

QAA Viewpoint

Regulation and the importance of culture and people December 2017

There is a trend towards a high-level principles approach to regulation, supported by more detailed guidance, among regulators and regulatory regimes. The UK Standing Committee for Quality Assessment's 2017 [consultation](#) on the future of the development of the UK Quality Code for Higher Education is a good example of this.

Technical guidance, codes and frameworks will always be at the heart of sector regulation. *The Framework for Higher Education Qualifications in England, Wales and Northern Ireland* and *The Framework for Qualifications of Higher Education Institutions in Scotland*, for example, will continue to provide the sector with common reference points for baseline standards. However, as we enter the next phase of higher education regulation across the UK, it is worth remembering that culture and people are also key to effective regulation. This Viewpoint shares the learning from our research and other sectors' experience of risk-based regulation.

Cultures of Quality

[Research commissioned by QAA](#) considered the quality assurance cultures in higher education systems across the world.

A high-level conclusion is that risk-based regulation needs to be applied in a reflective and nuanced manner - not as a wholly mechanical or quantitative process. It needs to be responsive to the regulated institution's behaviour, attitude, culture and operating environment.

Drilling a bit further into culture, the research finds that there are hard and soft elements to quality cultures. 'Hard' elements prioritise rule-following and accountability, while 'soft' culture is about group identity, shared values, beliefs, expectations and commitments towards quality.

As demand for higher education grows the cost of higher education rises. In step with this, funders, whether students or the State, tend to look a bit closer at what their investment is delivering. And so, unsurprisingly, there is a worldwide trend towards 'hard' elements.

Notwithstanding this, a key finding is that soft or internal cultures tend to have the biggest effect on quality. Quality regimes therefore need to work with 'soft' culture - the risk otherwise is that culture can be undermined by, or be in tension with, the harder elements of accountability regimes. Positive engagement by academics is also more likely when quality regimes are focused on 'creativity, development and improvement'. The hard elements, then, need to be balanced by quality systems that foster 'soft' culture.

Culture and effective regulation

Research into culture and quality is not new in higher education. A joint project by the European University Association and QAA Scotland, [‘Examining Quality Culture in Higher Education institutions’](#) (2009), found that a quality culture cannot simply be equated with an institution’s quality assurance system. Additionally, [Lee Harvey and Bjørn Stensaker’s scholarly work](#) links QA cultures with high quality teaching and learning.

Looking further afield, the LSE’s Centre for Risk and Regulation considered the learnings from other sectors and their regulatory regimes. Alongside formal or hard elements they find that a healthy organisational culture is central to effective regulation and risk management.

They identify two broad approaches to managing risk – risk management and risk oversight. Risk management is the activity and decision making that manages and responds to risk. Risk oversight sees governing bodies seek assurance from internal systems about their management of quality, and in turn pass this to a regulator.

Risk oversight plays a crucial role in developing soft cultures. To assure themselves effectively, non-executive board members need to respond to risk with a range of actions – from encouragement and development to constructive criticism. They need to establish a culture of overseeing academic risk as part of their risk portfolio. This goes with the grain of the [2016 quality assessment reforms](#), where a governing body’s role is to ‘receive reports and challenge assurances from within the institution’.

The [Financial Conduct Authority](#) has a similar focus; they *‘want to know how your business is really run’* because *‘culture underpins everything you do, setting the tone for the behaviours you promote and reward’*. This approach attempts to counter ‘creative compliance’ in favour of regulation that promotes the spirit (and not just the letter) of the law.

Conclusion

The world of work and regulation is fundamentally about, and relies on, people. Without wishing to underplay the importance of process, data, and technical documents, it seems that people, trust and healthy organisational cultures are equally important to good governance and risk management. Reflecting this, [2017 consultations on the new regulatory framework](#) created with the establishment of the Office for Students (OfS) in England recognises that ‘culture and ethical practices are just one dimension of risk that the OfS will consider when regulating the market’.

That all calls for a good relationship between regulators and regulated, with a free flow of information that’s underpinned by critical self-reflection on both sides. For example, evidence suggests that listening to students – the sector’s experts by experience – provides insights that help to improve teaching and the student experience. It is by seeking to integrate the ‘soft’ cultures that help drive quality improvement, into the ‘hard’ overarching regulatory framework, that regulators can maximise the benefits to all stakeholders.