Portuguese Higher Education: More Competition with less Market Regulation?
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We have analysed some recent trends in Portuguese higher education in order to assess if there was a strengthening of market forces. The Portuguese case is a good example of a clear strengthening of this emphasis on inter-institutional competition, which has been stimulated in recent years both by the supply and the demand sides. On the latter, it was clear that the sluggish student demand and their tendency to be quite averse to geographical mobility, especially due to increasing cost-sharing, has created a context in which institutions have to struggle to secure enough candidates to fill their numeri clausi. These competitive trends have also been reinforced by a tendency of the supply side to be significantly concentrated both from a geographical and a disciplinary point of view. In a time of increasing financial restrictions and declining demand, institutions have shown a significant tendency for institutional isomorphism and for risk-aversion.

However, it is less straightforward to sustain that these competitive trends have been followed at the system level by a strengthening of market regulation. In fact, on several instances we have seen various significant examples of growing government intervention that has often tended to curtail institutional autonomy. Some of the most important examples in this respect refer to the way the Bologna process was implemented in Portugal and also to the recent changes in quality evaluation, with the introduction of accreditation. Moreover, and despite the recommendations of the recent OECD Higher Education Review, the subsequent legal and regulatory changes have seldom enlarged the degree of managerial and financial autonomy of institutions, even when new legal possibilities were created such as the case of public foundation status.

This combination of significant competition and strong government regulation poses interesting challenges to institutions and the coming years may be crucial to assess to what extent we will see a reshaping of the Portuguese higher education system. So far we can observe that short-term behavior and isomorphism of new programs has prevailed. However, the persistence of strong competition with tight financial constraints, plus the implementation of Foundation Universities with a 5-year financing program and the reinforcement of the binary divide may well lead to system segmentation.

It is not difficult to imagine that the peculiar combination of competition and strong coordination will contribute to a situation in which institutions will face very different academic and financial situations. Moreover, it is also likely that competition and policy guidance will lead some institutions, normally the weaker ones, to narrow their mission and to become essentially teaching institutions. Differently, other institutions may be favored by a concentration of some streams of funding, especially as regards research. If this turns out to be the case, the Portuguese higher education system may be evolving to a process of marketization mainly through segmentation in which some groups of institutions will be formed with significant competition within the group, but very limited competition between the groups of institutions.