution of Humboldt University, latest version of October 2013	Academic Council of Humboldt University
News articles	Auswahl von Zeitungsartikeln des Berliner Tagesspiegels bzgl. HU, 2003-2013	Selection of articles from Berlin Tagesspiegel related to HU, 2003-2013	Tagesspiegel Berlin

Interviews

The interviews are an essential part of this study, as they shed light on the patterns of decisions and actions which need to be “recognized and shared by organizational members as a collective pursuit of organizational goals” in order to be considered as strategic behavior (Fumasoli & Lepori, 2011, p. 3). By interviewing university members it is therefore possible to investigate whether an observed organizational change can be interpreted as a strategic response. By gathering as much information from the documents as possible it was possible to carry out the interviews with a focus on the parts that needed further clarification. This was also helpful for understanding the informal aspects of the strategic behavior identified in the documents.

Ten semi-structured interviews have been conducted with a range of different respondents in addition to the document analysis. In order to get a comprehensive overview of the organizational changes taking place in the university, it was necessary to conduct interviews on all levels, i.e. on the institutional level, the faculty level and the department level. Six of the respondents held leadership positions, as those positions were expected to have more insight into decision-making processes and the rationales behind. To also get the perspective of other member groups, interviews were conducted with an academic employee (Mittelbau), an administrator and two regular professors. Before selection the respondents it has been made sure that they have had concrete contact with the development or implementation of the Excellence Initiative (e.g. by being members consultative bodies, being involved in Graduate Schools or Excellence Clusters).

For reasons of anonymity, only information will be given on the position and disciplinary field of the respondent.

Table 3: Interview overview

Position	Level	Disciplinary field	Code
Leading position	Faculty	Humanities	HU01
Leading position	Institution	Social Sciences	HU02
Leading position	Department	Social Sciences	HU03
Professor	Department	Humanities	HU04
Leading position	Faculty	Social Sciences	HU05
Leading position	Faculty	Natural Sciences	HU06
Leading position	Institution	Humanities	HU07
Academic employee (Mittelbau)	Department	Humanities	HU08
Professor	Department	Social Sciences	HU09
Administrator	Institution	N/A	HU10

In the first step potential interviewees were contacted by email explaining the rationale behind the research study with a request for an interview. As it turned out in the first round of interviews, the topics of academic recruitment and Excellence Initiative both seemed to be of a sensitive nature, as many approached candidates refused to participate in a study on those topics systematically and with strong determination. While most didn't give specific reasons, one pointed out negative experiences in the past with regard to interviews aimed at the Excellence Initiative. This might be explained by the several big scale evaluations of the Excellence Initiative that have been conducted in the last years (e.g. Sondermann, 2008). Considering the relatively small pool of academics being involved with the Excellence Initiative, it might be possible that they are regularly approached with requests of interviews on this topic. The overall response rate was therefore quite low. Out of 12 contacted people only 4 agreed to participate. In the second round another 19 people were contacted, out of whom 6 more agreed to participate, thereby adding up to 10 interview partners. This makes a total response rate of one third.

An interview guideline was used and notes were taken. All interviewees agreed on being recorded and the interviews lasted between 45 – 90 minutes. All interviews were held in German and were completely anonymized according to the Norwegian Social Science Data Services. They were entirely transcribed in German, which produced 175 pages of text for analysis. The quotes used in this thesis were translated by the author who is a German native

speaker. The interview guideline and the analysis of the transcripts followed the propositions outlined in the section 3.2.1. For an example see appendix 1.

3.2.2 Criteria for interpretation of the findings

This section addresses the quality criteria of the research design at hand indicating in which way the findings can be interpreted and generalized. The relevant criteria are construct validity, internal validity, external validity and reliability.

Construct validity

It is very important to ensure that the phenomena or constructs studied in this thesis are not defined on the basis of a subjective impression only, but are based on theoretical propositions derived from the literature review. Without any prior specification of which operational elements constitute the phenomenon of organizational change, the reader cannot tell whether the changes that are claimed to be observed in this case study do in fact genuinely reflect the actual change happening in the higher education institutions or whether those claims are rather based on the researcher's subjective impressions only (Yin, 2014). Therefore, this thesis uses a detailed characterization of strategic responses based on the framework developed by Oliver (1991). Moreover, a number of indicators for strategic behavior are identified according to Fumasoli's (2011) approach to analyzing organizational strategies in higher education institutions. By giving this kind of detailed definition of the studied phenomena and by identifying operational variables it is attempted to increase the construct validity.

Internal validity

The concern over internal validity is related to the general question in how far it is possible to make inferences to unobservable events based on measurable operational events. In this thesis for example, one proposition is that the influence of the Excellence Initiative which in itself is an unobservable phenomenon can be inferred from the observation of different operationalized variables like for example governance structures which are written down in actual documents and might have changed in the time period the Excellence Initiative was implemented (Yin, 2014). The more detailed and comprehensive the theory-based propositions are, the more confidence can be taken in case the findings show the proposed

pattern of changes. In addition, a variety of data sources is used making it possible to triangulate the data and thereby enhance its validity. According to Yin (2014), data triangulation is one of the major strengths of case study research, as it allows to cross-check the retrieved information over a number of different sources. The more the evidence converges, the more confident can one be of the validity of the findings.

External validity

The criterion of external validity gives an indication to what extent the findings of the case study at hand are generalizable to a larger population. It is important to point out the difference between statistical generalization and analytic generalization. As pointed out by Yin (2014), case studies are not generalizable to populations in the sense that the case is a “sample” and it is possible to measure the statistical significance of the findings for the whole population. Instead, generalization should be considered to be of an analytic nature. By interpreting the outcomes in the context of the integrative approach of institutional theory and resource dependency theory, the findings could be considered as forming a kind of working hypothesis which then can either be applied to reinterpreting the results of existing studies or defining new research focusing on other concrete situations (Yin, 2014). The analytic generalization thereby aims at expanding and generalizing theories (Yin, 2014).

Reliability

Reliability is ensured by documenting all steps of the research study in detail in order to provide as much transparency as possible. If later another investigator followed the same procedures, he or she should arrive at the same finding again. The goal of reliability is moreover to minimize errors and biases in the study, which will be ensured by documenting the chains of thoughts that have led to certain decisions in the phase of the study design and data collection, and by staying in close consultation with the supervisors (Yin, 2014).

4 Empirical Setting

In this chapter the empirical setting of this case study will be described in detail. This will help to understand the context which is important to interpret the findings correctly. First, an overview will be given of the German higher education system to understand the environment in which Berlin Humboldt University operates. In the following section, the focus will shift to the Excellence Initiative which is the policy instrument in question. Here an overview of its objectives and its application and selection procedures will be given. Moreover information on the actual funding decisions will be provided. The final section gives a detailed description of Berlin Humboldt University with information on its historical background, its organizational structure and governance, as well as some basic facts and figures. Most of the data is based on online resources provided by the university and the German Research Foundation (DFG). It is important to remind that this thesis claims no liability for the data, as the only purpose is to reveal an overall trend.

4.1 Germany's federal higher education system

In order to understand the development of the Excellence Initiative, it is important to see it against the backdrop of the federal system in Germany and the consequences it has for governance and funding of higher education. Germany has a binary higher education system consisting of 110 universities (including technical universities) and 221 universities of applied sciences (Fachhochschulen). The whole system has a combined student population of about 2.4 million (HRK, 2014b). In the following only the universities will be referred to because the competition of the Excellence Initiative was only open to universities.

The original Basic Law for the Federal Republic of Germany from 1949 set the legal foundation of today's German education system. One of the core principles is the sovereignty of the sixteen Länder over the higher education institutions within their borders. The federal government is generally not allowed to influence the decisions within the (higher) education sector, which also means that it is not allowed to provide direct funding to the institutions. While federalism is in general seen as one of the main strengths of the German political system, it has also been exposed to criticism. In particular during the time of increasing student numbers in the 60s, the financial problems of the Länder became particularly obvious within the universities which were unable to accommodate the large amounts of students.

After dramatic student protests the strict separation of Federal Government and Länder was loosened up and an amendment to the Basic Law was made in 1969 that permitted the Federal Government to share responsibility with the Länder governments in educational matters. This meant that the Federal Government, which was financially much stronger than the Länder, was able to provide more financial support for the higher education sector. In return, the Federal Government was granted more rights of influencing the decision making process within the educational sector. This led to the creation of a nation-wide Framework Act for Higher Education in 1976 that regulated the functions of the university, the admission process and how the universities were to be organized in every Land. Even though each Land still had its own Higher Education Act, they were now obliged to adapt it in accordance with the nation-wide Framework Act (BMBF, 2014b).

With regard to Humboldt University it is important to take into consideration that it is located in the Eastern part of Berlin and was therefore operating under the government of the German Democratic Republic (GDR) between 1949 and 1990. Even though the GDR originally had plans to put its universities under Länder control like the West had decided to do, it soon went the opposite way and tried to build a stronger higher education system by centralizing it through strict control mechanisms (Giles, 1978). However, with the reunification in 1990 the eastern and western part of Berlin were reunited and Humboldt University was from then on governed according to the Higher Education Act of the Land Berlin and the nation-wide Framework Act for Higher Education. The changes that took place in the Humboldt University after the reunification will be elaborated in a later section of this chapter.

In the early 2000s, the discussion around federalism and the power balance between Federal Government and Länder started to heat up again and voices got louder that claimed the nation-wide Framework Act for Higher Education was restricting the Länder sovereignty to an extent that was considered unconstitutional. As a consequence, a general Federalism Reform was implemented in 2006 which intended to reorganize the relationship between the Federal Government and the Länder, not only in the educational sector but also in many other areas. Amongst others this reform reinforced the original idea that the Federal Government is not allowed to cooperate with the Länder in the higher education sector. This meant that the Länder received back their more or less unrestricted legislative power in educational matters but at the same time they were again to be solely responsible for providing the basic funding to their higher education institutions. However, there was one exception included in the

amendment of the Basic Law which stated that the Federal Government was still able to support the Länder in “cases of supraregional importance”. Examples of these cases are the promotion of facilities and projects of scientific research not affiliated with institutions of higher education, projects of science and research at institutions of higher education, and construction of research facilities at institutions of higher education, including large scientific installations within the framework of project (see Article 91 b Paragraph 1 of the Basic Law). The Excellence Initiative is considered to be one of those projects that are eligible for such a shared funding responsibility by the Federal Government and the Länder (BMBF, 2014b).

The Federalism Reform of 2006 made the notoriously difficult financial situation of some Länder even more visible. Such was the case in Berlin, which helps explaining the different developments that took place within Berlin higher education politics in the years after 2006, during which several new funding instruments were developed within the Land Berlin.

4.1.1 Important actors in German higher education

There are three important actors that are playing a major role in German higher education governance and in particular in the Excellence Initiative. There is the Joint Science conference (Gemeinsame Wissenschaftskonferenz, GWK) which was established in the backdrop of the Federalism Reform in 2007, thereby replacing the former Commission of the Federal and Länder Governments for Educational Planning and Research Promotion (Bund-Länder-Kommission, BLK). Just like the BLK the GWK is a permanent forum for the discussion of questions of education and research promotion which are of common interest to the Federal and States governments. However, due to the new limited cooperation between Federal Government and Länder, its main tasks are more limited than those of the former BLK. It is therefore first and foremost concerned with issues of supra-regional relevance, which includes the decision to provide money for Excellence Initiative (GWK, 2014).

Another important actor in the German higher education sector is the Council of Science and Humanities (Wissenschaftsrat) which constitutes an advisory body to both the Federal Government and the Länder and was founded in 1957. It comprises of scientists, representatives of the two tiers of government and of eminent public figures. By providing recommendations on the development of science, research and higher education, it is supposed to help to ensure that German science and humanities remain competitive at the

national, European and international level. The Council of Science and Humanities played a major role in designing and implementing the Excellence Initiative (WR, 2014).

Finally it is important to mention the German Research Foundation (Deutsche Forschungsgemeinschaft, DFG) which is the central self-governing funding organization for science and research in Germany since 1951. It is set up of members of German research universities, major research institutes, the Academies of Science and Humanities as well as a number of other scientific associations. Its main responsibility is to allocate funds to the German research institutions and it operates with an annual budget of around 2,4 billion Euro that is provided by the Federal government and the Länder. Its self-governance provides independence from the government and its funding allocation is strictly based on scientific merit. This predestined it to be the main responsible actor in the implementation of the Excellence Initiative (ERAWATCH, 2014).

4.2 Excellence Initiative

4.2.1 Objectives and scope

The Excellence Initiative (BAnz, 2005) is intended to strengthen Germany as a location of excellent science and humanities, to enhance its international competitiveness, and to increase the visibility of top-level universities and research areas. The implementation of the Excellence Initiative can be considered one of Germany's reactions to the European Lisbon Agenda 2000 which aimed at making the EU "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" (EU, 2000).

The Excellence Initiative is conducted by the German Research Foundation and the German Council of Science and Humanities. It took place in three rounds (2006, 2007 and 2012) and consists of the following three funding lines:

1. Institutional Strategies to strengthen the institution "university" and its research setting as a whole.
2. Excellence Clusters to promote top-level research,
3. Graduate Schools to promote young researchers,

The funding line "Institutional Strategies to promote top-level university research" is intended to strengthen universities as institutions to make them more competitive at an international top level. In order to be eligible for such funding universities need to develop a long-term Institutional Strategy for top-level research and the support of young researchers. This Institutional Strategy is supposed to address the current challenges and requirements of the university and to look at the institution as a whole. Moreover, it is supposed to expand the diversity of organization-models of top-level research and accelerate the functional differentiation of German universities. It strengthens the strategic skills and the autonomy of universities and strives for improving the performance of the research system as a whole (DFG, 2010c).

The funding line 'Excellence Clusters' was designed to enable German universities to establish internationally visible and competitive research and training facilities. Moreover it is supposed to enhance scientific networking and cooperation among the participating institutions. Excellence Clusters should constitute an important part of a university's strategic planning, which in turn should help to raise its profile and reflect its long-term priorities.(DFG, 2010a).

The funding line 'Graduate Schools' was designed in order to improve the training conditions of young researchers and to provide them with excellent research environments. Moreover, they are supposed to support shaping the university's research and training profile (DFG, 2010b).

After three calls for proposals in 2006, 2007 and 2012, a total of € 4.6 bn of funding through all three funding lines were approved. This includes € 1.9 bn for the first and second rounds together (2006-2012) and € 2.7 bn for the third round (2012-2017). The Federal Government and the Länder shared the financial responsibility, with one quarter of the grant being provided by the Land where the successful university is located. The following benchmark figures were approved in the agreement between Federal and Länder Governments:

Agreement on first and second program phase (BAAnz, 2005):

- Institutional Strategies: € 21 million per year for the respective university (including the excellence cluster and graduate school in that university) (in total ca. €210 m p.a.)
- Excellence Clusters: € 6.5 million on average p.a. (in total ca. 30 clusters, i.e. € 195 m p.a.)

- Graduate schools: € 1 million on average p.a. (in total ca. 40 schools, i.e. € 40 m p.a.)

Agreement on third program phase (BANz, 2009):

- Institutional Strategies: in total € 142 million p.a.
- Excellence Clusters: € 3-8 million p.a. (in total ca. € 292 million p.a.)
- Graduate schools: € 1 – 2.5 million p.a. (in total ca. € 60 million p.a.)

All projects that were not able to renew their funding in the third phase, receive a degressive completion funding of two years. For this the Federal and Länder Governments provided € 91,2 million that were gradually granted. In the first year after the end of the funding period they received up to 70% of the amount granted in the last year of funding and in the second year they received up to 40% of the amount.

4.2.2 Application and selection procedure

After lengthy negotiations between the Federal Government and the Länder, it was decided to have two rounds of selection, one in 2006 and the second in 2007. A third and final round took place in 2012 after the initial idea of repeating the competition every five years was abolished (Kehm, 2012).

The German Research Foundation (DFG) is in overall responsible for the application procedure of the Excellence Initiative. Together with the German Council of Science and Humanities (Wissenschaftsrat) the DFG has therefore set up a *Joint Commission*. This Joint Commission is responsible for specifying the terms of funding for the whole Excellence Initiative and for issuing funding recommendations for all three lines of funding.

The commission consists of two parts: an *Expert Commission* which is composed of 14 scientists and researchers appointed by the DFG Senate, and a *Strategic Commission* which consists of 6 members from the Scientific Commission of the German Council for Science and Humanities (Wissenschaftsrat) and 6 members from outside the Council. While the *Expert Commission* is responsible for preparing the decisions regarding Graduate Schools and Excellence Clusters, the *Strategy Commission* is responsible for selecting proposals within the funding line of Institutional Strategies.

The final funding decisions are made by a *Grants Committee* consisting of the members of the Joint Commission plus the ministers responsible for research and science in the Federal and

Länder Governments. The members of the Joint Commission, have a 39 to 32 majority in the Grants Committee against the government representatives, thereby ensuring that the majority lays with the scientific community (BMBF, 2014b).

All three calls were open to all German universities. The initial proposals were submitted following a two-stage-procedure: First, all German universities were invited to submit draft proposals. At the second stage, the Joint Commission selected a number of draft proposal based on the results of international review panels and those selected universities were asked to submit full proposals. Universities that had been funded during the first program phase were allowed to submit full follow-up proposals directly to the second program phase without having to submit a new draft proposal (DFG, 2010c). The selected universities had then about 3 months to deliver a full proposal, which was reviewed by an international review panel, including on-site visits. Their evaluations were then brought forward to the Joint Commission. After having been discussed in the Joint Commission, recommendations were given to the Grants Committee which then made final decisions in all three funding lines. For a graphical overview of the application and selection procedure, please see appendix 2.

It is interesting that the whole application procedure is strictly following principles based on scientific merit and the political actors are either not present at all (such as in the Expert Commission consisting only of scientific representatives from the DFG) or they are in a clear minority (such as in the Strategy Commission and the Grants Commission). In the media it has been pointed out several times that this little influence by the government was considered a great strength of the Excellence Initiative (Marquardt, 2011).

4.2.3 Assessment criteria for Institutional Strategy

In order to get funding for an Institutional Strategy the university is required to have been awarded funding for at least one Graduate School and one Excellence Cluster each (BAnz, 2005). If this requirement was met, the university was supposed to develop a draft of an Institutional Strategy, which had to follow a guideline of criteria provided by DFG (see appendix 3). The DFG's assessment criteria for Institutional Strategies considered amongst others the current research strengths of the university in different significant scientific and academic fields, its structural conditions for top-level research, and the universities' ability to demonstrate an increase in quality or consistently high quality. In addition it was evaluated if the submitted proposal takes into account the strengths and weaknesses of the university and

was able to justify the expected increase in the university's international competitiveness in the future (DFG & WR, 2010). A template of the Institutional Strategy was provided and the universities were asked to follow it as closely as possible. This also included a SWOT analysis and a detailed budget plan. As mentioned by several respondents, the requirements were perceived as rather open and the DFG encouraged the universities to develop unconventional ideas (HU06; HU07). However, as the assessment of the Institutional Strategies was based on the areas that were suggested to be covered in the template, it is very likely that the university de facto felt compelled to follow these suggestions, thereby being limited in their room to develop unconventional ideas (HU08).

4.2.4 Funding decisions of Excellence Initiative

In the first round in 2006, out of the ten universities short-listed in the third funding line, the majority of the institutions was located in the southern Länder of Germany and not even one university from the Eastern German Länder was selected. Despite the original target to award 5 universities with funding in the third line, only three managed to fulfill the demanding requirements. Even though the Humboldt University had applied to the third funding line, its proposal was rejected in the first round (Kehm, 2012). However, it was awarded funding for two Graduate Schools (Mathematics; Psychology/Philosophy).

In the second round in 2007, 6 universities were added to the 3 winners of the first round. The distribution was still skewed and most institutions were located in the south of Germany. Four of the six winning universities had been rejected in the former round but were now successful in the second round. While the other university in Berlin (Free University) succeeded in the second round, the Humboldt University was one of the three universities that was rejected a second time. However, it was awarded funding for two additional Graduate Schools (Medicine; Social Sciences) and its first two Excellence Clusters (Medicine; Humanities).

In the third round in 2012 the geographical distribution of the short-listed institutions was more balanced and there were also more Eastern German universities amongst the winners. Berlin Humboldt University succeeded in the third round with its Institutional Strategy "Educating Inquiring Minds". In addition it was awarded funding for two new Graduate Schools (Natural Sciences; Medicine) and three of the former Graduate Schools (Psychology/Philosophy; Medicine; Mathematics) were successful in re-applying for funding, while one formerly funded Graduate School (Social Sciences) did not succeed in the

re-application. The two formerly funded Excellence Clusters (Medicine; Humanities) also succeeded in re-applying and in addition another Excellence Cluster was added (Cultural Studies/Design).

For a more detailed overview of the successes of Berlin Humboldt University in the different funding lines in the three application rounds, see appendix 4.

Table 4: Funding decisions of Excellence Initiative

	Institutional Strategies	Graduate Schools	Excellence Clusters
Outcomes of first round (funding from 2006-2011)			
Number to be selected	About 5 (out of 10)	About 20 (out of 40)	About 15 (out of 30)
Initial proposals received	27	135	157
Selected for short-list (full proposal)	10	39	39
Winners	3	18	17
Outcomes of second round (funding from 2007-2012)			
Number to be selected	About 7	About 22	About 12
Initial proposals received	20	118	123
Unsuccessful round 1 proposals carried forward	7	21	22
Selected for short-list (full proposal)	8	44	40
Winners	6	21	20
Total number after rounds 1 & 2	9	39	37
Outcomes of third round in 2012 (funding from 2012-2017)			
Number to be selected	12	24-60	37-97
Initial proposals received	22	98	107
Proposals of winners of round 1 & 2 automatically carried forward	6	39	37
Selected for short-list (full proposal)	7	25	27
Winners	11 (out of which 5 new)	45 (out of which 12 new)	43 (out of which 12 new)

Source: Kehm (2012)

Table 5: Winning Institutional Strategies

Winning Institutional Strategies	First round 2006-2011	Second round 2007-2012	Third round 2012-2017
LMU Munich	X	X	X
Technical University of Munich	X	X	X
University of Karlsruhe (KIT)	X	X	Not continued
RWTH Aachen		X	X
Free University Berlin		X	X
University of Heidelberg		X	X
University of Konstanz		X	X
University of Freiburg		X	Not continued
University of Göttingen		X	Not continued
Humboldt University Berlin			X
University of Bremen			X
Technical University of Dresden			X
University of Tübingen			X
University of Cologne			X

4.3 Berlin Humboldt University

4.3.1 History

Berlin Humboldt University was established in 1810 based on a foundation concept developed by Wilhelm von Humboldt. In the rise of the German Empire after 1871 the university which was formerly called Friedrich-Wilhelms University was considered to be the largest and one of the most important universities in the Empire. In general, in the time before World War I German universities were renowned to be the worldwide leading institutions in the science community (Ben-David, 1984). This was partly due to the success of Humboldt's concept which aimed at a "Universitas litterarum" which included a unity of teaching and research and an all-round humanist education for students. This concept spread quickly around the globe and gave rise to the foundation of many universities of the same type (HU, 2014a).

However, the university suffered from a great loss of scientific potential during World War II. Moreover, in the post-war period it came to an increased Communist influence on the university which resulted in a split among staff and students and eventually the establishment

of the Freie Universität (Free University) of Berlin in 1948, which was located in the American sector of the city. Thereupon, the remaining part of the Friedrich-Wilhelms University was given the name of the brothers Alexander and Wilhelm von Humboldt in 1949. Despite the ideals of its name givers, it became difficult to keep up the former academic traditions under the Communist regime and the drastic higher education reforms in the German Democratic Republic in the years 1950/51 and 1967/68. Those reforms changed not only the content and structures of the degree courses, but they also forced its research activities to be aligned with the ruling ideology. Despite those difficult conditions, Humboldt University managed to keep up international contacts and contribute to the world-wide research community. Today the university states that it “has always been true to its principles, considering research and teaching as a unity [...] in spite of its turbulent history over several decades” (HU, 2014a).

After the German unification in 1990, the two formerly united universities decided to stay separate and Humboldt University entered into a “building up phase” in which large amounts of money were invested in reforming and rebuilding former capacities of the university. This major reorganization took place with help of an external Commission comprised mainly of German academics from outside the university who supported Humboldt University to develop its own new academic structures. This included not only the reevaluation of the degree programs, but also a quite rigid investigation of the personal and academic qualification of the current staff. In 1990 all professors of the Humboldt University had to undergo appointment procedures and a large number failed to sustain their position and were replaced by professors from West Germany. In many cases positions were not reappointed at all due to financial restrictions, which led to a drastic reduction of staff in the aftermath of the reunification (HU, 2014a).

4.3.2 Relationship between Berlin Government and university

In order to understand the organizational changes within the university, it is important to delineate the changes that have been taking place in the institutional environment. The Excellence Initiative was only one of many external influences and should be seen in the context of the political developments in Germany and in Berlin in the last decades. Berlin is in so far a special case in Germany, as it accommodates two comprehensive universities and

one large technical university within its city borders. From this follows that the coordination between the universities plays a much more central role than in regions where there is only one large university. In the case of Berlin this coordination was all the more relevant as the Freie Universität (FU) in the former West of Germany and the HU in the former East had to deal with many parallel structures and overlaps after the reunification. Both in West and East Germany the link between universities and their Länder Governments has traditionally been very strong.

Introduction of steering by contract in 1998 and budget cuts

In Berlin the relationship between Government and universities changed in 1997 when the new Berlin Budget Structure Law (Haushaltsstrukturgesetz, HStrG 97) enabled Berlin Government to start signing contracts with the universities in Berlin. This provided them with a budget over several years which they were able to use more or less autonomously, as long as they fulfilled the targets they had agreed upon in the contract. This reform took place because the Berlin higher education institutions complained about the unpredictability of the funding they received from Berlin Government. HU which was still dealing with the aftermath of its dramatic restructuring and staff reduction (about 23% between 1993 and 2000) after the German Reunification in 1991 was particularly dependent on stable and predictable funding in order to successfully establish modern and efficient structures that were able to compete with the more experienced counterparts in the West (SP, 1998).

As the financial situation in the Land Berlin was difficult at that time, all higher education institutions were facing major budget cuts in 1997-2000 which led to further reduction of the staff (SP, 1998). The first contract was signed for the years 1997-2000 and included an incrementally decreasing annual budget for all higher education institutions in Berlin. In spite of the budget cuts, the universities perceived the four year binding contract as a great improvement which was seen as the prerequisite to be able to plan on a longer term. In return for this four year contract Berlin Government asked the universities to provide a Structural Plan in which they were supposed to outline how they were planning to develop their internal structure and research profile. This was done by giving detailed information on the development of the number and denomination of all professorships and which department and faculty they were going to be assigned to. The first Structural Plan for the years 1998 to 2004 can therefore be considered the first concrete strategic planning document of HU.

A second round of budget cuts hit the Berlin universities in 2003 just before the second Structural Plan was due in 2004. HU met the budget cuts by further reducing its staff numbers and cutting down 20% of its professorships in its Structural Plan. The need to lean down internal structures and to coordinate more with the other higher education institutions in Berlin in order to meet the budget cuts led to many changes within HU. However during the next years from 2003 – 2010 the university was mainly concerned with reducing the large numbers of surplus permanent staff which it was obliged to employ due to strict labor laws, but which was not suitable to fill any of the positions stated in the official Structural Plan. The obligation to further employ this surplus staff led to a large budget gap and caused many of the actually planned positions to stay vacant until the numbers of surplus staff were slowly reduced either through retirement, termination, re-qualification or by exchanging staff with other universities in Berlin. While in 2006 HU had still 400 surplus positions to be financed, by 2010 the number of surplus positions had gone down so far that the actual structural plan could be more or less fulfilled. As a consequence in the years before 2010 the human resource policies were strictly aimed on reducing the surplus, which limited the room to maneuver with regard to creating new positions to a considerable extent (HU06). This led to the situation that HU had a structural planning document but was not able to fully implement it due to the strict protective labor laws it had to follow. This caused a critical situation with regard to the strategic acting capability of HU in the forefront of 2005 when the Excellence Initiative entered the picture.

In general it is obvious that since the introduction of the University Contracts in 1998 the budget provided by the Government has continuously decreased, and the universities have become more and more dependent on third-party funding. This dependency is seen critical within the university and fear is omnipresent with regard to the year 2018 when the funding through the Excellence Initiative will end. Members of HU are nervously following the formal and informal news they hear from Berlin Government about the time after the Excellence Initiative and all of them are pessimistic about the chances that the basic funding provided by the Government might be increased to relieve the universities from the pressure of applying for third-party funding. This attitude is not surprising, as the Government so far has rather followed the path of investing into temporary incentives to make the universities more competitive in the race for external money, for example by providing “application support funding” for the Excellence Initiative (RB 2010).

Introduction of performance-based budget appropriation in 2003

Another major change in the relationship between Berlin Government and the universities in Berlin took place when Berlin Government decided to introduce a performance-based budget appropriation system with the new contract in 2003, in which initially 6 % of the total budget to Berlin universities was distributed according to different performance indicators in teaching, research and equal opportunities (HV 2003). In the subsequent contracts this percentage was incrementally increased up till 30% in 2008 (HV 2006). After having been evaluated positively by the Government, this system was further developed in 2012 after which the total budget is now distributed according to a formula that has been developed by the Government. Even though the universities were asked to develop individualized indicators for such a formula themselves, eventually the proposals were rejected and the Government implemented its own model (RB 2009). The complexity of this new system has made it necessary to enlarge the quality management office at HU in order to be able to carefully collect and provide all data necessary in order to achieve the best results possible in the annual evaluation which now has become decisive for the whole budget.

Berlin Government's steering through funding instruments

For a long time the only steering that took place in Berlin's higher education system was the steering over the contracts with the universities. The government had no financial incentive system to steer the scientific developments based on the needs of the region (Wissenschaftsrat, 2000). However, this has changed in the last years and several instruments have been implemented that have increased the steering abilities of Berlin Government. In 2008 it developed a funding program which was called "Masterplan Berlin – Knowledge shapes Berlin's future" and provided a 150 million Euro for several projects that were supposed to increase the number and quality of study places in Berlin higher education institutions. One focus was on the support of projects that had not been successful in the first and second round of the Excellence Initiative. Part of this money was invested into the Einstein Foundation Berlin that was established in 2009. It aims at promoting excellent research in Berlin and is funded both through endowments and funding by Berlin Government. Both Masterplan and Einstein Foundation made it possible for the Berlin Government to provide incentives that allowed it to steer the universities a bit more according to its political agenda.

4.3.3 Generational change and personnel development

HU is going through a generational change since the turn of the millennium. Many of the professors who had been appointed in the beginning of 1990 were reaching retirement age and while their chairs were often not reappointed in the times of austerity after 2004, from 2010 on the on-going retirement waves gave room to the faculties and departments to reconsider their profile and to strategically appoint new professors. In 2002 the German Pension Law was reformed which led to two major changes for the human resource policies in German universities. First, the new staff category of junior professors was introduced which is a temporary professorship with a 6 year contract given to junior academics who have not yet been employed at a German university for longer than 6 years in total. Junior professors are independent and not affiliated to a senior professor. In the same reform a more flexible salary system was introduced for professors which gave the possibility to universities to base parts of the salary on performance while at the same time the professors now were able to negotiate for their salary during the appointment procedures. Being faced with the large numbers of retirements, HU took the opportunity that arose from the new staff category and created large numbers of junior professorships that were in most cases positioned at departments in which a full professorship would get vacant within the next 6 years. In the first years after 2002 HU was in fact the university with the largest number of junior professors in whole Germany. While the overall attitude against the introduction of junior professors was without exception positive, several respondents criticized that no real tenure track was provided to the junior professors which would have helped against the general problem in Germany that academic careers are rather unattractive due to the long insecurity of temporary contracts (HU04; HU02). However, this seems to be a topic that is currently extensively discussed in human resource policies (HU02).

In general, the generational change is being seen as an opportunity to shape the profile of the departments and the university as a whole. The presidium has urged the faculties to develop a clear direction of where they want to develop their profile and to consider in how far they can contribute to the growth of the whole university (HU01). While it was normal in the past to simply reappoint the same professorship with the same denomination, the departments and faculties are now paying much more attention to the fitting of the professorship into their targeted profile. In strategic consultations the presidium requests detailed explanations for the

choices that have been made and some departments get external expertise to map out their strengths and expected developments in their field (HU05). The willingness of the faculty to spend so much effort in order to make sure to reappoint vacant professorships strategically and in the most beneficial direction for the department seems to be driven by the concern of being one of the “weak” departments that might be affected in case of possible budget cuts in the future.

4.3.4 Organizational structure

As of 2013, HU consisted of ten faculties in all major academic disciplines in the Arts and Humanities, in Social Science, Cultural Science, Human Medicine, Agricultural Science, Mathematics and the Natural Sciences. Six of the faculties are divided into several departments, while four faculties are so-called mono faculties with only one subject and no departmental level. In addition to the regular faculties, there is a variety of other scientific institutions within the university, the most relevant for this case study being Excellence Clusters and the Graduate Schools that receive funding from the Excellence Initiative. As of 2013, there are four Excellence Cluster and eight Graduate Schools in a variety of mostly interdisciplinary subjects¹. Both Clusters and Graduate Schools are part of the respective faculty from which the initiative emerged and the appointed professors within each of those structures are partly financed by this faculty. On 1 April 2014 HU implemented the first phase of a faculty reform² in which the departments are being rearranged and allocated to a new organizational structure. The number of faculties is thereby being reduced to nine³. The faculty reform is part of the propositions made in the Institutional Strategy of the university which was awarded with funding from the Excellence Initiative (HU Institutional Strategy, 2012).

4.3.5 University governance

There have been many changes in university governance over the last decades. Even though the focus of this thesis is on the changes after 2005, it is important to take into consideration the changes that have taken place since 1997 which was the year in which Berlin Government began steering the Berlin universities by four-year contracts and the universities were given

¹ Retrieved on 9.4.2014 from <http://www.exzellenz.hu-berlin.de/index-en>

² Retrieved on 9.4.2014 from http://www.hu-berlin.de/pr/pressemitteilungen/pm1403/pm_140327_00

³ Retrieved on 9.4.2014 from <http://www.hu-berlin.de/institutions/faculties-and-departments>

more leeway by an article which enabled them to try out new governance and leadership models. At the same time the severe budget cuts during 1997-2006 also had great implications on the way the HU was organized and governed internally. Therefore it would be unwise to draw a line in 2005 and ignore the changes that have been taken place before, which is why they will be included in this section.

University leadership

Other than most German universities with a double structure with a rector and a chancellor, the Humboldt University is led by a single structure management, which is comprised of only one president with support of three vice-presidents. The HU was governed by the traditional dual leadership principle with one president and two vice-presidents as the academic heads and a chancellor as the administrative head until 1999. The president and the vice-president were appointed for only 4 or 2 years respectively and in case of the vice-presidents, they performed their tasks only extra-official. The chancellor on the other hand was appointed for 12 years on a full-time position. However, this model was perceived problematic, because the chancellor had too much power and the areas teaching and research received not enough attention due to the part-time model of the vice-presidents (HU05). Through the reform of the presidium, the chancellor was abolished or rather transformed into a vice-president for finance and personnel who had equal standing with the other vice-presidents who now all held full-time positions. At the same time the presidential term was adjusted and both president and vice-president are elected for 5 years. The idea was to make the university leadership more able to act strategic and to become more professional. Moreover, the university leadership, who had initiated this reform, saw the necessity to develop a clear strategy in both areas of teaching and research, especially with the Bologna reform coming up back in 2000. In fact, the HU was one of the first universities in Germany that had restructured their leadership model in that way and it was considered a very innovative idea back at that time (HU05). In fact HU was the first university in Germany that abolished the position of the chancellor⁴.

⁴ Article in Berliner Zeitung: <http://www.berliner-zeitung.de/archiv/die-humboldt-universitaet-beraet-ihre-verfassung--will-assistenzprofessuren-und-plant-eine-regatta-bewegung-ist-alles,10810590,9660868.html>, retrieved 28.04.2014

In the current structure, each of the vice-presidents and the president has an office which is in charge of a number of administrative units of the university. The president's office includes the Governing Bodies Office, the Press and Public Relations Office, the Strategic Planning Office and the International Strategy Office. The office of the Vice-President for Academic and International Affairs includes the Student Administration, the Quality Management, the International Office, the Language Center and the Sports Center. The office of the Vice-President for Research includes the Research Service Center, the Humboldt Graduate School, the University Library and the Computer and Media Service. And the office of the Vice-President for Finance, Personnel and Technical Matters includes the Financial Division, the Personnel Division, the Technical Division and the Legal Department.

Governing bodies at university level

The governing bodies⁵ at HU comprise of the Academic Council (Konzil), the Board of Trustees (Kuratorium) and the University Senate (Akademischer Senat). The Academic Council is the highest governing body of the university and is composed of 61 members, which include the whole University Senate plus 18 additional professors, 6 representatives of each the academic staff, the administrative staff and the students. It takes decisions regarding the legal framework and governance of the university and elects the president and vice-presidents based on the recommendations of the Board of Trustees. The University Senate consists of 25 members, of whom 13 are professors. The rest are 4 representatives of each academic staff, administrative staff and students. It is responsible for decisions concerning the daily business and routines of the university, such as internal organization, research profiling and the development of study programs. The Board of Trustees consists of nine members, who are elected by the University Senate. Moreover, the Board always includes the president of the university and a ministerial representative of the Länder government of Berlin (Berliner Senat). It has an advisory role in more general strategic decisions and is the highest authority with regard to the decision about the budget and changes in internal organization, study programs and personnel planning. It can be considered the link between the Länder government of Berlin and HU.

There have been several changes in HU's governing bodies over the last decades. Only half a year after the Berlin Budget Structure Law had been changed in 1997, the HU took the newly

⁵ Retrieved on 9.4.2014 from <http://gremien.hu-berlin.de/>

granted opportunity of the “trial article” to “try out new leadership and decision structures” which led to a new preliminary constitution in 1997 (BerIHG, 2003, § 7a). The first change was the reduction of the Board of Trustees from 22 to 9 members. The Board of Trustees was now also granted more decision-making authority which had formerly been in the hands of the University Senate and Berlin Government. Another change was the delegation of authority from the University Senate to its sub-commissions, from the faculties to their deans and from the departments to their department heads, thereby initiating a slow progress to a more centrally governed university (SP, 1998). After a trial period each of those changes was evaluated and in case of approval integrated in the University Constitution by authority of the University Council. Those constitutional changes have led to a strengthening of the university leadership and the deans and their ability to work strategically.

Governing bodies at faculty and department level

The nine faculties are governed by the Faculty Council which is composed of either thirteen or nineteen members, depending on the size and subject variety of the faculty. Over half of the members are professors, the other half is divided equally among the academic employees, administrative employees and students. The Faculty Council decides on all matters regarding internal organization, personnel, curriculum and research within the whole faculty. Moreover, it elects the dean and two vice-deans who are responsible for the daily operations within the faculty.

The departments within the faculties are governed by the same principle as the overarching faculty. It is comprised of a Department Council which is in general composed of 7 members, unless the department has less than four professors. Over half of the members are professors, the other half is divided equally among the academic employees, administrative employees and students. This Council decides on all matters regarding internal organization, personnel, curriculum and research within the department. Moreover, it elects an executive director and two substitute directors who are responsible for the daily operations of the department. It is important to mention that the final decisions in personnel matters lay at the department level.

4.3.6 Facts and Figures

This section presents the current facts and figures of the relevant background information of HU collected from the websites of the university (HU, 2014b). As of 2013, HU offered 185

degree programs and enrolled 33,540 students. Moreover, it has a total staff count of 2287, out of which 415 are professors.

Table 6: Student numbers Humboldt University, Oct 2013

Students <i>As of October 2013</i>	Total	33,540
	Female students	19,344
	Male students	14,196
	International students	5,178

Table 7: Students Humboldt University 2000-2012

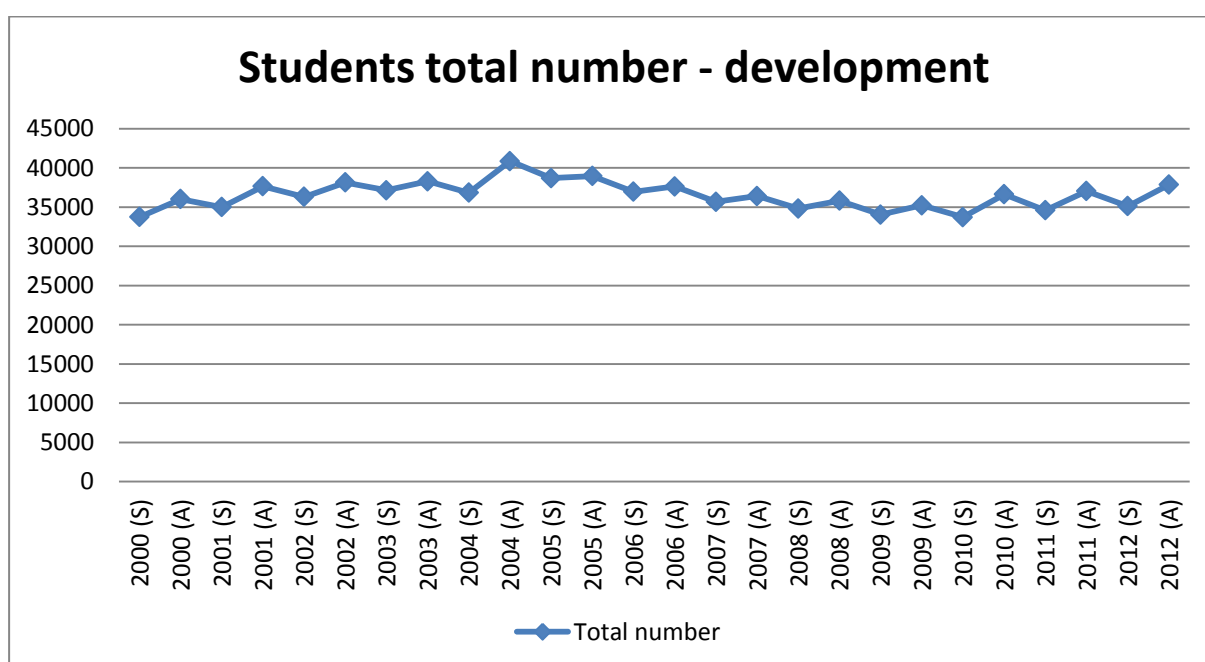
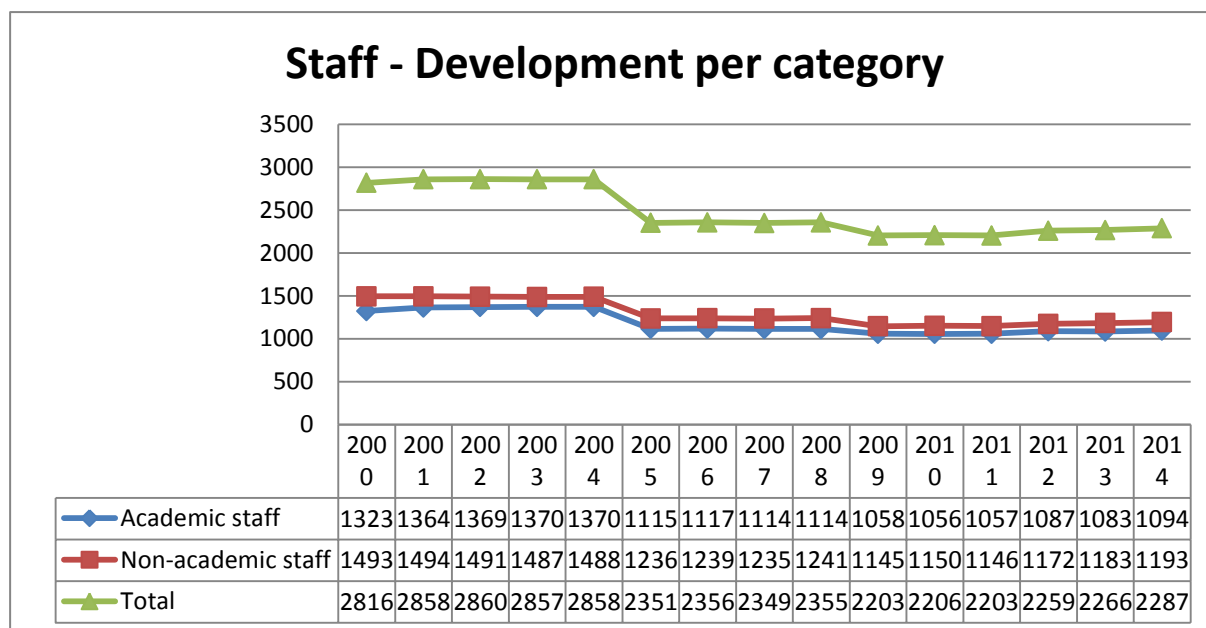


Table 8: Staff numbers Humboldt University

Staff <i>As of April 2014</i>	Total	2287
	Professors	415
	Administrative staff	1193
	Lecturers and research assistants (Mittelbau), permanent	281
	Lecturers and research assistants (Mittelbau), temporary	398

Table 9: Staff Humboldt University per category 2000-2014



The total budget of HU in 2012 was € 338,4 million. It is composed of about € 235 million in governmental grants and € 88 million in third-party funding. The expenditure of third-party funding has more than doubled since 2003. In the last approval ranking of the German Research Foundation, HU reached rank 8 based on the DFG funding of € 179.8 million it received between 2008 and 2010. Those numbers include the funding that was received through the Excellence Initiative. When disregarding the Excellence Initiative, HU takes place 5 in the ranking, which means it has been effective in attracting funding also beyond the Excellence Initiative (HU, 2014c). However, when considering the reputation of HU in the German higher education community for being a top-notch university and its image of being the “mother of the modern university”, it is rather surprising that it can’t be found further up in those rankings.

Table 10: Budget Humboldt University

Budget (without Medical school) <i>As of October, 2012</i>	Total	€ 338,4 million
	Governmental grants	€ 235,4 million
	Third-party funds	€ 87,957 million

Table 11: Development of third-party funding of Humboldt University 2003-2012

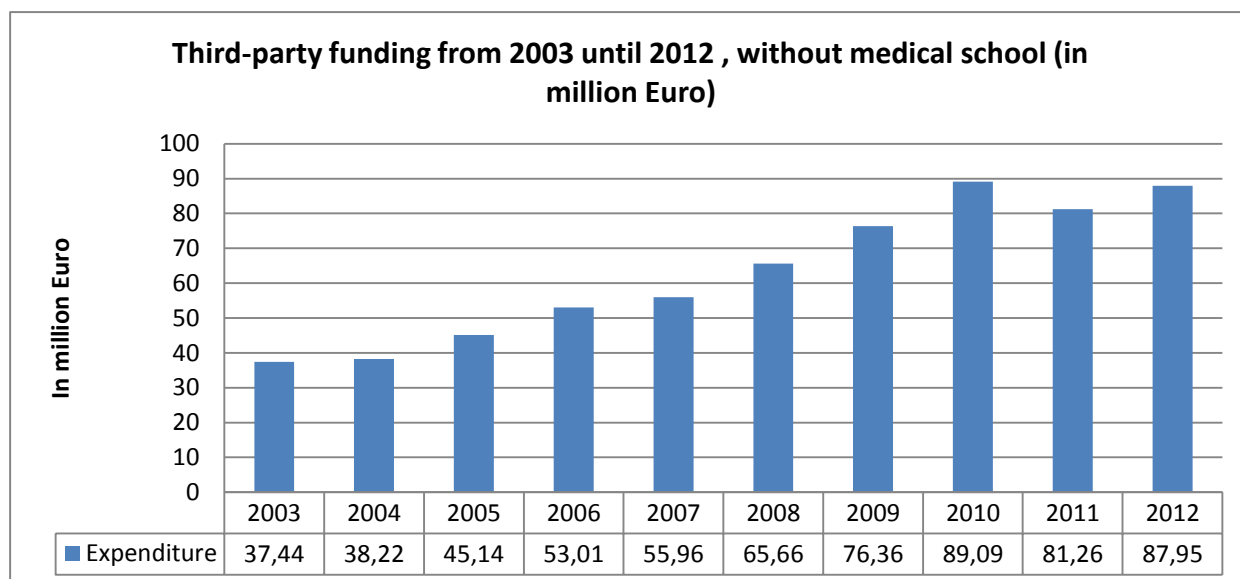
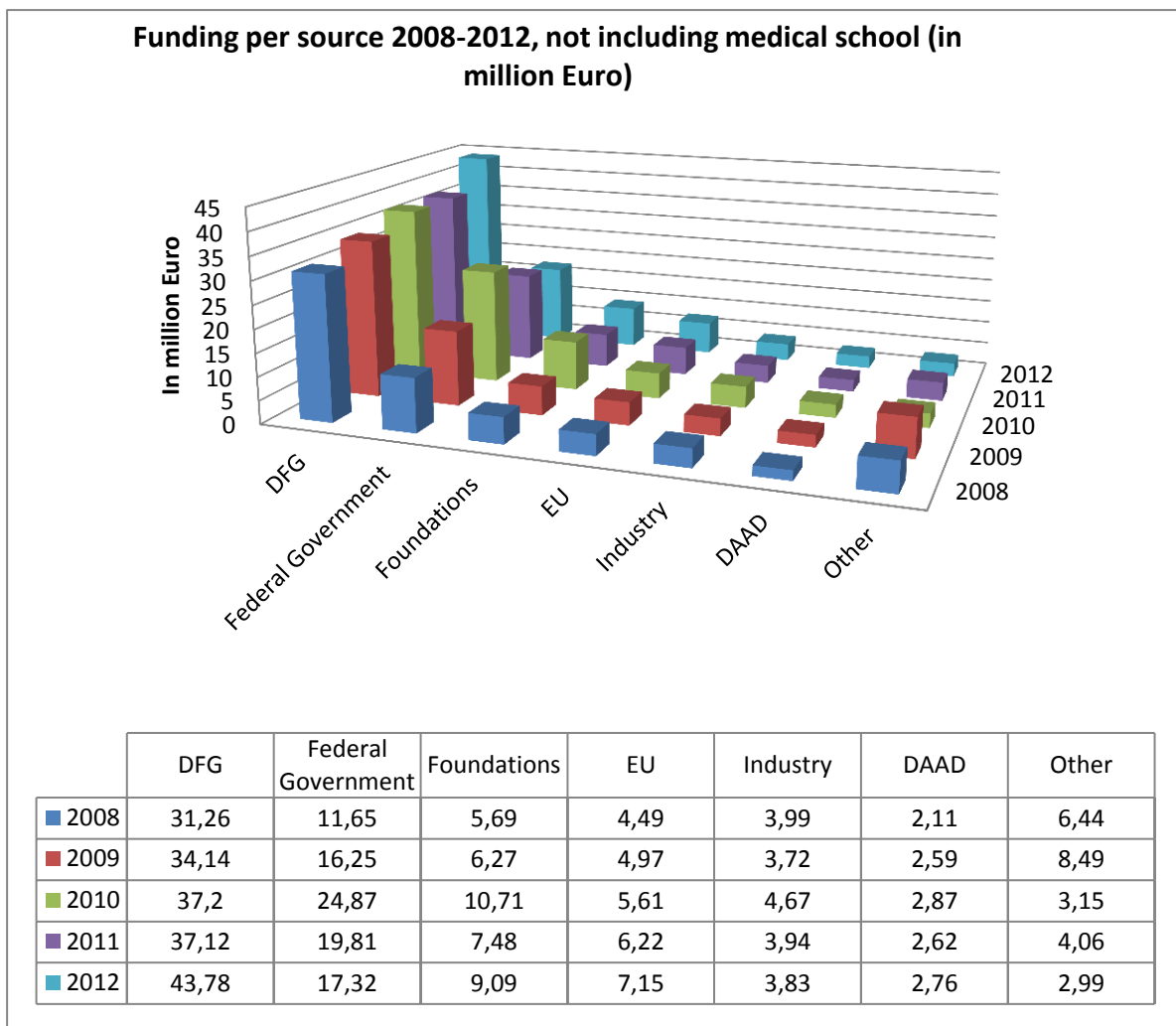


Table 12: Third-party funding per faculty plus ExIni 2008-2012 (in million Euro)

	2008	2009	2010	2011	2012
Faculty for Math and Natural Sciences I	18,82	19,60	21,70	22,29	22,68
Faculty for Math and Natural Sciences II	9,19	9,98	10,43	10,88	12,04
Faculty of Philosophy I	4,30	5,25	5,87	6,56	6,96
Faculty of Philosophy II	2,95	2,97	3,64	4,05	4,53
Faculty of Philosophy III	4,76	5,60	8,10	9,02	10,23
Faculty of Philosophy IV	6,49	7,82	4,13	4,74	2,93
Faculty of Economics	3,55	3,00	2,94	2,74	3,18
Faculty of Agriculture	3,71	4,35	5,06	5,34	5,91
Faculty of Law	1,94	1,87	1,91	2,05	2,35
Faculty of Theology	0,59	0,84	1,00	1,05	1,11
Excellence Initiative	3,39	5,77	8,28	8,02	8,16

Table 13: Funding per source 2008-2012



*DFG = Deutsche Forschungsgemeinschaft (German Research Foundation)

**DAAD = Deutscher Akademischer Austauschdienst (German Academic Exchange Service)

5 Findings

The first step in this analysis was the extraction of chronological events and actual organizational changes that took place in the three areas of interest (governance, human resource policies, research). The information about changes that have taken place in HU over the last ten years is rich and in most parts the information from the different sources was coherent. This can be seen as an indicator that the findings can be considered valid and appropriate representatives of the actual changes that have been taking place. In particular the yearly performance reports provided by the presidium of the Humboldt University were helpful in tracking changes that have been taking place in various areas. Moreover, the document of the Institutional Strategy gave an indication which of the changes took place in the context of the Excellence Initiative. In addition, the interviews gave valuable information on informal changes that have not entered the official reports and they helped to shed light on the underlying rationales of these changes. Finally, the analysis will show patterns in the strategic behavior and provide an interpretation of how these changes relate to the Excellence Initiative. The chapter concludes in an overview of the types of strategic responses that have been identified and an interpretation will be given to what extent they emerged from institutional dynamics or were triggered deliberately by strategic actors.

5.1 Internal governance

5.1.1 Structure

The current governance reform at HU pursues the strengthening of the university and faculty leadership. It is being incrementally implemented since 2012 as an explicit part of the Institutional Strategy that is being funded through the Excellence Initiative. The rationale behind the governance reform is to create a “culture of enablement” within the university, which follows the idea that research can only work effectively if the service and administration is being developed in a way that researchers are being unburdened from as many administrative tasks as possible (HU Institutional Strategy, 2012). The elements of the governance reform are three-fold: A structural and functional reform of the faculties, the strengthening of the deans and a reform of the administration through organizational and personnel development.

The faculty reform aimed at renewing functions and structures of the faculties in order to involve them more in the overall development of the university which is perceived as essential in times of rapid developments in the knowledge society. The faculties are supposed to become more strategic partners for the presidium in the sense of an extended university leadership and the reorganization is supposed to advance the research profiling of the whole university (RB 2012). As of April 2014, the first phase of the faculty reform has been implemented in which 6 of the in total 11 faculties have merged into 3 larger faculties. It is remarkable that the restructuring of faculties has in fact been discussed for over ten years already and several attempts had been stopped due to resistance in the University Senate (HU08). In general, the skepticism among the university members with regard to usefulness of the governance reform is still large, even though it differs greatly among faculties and employees group (HU05; HU08). Especially when the performance and efficiency of the own faculty was perceived as positive and satisfactory, the skepticism against a reform that would destroy the well-established traditions and structures of the own faculty, was great (HU01). However, there were also supporters who saw a great potential of synergetic effects and of the professionalization and standardization of administrative processes that took place due to the merger (HU05, HU06). By enlarging the organizational structures of some of the faculties, a potential is seen in centralizing the resource distribution and steering the faculty more strategically in a smaller team (HU05). However, the opinion about the faculty reform is

ambiguous and actual effects were not yet observable as it had taken place in the same month of the conducted interviews.

The strengthening of the deans was first and foremost attempted by giving them a budget which they can distribute within their faculty to research and reform projects that they regard as worthy of support. Already in 2007 a Concilium Decanale has been established in preparation of the first full application to the Excellence Initiative, which includes the deans and was thought to be a consultative body of the presidium in the sense of an extended university leadership. However, as no adjustments were implemented in the constitution that granted any decision-making rights to the Concilium, it has been criticized to be a rather useless panel in which the deans are not really included in decision-making (HU06). Nonetheless, one respondent claimed that a positive development is seen over the last two years in which the Concilium has turned into a useful platform where internal resource distribution and procedures concerning the whole university are discussed (HU05). One respondent remarked that even though the governance reform had the clear aim of strengthening the power and influence of the deans, this did not really take place because there is a common belief that this is something “you don’t do in a democratic university” (HU05). The traditional model of *primus inter pares* is so prominent HU, that it seems unthinkable to implement a change in the constitution that would formally raise the deans over their peers.

The third part of the governance reform was the reform of the administration. This was greeted as a very necessary change, as the administrative processes at HU were perceived as particularly bureaucratic and complicated, which is partly due to the past of being a university in the highly bureaucratic GDR (HU03). In a first step the former research department was transformed into the Service Centre Research in 2012 which at first was only comprised of an organizational restructuring into a so-called “one-stop-shop” that provides service to any phase of application and implementation for research projects. This restructuring took place under the direction of a new department head who was hired from another university and is perceived as a very able and strategic actor (HU10). In order to increase the service-orientation and efficiency, a personnel development concept has been developed that includes instruments like management trainings, job rotation and long-term personnel concepts. However, a respondent has stated that those changes have so far not been noticeable (HU10).

5.1.2 Decision-making processes

Leadership

The role of the president and the vice-presidents in HU has changed over the last decade. Not only has the authority of the presidium slowly increased since the reform of the HU constitution in 1998, but also the perception of the role of the president seems to have changed. First of all it is interesting to point out that in the history of the modern HU, there has been no president who has ever renewed his or her contract after the first period. As put by a respondent, “HU has a bad reputation of the sort that the presidents stand no chance against the strong resistance of single prominent professors and the faculties” (HU09). Many members of HU seem to be sensitively aware of this and it seems to have influenced former decisions in the University Senate in which members had voted for something they actually didn't agree with, only in order to keep the president from resigning as this would have let HU appear in a bad light (HU09).

Against this background it is not surprising that almost every presidium has tried to increase its influence in the decision-making process within the university in formal or informal ways. An example is the increased amount of budget the president can decide to spend for projects he supports personally. Another informal change took place in the appointment procedures in which one former president introduced an additional step in which he revised the candidate lists of the faculties before passing them on to the University Senate for approval (HU07). An interesting observation of one of the respondents was that the current president tries to influence the university by transforming the structures in a way that he thinks would help to make the university more steerable (HU09). Another change that has taken place is the more explicit communication of goals of the presidium in documents like the annual performance reports or even an explicit program of the presidium for its period of office.

It has been stated several times that the influence of the presidium does depend greatly on the person and his or her leadership style. While some presidents were perceived as dominant and making mostly top-down decisions, other presidents were said to base their decisions more on the opinions represented in the University Senate. This is in particular interesting as it has been suggested on several accounts that the first two times the HU applied unsuccessfully with an Institutional Strategy in the Excellence Initiative, the failure might have been related to the leadership style of the presidium and the top-down development of a concept which

didn't include all opinions and needs of the different member groups of the university and therefore didn't get full support from the own university (HU07). Between the unsuccessful first two rounds and the success in the third round a change took place in the presidium in 2010. As stated by one respondent, the contrast couldn't have been greater. While the former president was a brilliant renowned scientist who was perceived as too impatient to lead such a bottom-heavy and tenacious university, the successor was maybe less prominent as a scientist but had experience in management and steering from his former political career as a minister (HU09). The same respondent speculated that the concept of the third round was successful because the visions of the new president matched the ideas of the policy-makers with regard to the university paradigm that was underlying the whole Excellence Initiative. Having learned from the difficulties in the first two rounds, the preparation of the third round was carried out in a much more inclusive and communicative way. A Task Force Excellence Initiative was set up which at first only included professors who supported the new presidium in developing a new draft. Soon this was transformed into the Forum Excellence Initiative (FOX), which included representatives of all member groups of the university and which had four separate working groups for the main areas that were intended to be the focus of the new draft (RB2010). An interesting comment was that the learning didn't only take place in the leadership but also at the basis of the university which was heart-stricken that its beloved institution had been rejected even though everybody had in an almost arrogant way considered the success as set (HU09). This consternation was even more fueled by the fact that Free University, the main competitor in Berlin, had managed to enter the "circle of elite universities" (HU09).

In general the awareness of how important leadership can be, seems to have increased over the last decade. In this context it is interesting to mention that in 2007 a first survey regarding the topic "leadership" was conducted among all university employees. The participation rate was unusually high and in particular in the central university administration the results were discussed in workshops that led to some guidelines that were meant to improve the efficiency and communication of the management (RB 2008).

Governing boards

As in most German universities, almost all decision-making power at HU lays at the bottom of the university, as most decisions need to be approved by the University Senate or the

Council in which the different member groups are represented. As described by a respondent, those governing boards are the "sounding board of the university which is where you have to communicate your strategy early enough and adapt it in a way that it is acceptable for everyone" (HU05). While this model is very common in Germany, many respondents have pointed out particular difficulties in the governance at HU. One respondent claimed that there often seems to be little rationality in the decision-making process within these boards, as some people are sometimes "simply against it and do not keep their word, even if they have earlier agreed on the same matter" (HU05). Moreover, several respondents pointed out the struggle between the University Senate and some individual professors at HU who are prominent and internationally renowned and have a certain influence due to their success in attracting third-party funding (HU07, HU05). Research activities at HU have always been characterized by the excellent performance of individual researchers, which is reflected in the high amount of individual funding like through Leibnitz prices or ERC Advanced Investigator Grants (LB 2011). While those individual researchers seem to be considered as an essential part of the success of HU in the past and are clearly regarded with a certain pride, it also has been mentioned that large parts of the University Senate are not happy about the disproportional influence of those "prominent figures" (HU07).

While some respondents are skeptical if any change has taken place within the decision-making process of the governance boards within HU, in overall there seems to be a slight tendency of being more willing of accepting compromises. At the same time, in particular smaller decisions with regards to the implementation of the Excellence Initiative have been delegated to the presidium who now consults with smaller committees, such as the internal "Standing Consulting Committee" for the Excellence Initiative and the "Scientific Advisory Board" of external experts. This development seems to be related to the trust the University Senate seems to have developed against the presidium during the successful application process. An interesting observation by a respondent in this regard was that after the failure of the first two rounds of the Excellence Initiative, the shared effort of everyone to develop a new concept in order to succeed next time seemed to have influenced the feeling of identification with the institution HU. It was argued that due to the drastic budget cuts and restructuring in the years before 2006 the university had more or less lost sight of its identity. However, in the time after the rejection and in particular during the 200-anniversary in 2010 many internal and external events reminded the university members of the values of the Humboldtian model and which elements had made the university excellent in the past. This

seems to have changed the attitude of many people within HU who are now more willing to pull together and spend more time and effort on thinking about strategy in order to succeed in the next round (HU09). This was for example noticeable in the much larger number of initiatives for Excellence Clusters and Graduate Schools that were presented to the presidium in the forefront of the third round.

5.2 Human resource policies

5.2.1 Planning of professorial positions

One part of the contracts with Berlin Government is the requirement that HU provides so-called structural plans in which it states number and denomination of the professors in each faculty and department, as well as the number of other academic and administrative staff. The current plan dates back to 2004 and even though HU was supposed to provide a new plan in 2010 this has not yet taken place. One explanation for this delay is that the application and implementation of the Excellence Initiative have taken up so much time and administrative resources that the renewal of the structural plan needed to be postponed (HU05). Another reason is the fact that the structural plan needs to take into account to which extent the Federal and the Berlin Government will replace the additional funding of the Excellence Initiative after the end of the funding period in 2017, which has not been decided upon yet (LB 2011). The concern of the new structural plan bringing once again severe structural changes is very present among the university members who remember clearly the consequences that came through the budget cuts in 2003 and the structural plan of 2004 in which the staff had drastically reduced by about 25%, including the complete abolishment of several professorships. As claimed by one respondent, this staff reduction process has leaned down the university to such a degree that barely any potential for further optimization is left in case of further budget cuts (HU06).

5.2.2 Salary policies

The flexibilization of professor salaries in Germany that took place in 2002 is being perceived as problematic within HU as they have led to some difficult consequences for the university. Due to the different financial situation of the different Länder, in Bavaria a full senior professor gets about 1000 Euro more basic salary than in Berlin which is at the bottom rank of

all German Länder (RB 2012). This makes it often difficult to attract top candidates to Berlin and there are indeed accounts of excellent professors HU had lost to Munich due to the better salary they had been offered at the Bavarian university (HU04). Especially against the backdrop of the limited time window of the current generational change in HU it is particularly important to attract excellent researchers for the vacant professorships, as they will most likely stay there for the rest of their career and determine the future profile and success of the university. Therefore it is seen as especially disadvantageous that the Berlin universities are starting off from a worse financial situation than many of their competitors in Germany. Nonetheless, some respondents pointed out that HU has still managed to recruit excellent staff which is partly owed to the attractiveness of the city of Berlin (HU09). Moreover, the additional funds of the Excellence Initiative have enabled HU to compensate for this structural disadvantage and large parts of the money are being invested in providing more attractive salaries and facilities.

It is an interesting observation that the HU is one of the few universities in Germany that has chosen not to use the newly received possibility of basing the salary on upfront performance agreements. As explained by a respondent, the principle of trusting in the abilities of the academics was so deeply rooted within HU, that this was not even put up for discussion after the law had been reformed in 2002 (HU02). However, the new law still gave the possibility to the professors to bargain for higher salaries, especially in cases of a parallel call from another university. As a consequence, it has become common for German professors to frequently apply for other professorships only to increase the leverage they can use to bargain for better salaries and facilities at their home university. For those cases the presidium has a budget that can be used to meet particularly high demands of excellent “star” professors who HU doesn’t want to lose under any circumstances (HU04). Nonetheless, it is seen as very problematic that this leads to great differences in salaries within HU, especially because this kind of inequality has so far been rather unknown in German universities where the basic salaries were formerly independent of the actual performance of the individual academic (HU06; HU02). This is even further increased by the Excellence Initiative that provides high salaries and excellent research facilities to a number of academics, most of whom have been recruited for the new Excellence Clusters. At the same time, the departments of HU that are not affiliated to one of the heavily funded “excellent” structures, have only limited access to the additional money available through the Excellence Initiative, for example through one of the internal funding lines open for all departments.

5.2.3 Appointment procedures

The appointment procedures have become more complex and it seems to be a central concern to ensure that all members of the appointment committees are completely independent and are not influenced by any personal relationship. In addition, the criteria of gender equality and teaching quality have become more important over the last decade (HU02). This development took place within the heads of the academics themselves and at the same time the pressure was increased from the leadership who increasingly faces the external demands by its stakeholders of providing a fair and transparent appointment procedure which is taking in account both teaching and research (HU02). This is reflected in the explicit focus of the Institutional Strategy on gender equality, which also led to the new regulation in the appointment procedures that at least two female professors need to be part of each appointment committee. Interestingly, this did not only have positive consequences for female academics, as in departments with very few female professors they need to be part of almost every committee which demands a lot of time and creates an unfair disadvantage to them (HU06). However, in some cases those regulations have actually led to strategic interdisciplinary cooperation between departments because in cases when there are too few female or unbiased professors available, another professor from another department needs to be invited into the committee who then can have a clear influence on the choice of candidate (HU06). This increasing complexity of the recruitment and appointment procedures has led to the establishment of administrative units for academic affairs at the different faculties which provide central support to the procedures and make sure the regulations are being followed (HU06). Even though the advantages of transparent procedures are being appreciated, the rigidity of the procedures and the regulations are said to make it sometimes difficult to get the best candidate for a position (HU04; HU03).

One peculiarity in the appointment processes was mentioned as a consequence of the establishment of the Excellence Clusters. Through the additional money of the Excellence Initiative, many professors were appointed either temporally or on permanent professorships. As HU had chosen not to create independent organizational structures for the Excellence Clusters, each professor was hired through a department that was affiliated to the cluster. This meant that those professors had all the rights and obligations like any regular professors of that department. However, in the appointment procedures the appointment committee selected candidates that matched the profile of the Excellence Clusters while the profile of the

department was treated only subordinately. Due to the interdisciplinarity of the clusters this led to some cases in which professors were appointed for a cluster, while being affiliated to a department that didn't match their own discipline. This was particularly difficult as this also entailed the supervision of students and even PhDs of different disciplines than the ones the professors had studied themselves (HU04).

5.3 Research

5.3.1 Funding

Over the last decade a diversification took place with regard to external funding opportunities for the universities in Berlin. First, with the first funding period of the Excellence Initiative in 2007 the German Research Foundation (DFG) began paying an overhead to all funded universities. Within HU this overhead is received by the faculties that either pass it directly on to the responsible department or keep a share of it in order to distribute it for central support, such as start-up financing of emerging research initiatives. Second, several additional external funding sources emerged in Berlin. Between 2008 and 2011 Berlin Government implemented the “Masterplan Berlin – Knowledge shapes Berlin’s future” which provided in total 150 million Euro that were supposed to support excellent research in Berlin. Many initiatives of HU that had failed to win in the Excellence Initiative in the first two rounds received financial support in order to be implemented anyway or to be further developed in order to increase their chances in the next round. Part of the money was also intended for attracting excellent professors whose appointment was often linked to demands of high salaries and expensive research facilities that the universities couldn't afford in the normal case. One original intention of the Masterplan was also the establishment of an overarching institution which would combine the excellent research of the universities and non-university institutions in Berlin. The so-called “Super University” was often mocked to be a personal project of the senator for science in the Berlin Government. It was perceived highly controversial and received very strong resistance from the universities⁶. In the end the project was given up and in 2009 the idea was transformed into the “Einstein Foundation” which was provided with a capital of 5 million Euro that is distributed through different funding lines among Berlin

⁶ See Tagesspiegel, 22.10.2007: <http://www.tagesspiegel.de/wissen/universitaet-kommt-die-super-uni-fuer-berlin/1075764.html>, retrieved 26.5.2014

higher education institutions in order to advance cooperation, international visibility and excellent research (Einstein Foundation, 2009). The “excellence rhetoric” of choosing names like Einstein or Super University for the political programs in Berlin is following the same paradigm that is underlying the Excellence Initiative. Being the capital of Germany and accommodating three large universities, Berlin feels clearly pressured to prove its relevance in Germany’s research community.

In addition, internal funding opportunities for researchers at HU have increased as well. In the context of the Institutional Strategy a fund⁷ was set up that distributes money through eleven funding lines that aim for example at improving chances for young academics, supporting gender equality, promoting interdisciplinary cooperation or internationalization. An interesting observation of one respondent was that this has in a way created a “small DFG within HU” (HU10). Because this entailed the creation of a whole new set of application and decision-making procedures within the university, it was criticized by some as too resource-consuming and pointless because it was simply creating a parallel structure to the DFG. However, one crucial difference is the influence the presidium has on the decisions made in the funding lines and it has indeed been suggested that sometimes the funding decisions are not merely based on academic merit, but follow also an internal political agenda (HU10).

5.3.2 Interdisciplinarity

One general development in the research profile of HU is the increase of interdisciplinary cooperation both within the university and with external institutions. In 2004 a new structure called Interdisciplinary Centres (IC) was introduced, by which it was attempted to counteract the rigid internal division of faculties and to enhance the visibility of the university profile (LB 2005). Between 2004 and 2006 ten new ICs were established. Another two ICs were established in 2007 (RB 2007). Some of those ICs were also transformed into Excellence Clusters after having provided an optimal environment for researchers to develop a successful application together (RB 2006). In general the ICs were perceived as effective incubators for applications to third-party funding (RB 2007). After a positive evaluation in 2009 it was decided to keep the concept of ICs and to integrate them into the newly emerging structure of Integrative Research Centres (IRI). When the first Integrative Research Centre “IRIs for the Sciences in Adlershof” was established in 2009, two of the ICs were basically the two pillars

⁷ http://www.exzellenz.hu-berlin.de/funding/standardseite?set_language=en&cl=en, retrieved 26.05.2014

which the IRI was based on (RB 2009). The new IRIs were supposed to serve as a platform for interdisciplinary projects. After having centralized a large part of the natural sciences at one campus in the south of Berlin (Adlershof) in 2003, the successful emergence of the first IRI at this location was celebrated as a proof of the successful outcomes of the restructuring of the natural sciences that had been perceived critically in the beginning (RB 2006). In 2012, a second Integrative Research Centre was founded, i.e. the IRIs for Life Sciences which had the aim of strategically developing the Life Sciences at HU and to coordinate with the other universities and non-university institutions in Berlin. Even though it was not called an IRI, in this context it is also important to mention the Professional School of Education which was established in 2011 and which centralized the research and teaching in the HU teacher education and received further support through the Excellence Initiative (LB 2011).

The Institutional Strategy built strongly on the concept of the IRIs and the arguments of the positive outcomes of the already existing IRIs were crucial for the success in the third round. As a consequence, in 2013 part of the Excellence Initiative grant was used to establish a third IRI on a topic combining Social Sciences and Natural Sciences. In overall the effect of the IRIs is seen as very positive among the university members. Several respondents have expressed their hope that the IRIs will have a “magnetic effect” and attract new excellent researchers as well as direct the research focus within the university into one centralized direction, thereby building critical mass which is needed to do excellent research (HU05). Especially for professors with very broad denominations the freedom of choosing their research focus is perceived as very large and it is assumed that the incentive of working together in a well-funded research center with good facilities will have this kind of magnetic effect on those professors. The same effect is expected from the Excellence Clusters. As the researchers who are mainly affiliated to the clusters have in general much lower teaching loads and can work much more intensely on their research, it is assumed that they will be more productive, thereby shaping the profile of the university (HU09). One critical voice pointed out that it is not enough to invest a lot of resources into three big IRIs in order to centralize research interests while not cutting down in other areas that are weaker at the same time. For this respondent it appeared as if only additional structures had been created, while nobody was brave enough to actually hurt other areas, even though this will inevitably become necessary in the future (HU10). Another critique is that the increased interdisciplinary research cooperation can also lead to increased tensions within the university. One account has been given of a department that was confronted with developing

their research focus into a direction they didn't approve of, just because another department in an Excellence Cluster they were participating in was having such a strong influence on them (HU05).

5.3.3 Cooperation

HU was already active in cooperating with non-university institutions before the Excellence Initiative. One of the prevalent instruments in this context is the S-professorship which stands for "special professorship" and is given to professors who are also active researchers in other non-university institutions, whereby HU and the external institution share costs for the professorship. This instrument is used very strategically to establish close links to the excellent and often very well-funded external institutions. As stated in the performance report of 2007 the universities use S-professorships to change their personnel structures in an innovative way. This was further advanced through the establishment of Excellence Clusters through the Excellence Initiative, which are aimed at increasing cooperation with external institutions. Through the Institutional Strategy, HU aims at becoming a "role-model cooperative university" which it attempts by opening up the IRIs to external research partners. This also includes setting-up joint steering committees with non-university partners which provide guidance on all important matters regarding research collaboration, like for example academic profile, resources and personnel planning and cost sharing. They are supposed to advance the establishment and shared research infrastructures, common promotion of young researchers and collaboration in teaching (HU Institutional Strategy, 2012). Moreover, a Centre for Expertise for Cooperation in Academic Research has been established through the Excellence Initiative funding which supports members of HU in initiating collaborations by pooling administrative, financial and logistical resources for teaching and research (HU Institutional Strategy, 2012).

Another change took place in 2012, when the cooperation with international partner institutions became more strategic in the way that a small number of international universities was selected with which the HU would build a particularly close and active partnership. About 25 universities were selected, first and foremost on basis of their international reputation and their similar research profile. However, some cooperation was included mainly because of the historical relationship to the university (LB 2011). Even though the decisions over the international partnerships have become more top-down, the Institutional Strategy

also grants additional funding for individual researchers to establish international collaborations from bottom-up, for example by organizing international summer schools or by providing visiting scholarships to international scholars (HU Institutional Strategy, 2012). In addition, the Institutional Strategy provides funding for International Officers at all faculties of HU who are serving as contact persons for all international matters.

5.3.4 Doctoral education

In general the number of structured graduate programs at HU has been increasing greatly since the beginning of the millennium. In 2006 HU had the largest number of DFG funded Graduate Colleges in Germany. In 2006 the Humboldt Graduate School was established, an internal umbrella organization for the various structured doctoral programs that have been established at HU since 2000. The aim of this Graduate School was not only to offer centralized support to the programs, but it also serves as a quality assurance instruments, because all doctoral programs have to fulfill a number of requirements in order to be accepted into the school. Those requirements are mainly related to competitiveness, transparency, internationality, chance equality and supervision. It is interesting to mention that the same kind of organization was introduced at the competitor FU during that time (LB 2006). It has been mentioned that the positive experiences HU had made with the HU Graduate School had a great impact on the central role the graduate education took in the Institutional Strategy (LB 2011). An interesting observation is that the actual number of students in structured graduate programs is still much smaller than the number of individual doctoral students. However, it took some years before the individual doctoral students also got the ability to be included in the Humboldt Graduate School and to benefit from its infrastructure (LB 2011). As the structured doctoral programs are still an emerging phenomenon in German universities, this delay in integrating individual students into the benefits system of the Graduate School might be interpreted as an attempt to make the structural programs more attractive by providing clear advantages compared to the individual programs. Even though all respondents spoke positively of the activities aimed at improving the conditions for young academics, one critical respondent mentioned that it is not enough to only provide temporary support through the Excellence Initiative. It was suggested that this would only disguise the actual problems in the system, like the lack of security that was provided by the university to the young academics (HU08).

5.3.5 Quality

HU was the first university in Germany that has introduced self-evaluation of its research areas in 2001. Originally the plan was to evaluate each discipline every five years through informed peer review and developing performance agreements with the departments according to the evaluations. Even though the outcomes of the evaluations were seen as very useful as a basis for strategic further development of the research profile, the evaluation process turned out to be too resource consuming in order to be kept up in its original frequency and degree of detail. Especially during the first application process of the Excellence Initiative the evaluations were paused due to a lack of resources.

The situation changed in the time after the first failure in the Excellence Initiative. In 2008 a new Quality Management Office (QM Office) was set up in the central university management. The new QM Office centralized the research evaluation process and developed a new model of performance agreement in which all areas were agreed upon together, while at the same time extending the period of agreement and the reward in case of positive evaluation (RB 2009). The establishment of the new QM Office can be considered to be part of an emerging quality culture within HU and it is pointed out in the performance report of 2008 that the advantages and usefulness of the new quality assurance measures are being understood and appreciated by the members of the university (RB 2008). However, in later accounts it becomes clear that some quality assurance measures such as benchmarking in the administration might have been conducted but results are often not implementable, apparently due to the lack of financial support (LB 2011). However, after the Institutional Strategy's success in 2012 more money is invested in the quality assurance. For example, the QM Office has been extended by one academic senior advisor who is accompanying the implementation of the different funding lines of the Institutional Strategy with formative evaluations (HU09).

5.4 Patterns of strategic responses

Table 14: Timeline of Developments

Changes in institutional environment (Federal level)		2006 Federalism reform	2010	2011	2012	2013	2014
2002 Reform of Federal Pension Act							
Changes in institutional environment (Länder level)							
1997 Berlin Budget reform	2003 - 2005 1 st Contract between Berlin and HU	2006 - 2009 2 nd Contract between Berlin and HU	2010 - 2013 3 rd Contract between Berlin and HU	2014 - 2017 4 th Contract between Berlin and HU			
2000 Structure Law reform							
2000 - 2005 1 st Contract between Berlin and HU							
2003 - 2005 2 nd Contract between Berlin and HU							
2006 - 2009 3 rd Contract between Berlin and HU							
2010 - 2013 4 th Contract between Berlin and HU							
2014 - 2017 5 th Contract between Berlin and HU							
Excellence Initiative	2005 Official Announcement	2006 1 st round decision	2007 2 nd round decision				
2007 2 nd round decision							
Developments in Humboldt University – Governance							
1998 Reform of Board of Trustees	2006 - 2010 New president	2007 Concilium Decanale	2008 New QM Office	Since 2010 New president	2012 Administration reform	2014 Faculty Reform	
2006 - 2010 New president							
2007 Concilium Decanale							
2008 New QM Office							
Since 2010 New president							
2012 Administration reform							
2014 Faculty Reform							
Developments in Humboldt University – Human Resource Policies							
Since 2004 2 nd Structural Plan: Reduction of staff	2006 More influence of presidium on appointment procedure	2007 New internal reward system	Since 2010 Delay in updating Structural Plan	2011 Accommodation of more university entrants	2012 More complex appointment regulations		
Since 2003 Increase of junior professors							
2004 Interdisciplinary Centers (ICs)	2006 HU Graduate School	2007 New internal reward system	2008 Public denial of “Super Uni”	2009 Integrative Research Centers (IRIs)	2012 Focus on few international partnerships		
2006 HU Graduate School							
2007 New internal reward system							
2008 Public denial of “Super Uni”							
2009 Integrative Research Centers (IRIs)							
2012 Focus on few international partnerships							
Before 2005							

In general the findings indicate that several changes have happened since 2005 which are directly related to the implementation of the Excellence Initiative. Especially the changes which were initiated through the Institutional Strategy are a direct response to the policy instrument. However, there have also been other institutional developments that seem to have emerged in response to the Excellence Initiative, without being part of the official Institutional Strategy. This includes changes in the informal communication culture, perception of the role of the university leadership and institutional identity. In this section the organizational changes within HU will be interpreted according to the five dimensions by which the policy instrument Excellence Initiative is being characterized by Oliver (1991). Those dimensions are cause, constituents, content, control and context of the policy instrument. Thereby it will be possible to shed light on the relationship between Excellence Initiative and the actual changes that took place in the university.

When looking at the rationale behind the Excellence Initiative it becomes clear that both economic and social fitness are being targeted. First, by giving incentives to the universities to become more efficient and produce better excellent research, one aim seems to be to make the universities better performers, even if the general budget is being cut. This would mean less economic burden for the government, while at the same time getting the expected high quality knowledge and expertise that is needed from the university in our knowledge society. At the same time the rationale behind the Excellence Initiative could be understood as an attempt to strengthen the legitimacy of German universities in German society. The German people are living in a more and more globalized world and the relevance and quality of universities on German soil is not only being compared to other German universities anymore. Instead, the competitors are everywhere and in order to assure their legitimacy German higher education institutions are pressured to prove their merit in comparison with top notch institutions worldwide. The rationale to make German universities more excellent and internationally visible can therefore be interpreted to be also aimed at increasing the social fitness of German universities. The response within HU to the Excellence Initiative varied depending on the angle from which this policy instrument was perceived. While the academics within HU seem to have a rather high opinion of the research performance of themselves and their peers, they nonetheless acknowledged the necessity of improving the internal structures to provide better conditions for conducting excellent research. Nobody seems to contest the fact that HU has some rather inefficient and therefore unnecessarily expensive structures, which is why economic fitness was seen as a legitimate goal that deserved to be supported. In contrast, it

was discussed very controversial within Germany if the Excellence Initiative had a positive impact on social fitness, as many people argued that the strength of the German higher education system actually lay within its equally distributed quality and the lack of horizontal differentiation. This controversy also seems to have taken place within HU at the beginning of the application process (HU09), but at the latest after the failure to receive “excellence status” in the second round of the Excellence Initiative it became obvious that the idea of being one of the top universities in Germany mattered a great deal to the members of HU.

The obvious constituents of the Excellence Initiative are the Federal and the Länder Governments who clearly benefit from the Excellence Initiative, as it seems to have mobilized many positive changes within the universities that are now operating in a more efficient way. Other constituents are also the academics who benefit from the diversified funding possibilities and the students who find better conditions and facilities in the funded institutions. However, the groups of the academics and the students need to be divided into the “losers” and the “winners” of the Excellence Initiative and it has been criticized many times that the institutions that didn’t succeed in the competition, experienced an economic and social damage, as they had risked their reputation and resources without getting anything in return (Simon et al., 2010). The response to the Excellence Initiative within HU is clearly shaped by the often contrasting attitudes and interests of the different constituents that were openly battled out within the internal governing boards such as the University Senate.

With regard to the content of the Excellence Initiative, it is interesting to examine the requirements that were prescribed by the policy makers concerning the three funding lines. While the Excellence Clusters clearly required the applying institutions to develop interdisciplinary research cooperation, the Graduate Schools demanded a more intense reflection of how to provide best possible education to junior academics. For the Institutional Strategy there was in fact a template that was supposed to be used by the institutions and that was to cover the following areas like for example governance, internal research structures, development of junior academics, chance equality, external cooperation and ability to act strategically. Indeed HU covered all of those areas in its successful Institutional Strategy and it is an interesting question what role the template played in developing the strategy within HU. One respondent assumed that the template did indeed influence or rather restrict the development of the strategy to the areas suggested by the policy makers, even though this didn’t seem to have led to any complaints as the themes were accepted as appropriate anyway

(HU08). Another respondent had another interpretation, being that the suggested elements seemed to simply match the vision of the new presidium in a perfect way, which was also expected to be one of the major factors for the success (HU09). One can conclude that the response of HU to the Excellence Initiative was clearly facilitated by the fact that its content was met with approval within the university.

With regard to the control means by which the Excellence Initiative was imposed on the German universities, it is clear that the implementation took mostly place by pressure for voluntary compliance. Even though there was no legal coercion that would have forced the institutions to take part in the competition, the participation rate was immense among the German universities which can be explained by the name and shame process that went along with the competition. The incentives of participating were both of financial and reputational nature and HU did clearly participate in response to these incentives. One account was given of a department that only developed a draft for a graduate school in the first round because it had heard that the other university in Berlin was preparing a similar application in the same discipline and it was worried to be perceived inferior to its competitor (HU09). However, in the very beginning there seemed to have been discussions within HU if a participation was necessary and worth it at all, but this was abandoned at once when the first rumors from activities of competing universities emerged and it became clearer what the actual material benefits would be in case of a success (HU09).

The context in which the Excellence Initiative was implemented helps understand the response of HU. The universities in Germany and in particular in the financially stricken Berlin are facing a very uncertain financial future. It is clear that the members of HU are very worried about the developments and the inability to predict what might happen. Against this backdrop the enthusiastic response to the Excellence Initiative always went hand in hand with a very critical view of the future. Even though the financial support HU gets through the Excellence Initiative is valued as a great help to improve the current conditions in the university, almost all respondents expressed their concerns about the possible consequences that will follow after the funding of the Excellence Initiative has ended. It is expected that there will be a hard struggle for resources among the colleagues which in the worst case might paralyze the university and undo many of the positive developments (HU09).

The following table gives an overview of the organizational changes that have been identified, thereby uncovering patterns that might show if the changes have been triggered deliberately

or have rather emerged from within the institution. While it is clear that it is often impossible to identify one single external pressure that has led to a certain response, the table below attempts to give a simplified overview in which the most obvious pressure is mentioned without claiming its exclusivity. The same applies to the time period which in most cases is blurry and should only be understood as a point of chronological orientation.

Table 15: Strategic responses to Excellence Initiative

Change	External pressure	Type of response
Changes in internal organization and governance		
Since 2006: More influence of presidium in appointment procedure	Perception of presidium to have too little influence on decision-making	Manipulate
2007: Set up of Concilium Decanale	Part of first application to Excellence Initiative	Compromise
2007: Change in preparation process for next round of Excellence Initiative	Failure in first two rounds of Excellence Initiative	Compromise
2007: Employee survey on “leadership”	Dissatisfaction with leadership structures among employees	Compromise
2008: Set up of Quality Management Office	Emerging demands of quality assurance in environment	Acquiesce
2010: Expansion of Quality Management Office	Increased complexity and importance of budget appropriation system	Acquiesce
2012: Development of faculty reform	Part of the Institutional Strategy	Manipulate
2012: Only some of the faculties take part in faculty reform	Faculty reform in context of Institutional Strategy	Defy
2012: Implementation of administration reform	Part of the Institutional Strategy	Compromise
2012: More delegation of decision-making to presidium w.r.t. Excellence Initiative	Reclaimed trust in presidium after success in third round of Excellence Initiative	Compromise
Changes in human resource policies		
2006: Increased Budget of presidium to meet particularly high demands of “star” researchers	Increased competition over attracting best researchers	Compromise
Since 2010: Delay in update of structural plan	Too little resources and planning security from Government	Avoid
2012: New rule that at least two women need to be in appointment committee	Demand to increase the number of female professors	Manipulate
2012: Set up of administrative	Increased complexity of	Acquiesce

units for academic affairs to support appointment process	appointment procedures	
Changes in research		
2006: Establishment of Humboldt Graduate School	Demand to improve the quality of graduate education	Acquiesce
Since 2007: Introduction of reward and incentive systems for third-party funding	Demand to increase third-party funding due to budget cuts	Acquiesce
2008: Public denial of support of “Super Uni” idea of Berlin Government	Idea of Berlin Government to develop an overarching “Super Uni” in Berlin	Defy
2009: Introduction of Integrative Research Centers (IRIs)	Demand of more interdisciplinary research	Manipulate
2012: Investments into graduate education	Institutional Strategy in context of Excellence Initiative	Compromise
2012: Focus of international cooperation on few partner universities	Demand for more strategic international cooperation	Defy
2012: Set-up of joint steering committees with non-university partners	Demand for more strategic international cooperation	Manipulate
2012: Establishment of Centre for Expertise for Cooperation in Academic Research	Demand for more strategic international cooperation	Manipulate

This overview shows that all types of strategic responses can be observed within HU. When looking only at the strategies that were used since 2005, the following pattern emerges. In the time period 2005-2014, 10 strategies have been identified in the area of internal governance and organization, 4 in the area of human resource policies and 8 in the area of research. In particular the strategies compromise (7), manipulation (6) and acquiescence (5), have been used rather frequently, accounting for more than one third of the 22 identified strategies. The strategies avoidance (1) and defiance (3) have been less prevalent. According to Oliver’s (1991) typology, the strategies of acquiescence and compromise are typical in a highly institutionalized organization like the old and traditional HU, which is in line with the findings. However, there also seem to be several strategies in place where the environment is actively manipulated and institutional norms challenged. In the interviews it has become clear that there are great differences in the preferred responses among the different member groups of HU, in which some are deliberately trying to shape the environment and some are resisting against any change. Due to the democratic process of finding a consensus in the University Senate, in many cases the institutional response overrules any deliberate strategic attempts. Nonetheless, an institutional change seems to take place within HU through which an

increased acceptance and support of a more strategic leadership has emerged. The strengthened leadership in turn seems to have received more authority to implement deliberate strategies in certain areas, as long as it is not violating the status quo too much. This development has already begun before the Excellence Initiative but seems to have been accelerated by the application process in the three rounds.

6 Conclusion

The central focus of this thesis is on strategic behavior that is taking place in higher education institutions. By investigating the changes that have been taking place in Humboldt University Berlin it was possible to uncover a variety of developments in internal governance, organization, human resource policies and research of the university, thereby addressing the first research question “(1) Which organizational changes took place within the university after the introduction of the Excellence Initiative?”. The findings indicate that the Excellence Initiative had a clear impact on the university’s strategic behavior. For example, it has led to the creation of an official institutional strategy document. As claimed by several respondents this would not have happened without the Excellence Initiative. Moreover, the common goal of succeeding in the competition helped legitimizing the strengthening of single strategic actors like the university leadership and the deans, a development which suddenly was less contested by the University Senate that had originally shown strong resistance against the emergence of top-down authority. It can therefore be said that in the case of HU the policy instrument Excellence Initiative has reached its goal of making universities more strategic by strengthening the university leadership (Gaehtgens, 2010). In addition, the establishment of Integrative Research Centers and the centrally distributed funding lines of the Institutional Strategy helped to reduce the fragmentation of the institution, which was another intention of the Excellence Initiative. In general, it was noticeable in the interviews that the sense of competition and the desire of being one of the best universities in Germany have become even more present within HU, which can also be seen as an intended outcome of the Excellence Initiative. HU is a special case insofar as it had failed in the first two attempts of the Excellence Initiative, which created great dissonance within the institution, as its reputation of being one of the best universities in Germany was being threatened. This seems to have triggered competitiveness in the heads of the university members as well as a willingness to invest more time into tasks that are not only beneficial to themselves but to the whole institution.

The findings clearly indicate that strategic behavior is possible in universities which can therefore be considered strategic actors. However, regarding the second research question “(2) What role does the institutional leadership play in triggering those changes?” it is important to point out that, despite several accounts of strategic behavior, HU is not acting as an organizational entity with a leadership deciding top-down which directions the university

should take. Instead, HU seems to operate like a portfolio manager, who decides to make strategic investments in particular project teams which then are relatively autonomous and develop their own goals and ways of reaching them (Whitley, 2008). Examples of such project teams are the Integrative Research Centers, the Excellence Clusters and the Graduate Schools. In order to understand the role of the institutional leadership, it is interesting to examine in which way strategic planning is understood in HU. In this context it is important to mention that the concept of strategies is still a rather new one in German universities and is often discussed controversially. As suggested by Berthold (2011) this could be due to the fact that the differentiation process has not yet advanced very far in Germany and individual institutions don't see their survival to be existentially jeopardized by the increased competition. However, the findings of this thesis indicate that this process seems to have advanced further and against the backdrop of decreasing government funding the need to plan strategically has become more urgent. Indeed, the atmosphere during the interviews left the impression that the university was getting ready for even more competitive times and the Institutional Strategy was seen as a first step into this direction. In fact, many respondents considered the increased strategic planning and the strengthening of the leadership a necessary development in order to stay successful and the Excellence Initiative was considered an important wake-up call for HU. The Institutional Strategy is at the core of this strategic planning process and it is of an interpretive nature, as it helps the leadership to convey meaning that is intended to motivate stakeholders in a favorable way for the university (Maassen & Potman, 1990). The DFG template provided for the Institutional Strategy has encouraged the perception of the strategy being of interpretive nature. In the first part the university was supposed to give a description of its status quo and its strengths and weaknesses, followed by a section about the actual strategic measures the university intends to implement in order to further develop these strengths and to improve the weaknesses. As pointed out by a respondent, HU's Institutional Strategy has indeed managed to represent the university's identity in its whole and the ability to identify with the strategy seems to have a very positive effect on the staff member's willingness to support the strategic measures. Moreover, the Institutional Strategy does not only convey meaning to internal stakeholders, but it also provides a publicly accessible document that explains the reasons why HU has the right to be granted several million Euro, thereby convincing external stakeholders of its legitimacy.

Addressing the third and final research question of “(3) *To what extent are these changes influenced by institutional forces?*”, it has become clear that the strategic responses are being limited by several institutional forces. First, autonomy and self-regulation in decision-making processes and the execution of tasks is traditionally strong among HU academics. This is reflected in the extent to what most decisions are dependent on a consensus in the University Senate. It has also been this bottom-heavy governance structure that has slowed down the organizational responses to the Excellence Initiative, resulting in the unsuccessful participation in the first two rounds. It was mentioned several times in the interviews that the time between the first official announcement of the policy instrument in July 2005 and the first application deadline in October 2005 was too short in order for HU to successfully develop an Institutional Strategy that was based on university-wide consensus. In the face of this time constraint, a draft was developed by a small number of members of the leadership, which retrospectively was identified as the main reason for the failure, as the draft met strong resistance within the institution due to its top-down nature. Moreover, this resistance was explained by pointing out the strong status-quo orientation of the HU University Senate which generally needs a lot of persuading in order to accept suggested changes. Further examples of institutional forces that have influenced the outcomes of the Excellence Initiative are the strong labor regulations that have limited the strategic behavior with regards to human resource policies. It was mentioned by a respondent, that in order for the Excellence Initiative to really improve the situation of junior academics in Germany, it would have been necessary to reform the labor laws in higher education sector at the same time. However, another example shows that flexibilization of external regulations do not necessarily lead to changes or increased strategic responses within the university. When the Federal Pension Law was reformed and German universities were granted the possibility to base professorial salaries on performance, HU did not adapt to this change. This choice was explained by the institutional tradition of basing the relationship between university and its professor on trust. This example shows clearly the strength of institutional traditions at HU and in which ways reform outcomes can be influenced by them. By analyzing the identified changes according to Oliver’s (1991) typology of strategic behavior, it became clear that both deliberate and emergent strategies could be observed in the university. Some changes were not seen as strategies while they emerged, but only in the aftermath were they identifiable as a slowly emerging strategic response that had been triggered by a variety of institutional forces. This includes changes in the identity of the institution and the attitude of university members

against certain topics such as the Excellence Initiative or the role of leadership. However, there have been several deliberate attempts of changing the environment and to adapt to external pressures. As to be expected in an institutionalized environment, some of those attempts were met with strong resistance. Nonetheless, some of those deliberate strategies were successful, especially when they took into considerations the institutional norms and were building on the consensus of the whole institution. After the initial failure in the Excellence Initiative, the third round was for example met with a deliberate approach of providing a functional division of competence among the internal stakeholders. This goes in line with former findings that have shown that change within institutions might be the product of strategic choices of an identifiable group of leaders while at the same time change can also be strongly determined by environmental processes of competitive selection (Gornitzka et al., 2007). Moreover, one can assume that the pace and depth of organizational adaptation will vary considerably according to the openness a higher education institution has demonstrated towards its social environment in the past. Especially universities whose institutional history have mainly been defined by a sense of elitism and concern with purity, as is the case with HU, are typically incorporating new institutional elements in a much slower and more superficial way (Krücken & Meier, 2006).

To fully understand the findings, it is interesting to investigate the reasons of why HU participated in the Excellence Initiative. This can be explained by several aspects: First, HU felt pressured to live up to its reputation of being one of the best universities in Germany. Second, the difficult funding situation in Berlin seemed to leave no other option than to apply for the additional money that was perceived essential for staying competitive and keeping up the high standards. However, the attempt of HU to compete successfully in the Excellence Initiative was not only driven by financial benefits, but also by the fact that a successful application provides the university with a firmer societal standing. In other words the university is looking for a legitimate position in the societal and political order by finding ways to explain and justify its institutional rules and principles, thereby giving policy makers and the general public good reasons to accept the institution's claims to protect its core institutional values such as university autonomy or academic freedom (Gornitzka et al., 2007). This search for a new pact should be seen as part of a much larger transformation that is happening, as Europe in general is currently in search of a new order (Gornitzka et al., 2007). The changes that took place due to the Excellence Initiative can therefore be perceived to be at the core of the current change processes that are happening in Europe and in particular

in European higher education. In order to be able to meet the societal and economic demands, it is important that universities are well integrated in society and responding flexible and fast enough to the rapid changes that are taking place in their environment (Gornitzka et al., 2007). In general, the Excellence Initiative seems to have served its purpose. However, the extent to which those changes are sustainable is very dependent on several political decisions. It seems likely that some of the changes will not be able to be maintained after the Excellence Initiative funding ends in 2018, unless a more permanent solution is found that provides higher and steadier funding to German universities. Another competition in the form of a fourth round of the Excellence Initiative is currently being discussed. However, one needs to consider the large amount of time and manpower that was spent during the application process both in the successful and the unsuccessful universities. While this investment has undeniably sparked many positive changes in the first rounds, it is questionable if this extent of mobilization would take place another time. Therefore many critiques claim that the outcomes of another round would not justify the immense efforts and investments of the application process anymore.

In general this case study has contributed to the literature on the impacts of the Excellence Initiative. While this thesis provided insight into strategic behavior in universities based on a single case study, it would be interesting to continue the research by investigating and comparing the responses of further universities. It is likely that the types of responses vary dependent on the institutional traditions and available resources. Moreover, it would be interesting to examine the strategic responses in universities that have been unsuccessful in the Excellence Initiative. To conclude, it is important to follow up the developments in the strategic behavior of German universities in the future and to conduct more empirical research on the effects strategic behavior has on the performance and quality of the institutions.

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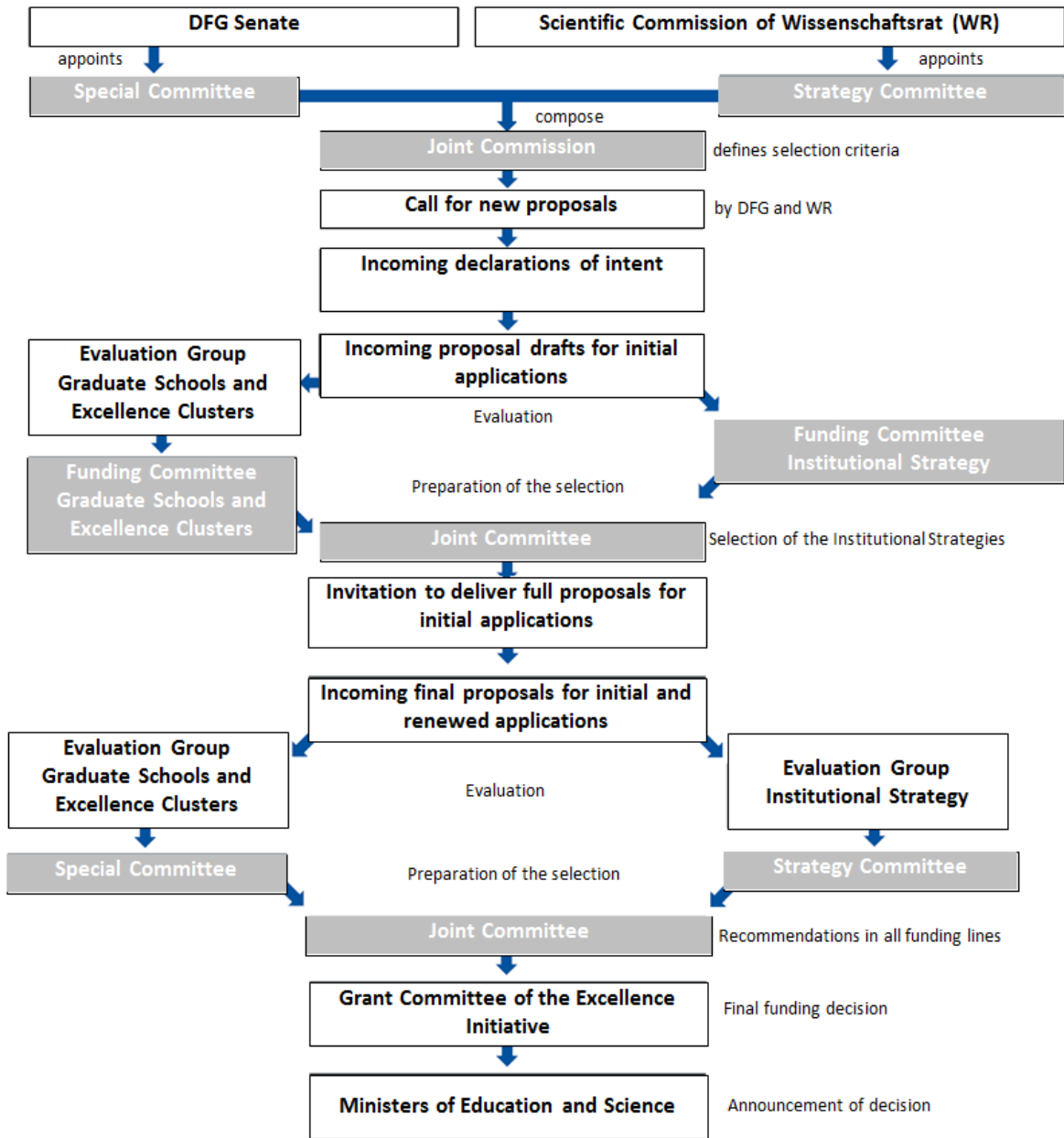
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Appendix

Appendix 1: Example interview guideline

1. Personal information
1.1. Position at Humboldt University
1.2. Contact with Excellence Initiative
2. Changes in internal organization and governance
2.1. Changes within department or faculty since 2005? In how far has Excellence Initiative had impact?
2.2. Changes within governance structures and procedures since 2005?
2.3. Change in importance and procedures of strategic planning since 2005?
2.4. Actors that are most important in process of strategic planning? Changed since 2005?
2.5. What are the reasons for those actors to have influence and how has it developed over time?
3. Changes in research
3.1. Changes in research profile of department/faculty since 2005? Who has initiated those changes and why?
3.2. Are there incentives that are supposed to direct the research profile (e.g. more interdisciplinary research)? Changes since 2005?
3.3. Changes in third-party funding of department/faculty since 2005?
3.4. Are there incentives to apply for third-party funding? Changes since 2005?
4. Changes in human resource policies
4.1. Changes in personnel structures within department/faculty since 2005?
4.2. Changes in appointment and recruitment procedures since 2005?
4.3. Changes in human resource planning within department/faculty since 2005? Has it become more strategic?
4.4. Changes in contracts, regulations or frameworks since 2005?
5. Application to Excellence Initiative
5.1. How have the applications been developed and prepared within HU? Who was involved?
5.2. In how far have the formalities influenced the content of the applications?
5.3. How has the failure in the first two rounds influenced the third application?
5.4. Based on your opinion which changes have been directly triggered by Excellence Initiative?

Appendix 2: Application and selection procedure Excellence Initiative



Appendix 3: Assessment criteria for Institutional Strategy

Status Quo of University	
Research achievements	a) in the university's profile areas of research activity b) in the university's other areas of research activity
Institutional setting for top researchers at every career level	a) Structures and processes of research organization b) Infrastructure c) Advancement of young researchers d) Recruitment procedures e) Internationalization and international visibility f) Gender equality g) External collaborations
Research-oriented teaching	(only if a concept for research-oriented teaching was submitted)
Capacity to act	a) Institutional capability for structurally differentiated self-assessment of the university b) Institutional capability for strategy development and profile shaping c) Governance d) Internal communication processes
Quality of Institutional Strategy	
Plausibility	of the Institutional Strategy in view of the goals of the funding programme and the Status Quo
Coherence	Coherence of the Institutional Strategy regarding targets, strategic approach and measures
Innovative potential	Innovative potential of the measures
Effects on teaching	a) of the proposed measures to expand top-level research: positive effects and possible unintended side effects b) of the proposed concept for research-oriented teaching (if such was submitted)
Project organization and management	Both at executive and operational levels
Adequacy of the proposed budget	Adequacy of the proposed budget to meet institutional goals
Potential of University to become sustainably excellent	
Sustainability	Integration of the Institutional Strategy in the university's long-term planning Foreseeable effects of the Institutional Strategy for the sustained expansion of top-level research at the university (including effects on teaching), at the location, and on the system of higher education and research
International Competitiveness	Likelihood that the university will improve its international competitiveness

Appendix 4: Outcomes for Humboldt University (including medical school Charité)

Round		Institutional Strategy	Graduate School	Excellence Cluster
First round (2006-2011)	Applied with draft?	Yes, 1 draft was handed in	Yes, 7 drafts were handed in	Yes, 3 drafts were handed in
	Draft short-listed?	No, draft was not short-listed	Yes, 2 draft were short-listed	Yes, 2 drafts were short-listed
	Success in final decision?	No	Yes, 2 drafts were successful <i>Berlin School of Mind and Brain</i> <i>Berlin Mathematical School</i>	No
Second round (2007-2012)	Applied with draft?	Yes, 1 draft was handed in	Yes, 7 drafts were handed in	Yes, 4 drafts were handed in
	Draft short-listed?	Yes, draft was short-listed	Yes, 4 drafts were short-listed	Yes, 3 drafts were short-listed
	Success in final decision?	No, draft was finally rejected	Yes, 2 drafts were successful <i>Berlin Brandenburg School for Regenerative Therapies, Medicine</i> <i>Berlin Graduate School of Social Sciences</i>	Yes, 2 drafts were successful <i>NeuroCure, Medicine</i> <i>Topoi, Philosophy</i>
Third round (2012-2017)	Applied with draft?	Yes, 1 draft was handed in	Yes, 8 drafts were handed in (4 new and 4 follow-up)	Yes, 9 drafts were handed in (7 new and 2 follow-up)
	Draft short-listed?	Yes, draft was short-listed	Yes, 8 drafts were short-listed (out of which 3 were the schools already successful in round 1 and 2)	Yes, 4 drafts were short-listed (out of which 2 were the clusters already successful in round 2)
	Success in final decision?	Yes, Institutional Strategy was successful	Yes, 5 drafts were successful: <i>Berlin School of Mind and Brain (continued)</i> <i>Berlin Brandenburg School for Regenerative</i>	Yes, 3 drafts were successful <i>NeuroCure (continued)</i> <i>Topoi (continued)</i> <i>Image Knowledge Gestaltung (new)</i>

			<i>Therapies (continued)</i> <i>Berlin Mathematical School (continued)</i> <i>Graduate School for Analytical Science Adlershof (new)</i> <i>Berlin Graduate School for Integrative Oncology (new)</i>	
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