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# Austerity Measures in Greece and their Impact on Higher Education

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## Abstract

The present study examines the impact of austerity measures on the academic community. The Technological Educational Institute of Athens served as our case study. It was selected because it is the second largest higher education institution in Greece, and has students of a diverse socio- economic background. Data were obtained through an analysis of institution financial statements and other documents depicting budgets, human resources, infrastructure, in an attempt to study their impact on the resulting quality of education. In addition, through the use of questionnaires we evaluated the impact of austerity measures and the economic crisis on both academic staff and students in relation to their performance, the quality of education, and their plans for educational and professional trajectories. Finally, and given the pending merging or even closure of some departments, faculties and/or institutions throughout the country, we examined the effects on people's attitudes towards educational and research activities.

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## 1. Introduction

Greece, like several countries in Southern Europe, has been experiencing the consequences of an economic crisis.

In the period of 2009 to 2012, the GDP of Greece has shrunk by approximately 18%. This shrinkage is the biggest in the history of Modern Greek economy in times of peace. The economic crisis led, among others, to the worsening of employment conditions and the increase of unemployment (Mpampanasis, 2012). Between the years

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2008 and 2011 recruiting new employees has decreased by 26.6% and from 1,143,920 to 839,015 (Karantinos, 2012). The unemployment rate in Greece in 2013 has risen to 26.9 percent and according to OECD is predicted to be 28.2 for the next year.

In this economic environment, substantial cuts have been made in the education sector. Education in Greece is tuition free, at all levels of the system, including higher education. This means that the state must provide financial resources and personnel. Now, although personnel for higher education are selected independently by the institutions, they are subject to the authorization of the central government and specifically by the education authorities, responsible also for their salaries, in accordance with their status as employees of the broader public sector (OECD, 2011).

Higher education institutions as open systems are affected by the social and political contexts within which they are continuously evolving. The economic crisis and the recourse to the stringent mechanism of financial support imposed upon Greece, have taken a deep toll upon both its economy and its society.

The agreements on the Greek debt have resulted in large cuts in overall public funding and, as expected, severe reductions in the funding for higher education. As such, institutions of higher education, which rely primarily upon public financial support, have been adversely affected. As a specific example, the Greek government imposed salary cuts for all government employees, including academic staff (~30 %), and enforced restrictions on recruitment of new academic staff.

Since 2009, many faculty positions were abolished, quite simply, by not replacing staff that retired. This is highly significant, as an ever-increasing number of academic staff, were forced to modify their retirement plans because of the rapid changes in the existing pension plans and the continuously uncertain economic environment. Furthermore, the funding shortages have resulted in cuts to part-time staff budget, which in turn, eliminates the possibility of renewing contracts. This then creates further problems for many institutions, which rely heavily on temporary staff for lectures and lab work.

With respect to non-academic budget demands, many institutions are forced to cover maintenance and repair costs at bare minimum levels. While some countries in Southern Europe address these issues by increasing, or even imposing for the first time, tuition fees (Douglas, 2010) Greece has not followed this route.

In order to face the significant shortage funds, the Ministry of Education implemented the restructuring of higher education with an underlying aim, to reorganize the academic “map” of higher education. In this context, many departments, particularly in the technological sector, were merged to form a larger department or institution that could be financially sustainable in the long term. It is widely predicted, that the shortfall and decline in financial resources for public education, will continue in the foreseeable future.

## **2. The case of Technological Educational Institute of Athens**

The funding of the *Technological Educational Institute* (TEI) of Athens is viewed in the context of the current economic fluid environment and the consequent reforms instructed by the Program of Financial Support for Greece sponsored by the EU and the IMF.

The Institute, as all higher education institutions in Greece, is publicly funded through the state budget, the public investment fund and a separate account for paying contracted academic staff. During the past four years of deep recession in the country (2009-2012), the Institute has undergone severe budget cuts. As the recession deepened every year, the budget restraints were bigger and all sources of funding reclined and shrunk to the point of making the survival of the Institute a challenge.

This is presented in the following figure that depicts the reduction in all three sources during the four years of economic crisis (Technological Educational Institute of Athens, 2013).

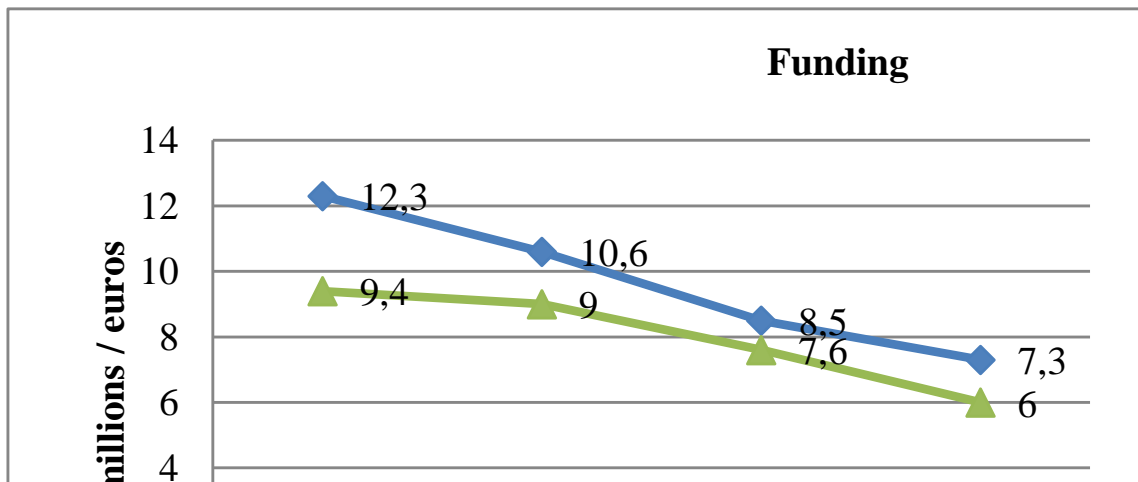


Fig. 1. The TEI of Athens funding.

The Institute had always “healthy finances”, was always spending within budget, and had a large number of funded research programs and cash deposits. However, in the four years of recession, the Institute had suffered a serious reduction in its cash deposit. At the end of the fiscal year 2009 the Institute had a 13.5 million in cash deposits. In order to keep operating, the Institute used about 3.5 million in 2010, and another 2.7 million euros from its cash deposits to cover expenses for 2012. In addition, an extra 4.6 million were lost to the PSI (the restructuring of the Greek debt). Specifically, during the March 2012 “debt hair cut” the Institute’s savings deposits were reduced by almost 50% (i.e. from 10.7 million Euros were reduced overnight to 6.1 million). This had a series of side effects such as reduction to money given for maintenance, supplies such as copying and printing paper, library acquisitions, etc.

In addition, funding allocated for hiring academic staff on contract was reduced creating a series of problems in day-to-day teaching and classes, often resulting in overloading the tenured academic staff.

Funded research continued at the same level as the previous years and the number of research programs even increased in 2011 and 2012. However, the complex bureaucracy imposed by E.U. research funded projects, the continuously changing Greek legislation regarding the management of funds, the over taxation of those funds and the never ending delays had caused a tremendous burden on these activities.

It should be noted, that as a result of the economic crisis a series of services offered by the Institute, especially to students had increased needs. For example, the Institute has a meal plan for students of low-income families. According to the Institute’s statistics (Technological Educational Institute of Athens, 2013) the number of students using the daily meal plan has increased significantly during the years 2009-2012, thus creating an extra expenditure. Specifically the number of students using the meal plan for 2009, 2010, 2011 and 2012 was 4.799, 5.867, 8.271 and 6.681 respectively.

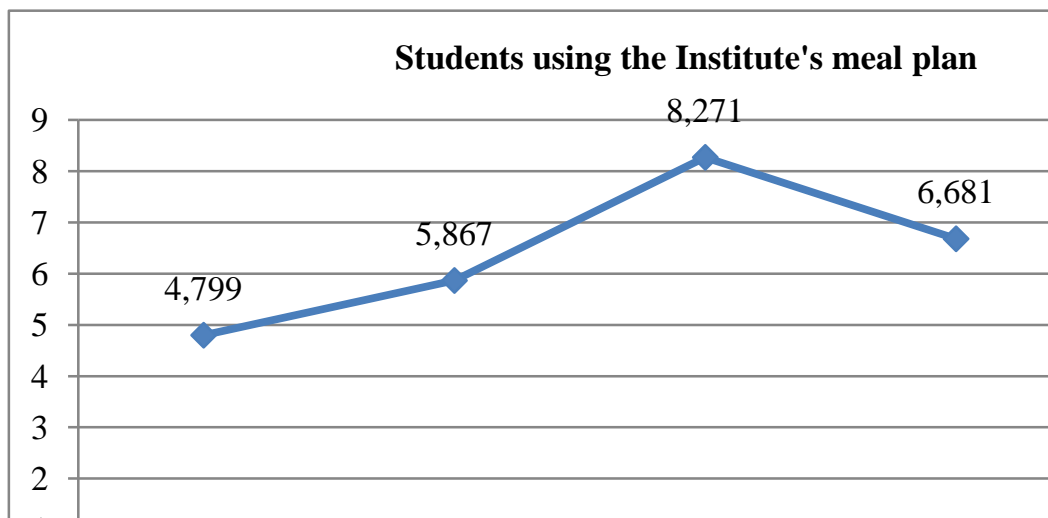


Fig. 2. How students use the Institute's meal plan.

It should be noted that 2012 includes only the spring semester of the academic year 2011-12 and it indicates approximately half of the actual number of students using the meal plan within the fiscal year of 2012. If we project the numbers this might be over 13.000. The above number is a social indicator of the state in which Greek families have come to and their inability to sustain their children in studying. As a social indicator, this is as alarming as unemployment is. Greek families traditionally value education and support their children through their university years. It should be noted that in Greece, there are no student loans on offer, and there is a limited number of student residence placements. On the other hand, there are no fees and textbooks are offered freely for all university students.

Within this framework, the present paper examines the points of view of academic staff and students focusing not only on the consequences of economic uncertainty but also on their views regarding opportunities and new challenges.

### 3. Methodology

An analysis of financial and other official documents of the TEI of Athens was made in order to report the imposed cuts in expenditure with reference to educational concerns but also in order to reveal the effort of the institution (despite the above cuts) to convince and reinforce the message about its role as a research institution in the field of higher education.

The participants consisted of faculty members and students. Two questionnaires were developed based on our experience as academic staff and given the relevant literature in specific disciplines (Moran, 2012). The questionnaires for both groups were uploaded to the web using open source software in the spring semester of the academic year 2012-2013.

The academic staff survey includes questions which fall into five categories: the ways and the degree in which the crisis has affected their performance indicators and the implementation of their educational objectives, whether they perceive economic crisis as an opportunity for innovation and improvement of their competitiveness; the areas in which they should be focusing during this period, the aspects of the economic crisis which affected them in a negative way; how they consider the economic difficulties will affect the students' educational career and their future professional prospects.

The questionnaire for students elicits participants' demographic characteristics such as gender, nationality, area of residence, parental occupation and education; whether the economic difficulties affect their choices, plans and

ambitions, their educational career and professional trajectories. Finally whether, the current fluid environment influences the financial support they receive from their families, and in which ways students react to the economic uncertainty.

The participants were asked to respond to the questions on a 5-point Likert scale that ranged from 1(negative, or not at all,) to 5(positive or very much).

A total of 92 academic staff belonging to different faculties returned the questionnaire. Out of those, 8 questionnaires were excluded from the analysis since they were incomplete. With reference to students 478 returned the questionnaire and 448 were useful. Therefore, 84 questionnaires from academics and 448 from students were used in the data analysis.

## 4. Results

### 4.1. Academic staff survey results

One of our basic questions was to determine faculty perceptions regarding the progress of crisis and the overall situation in the country. The results held no surprises as 73.8% believe that the situation will worsen, a further 17.8% believe that it will remain the same and only an 8.3% opted for a better state of affairs. This depicts faculty perceptions towards the expansion of the economic crisis and it creates the setting for determining the impact of crisis and the strict austerity within the framework of higher education.

Then, we proceeded by determining the major indicators that depict this impact on specific areas of academic life. Figure 3 presents faculty viewpoints regarding the indicators that were affected by the crisis. Student performance seems to be their major concern and it is the area mostly affected by it, while teaching quality follows closely along with publications and research proposals. If we are to give an explanation to these indicators we have to point out that our students are either working (if they were able to find a job) and thus spending less and less time in studying, or having to deal with unemployed parents and several other destructions from their studies. Staff reductions is the major reason for all faculty decreased activities, as day to day workload has increased, leaving little room for research, publication and teaching improvements.

On the other side, perceptions regarding the positive impact of the economic crisis were also depicted and are presented on Figure 4. The belief that the economic crisis will possibly create opportunities for promoting new ideas or for contributing to innovation is revealed. However, faculty members believe that the crisis will not create opportunities for developing further cooperation with businesses, it will not increase competitiveness and it will not make teaching more effective.

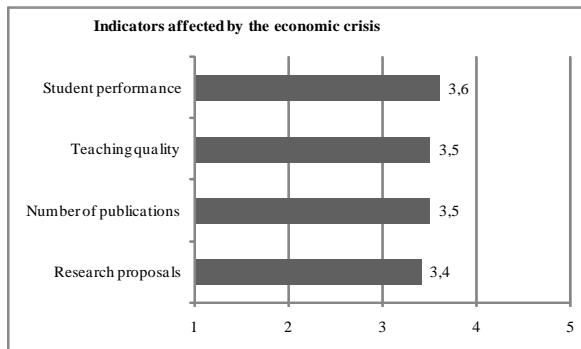


Fig. 3. Indicators affected by the economic crisis.

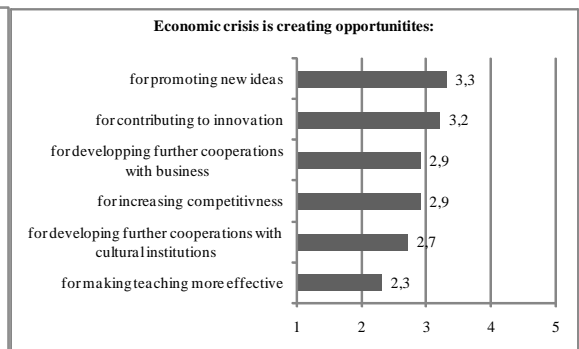


Fig. 4. Opportunities during the crisis.

Furthermore, academic staff believes that recession will enhance e-learning and the use of technology (Fig. 5). Faculty members believe that recession limits their students' current and future opportunities, their performance and reduces the family's ability to support financially the students (Fig. 6).

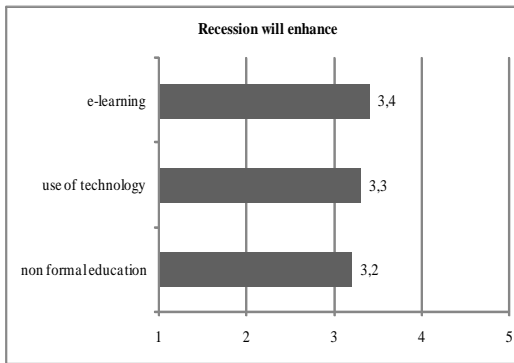


Fig. 5. Recession and learning.

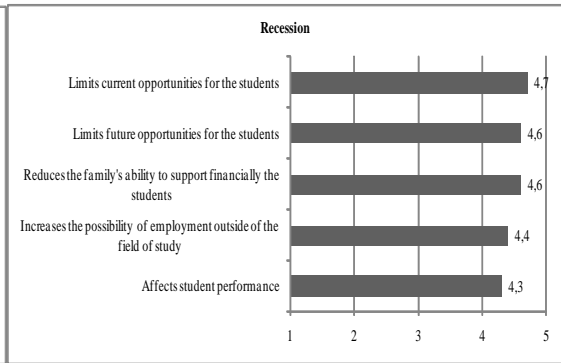


Fig. 6. Recession and students

Negative aspects of the crisis are the staff reductions, the uncertainty for the future, the budget cuts for conference participation and the changes in the working conditions, including the work under pressure and the sense of insecurity. The answer to the crisis is perceived to be the cooperation with other universities, the expanding of funding opportunities from sources beyond the national budget, and creativity (Fig. 7). Finally, emphasis should be given to teaching quality and to students' services along with the adaptation to the new conditions (Fig. 8).

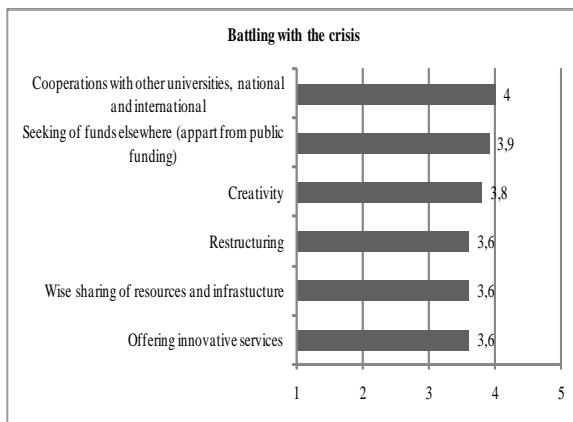


Fig. 7. Battling with the crisis.

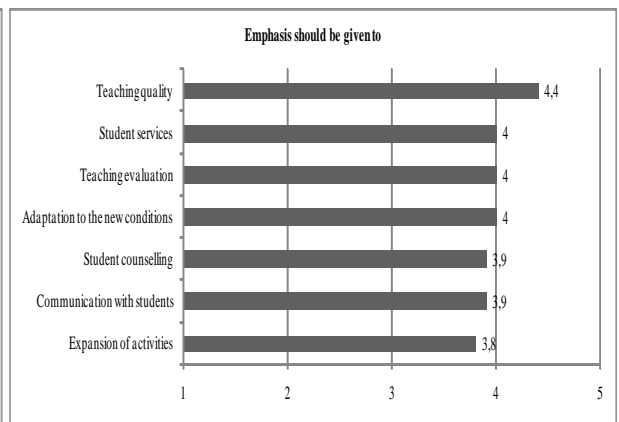


Fig. 8. Areas in which emphasis should be given to.

#### 4.2. Students' survey results

Student demographic results indicated that the unemployment among their fathers is almost 20% and among their mothers is 40%. The majority is self-employed (64% for the fathers and 61% for the mothers). The majority of the parents had finished upper secondary education (21.77% for the fathers and 36.05% for the mothers). Additionally, many of them (17.91 for the fathers and 15.65 for the mothers) were University graduates.

Figure 9 presents the areas that recession has influenced students' choice of university. This is mostly due to its geographic location. Most of them select universities that are located closer to their home city. Furthermore, it is evident, that recession has directed students to postgraduate studies immediately after graduation, possibly as a postponement to unemployment. It also has affected their career choice by making them choose areas of studying that have a higher prospect of employment rather than their personal preferences and / inclinations.

In addition, it has increased the possibility of seeking employment during their studies as well as to make them halt their studies due to financial constraints.

Recession has enhanced willingness to acquire certificates in foreign languages and computer knowledge, to complete their studies and to participate in various programs, such as Erasmus etc. (Fig. 10).

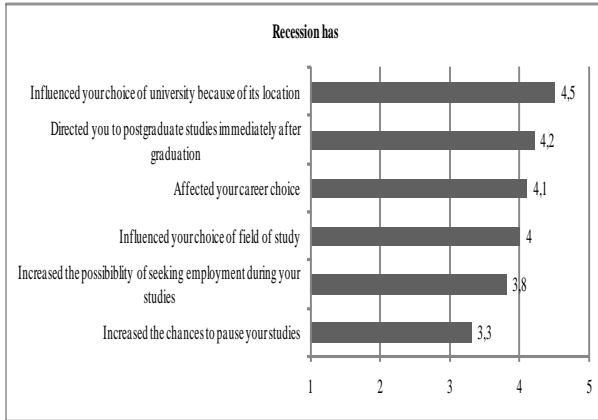


Fig. 9. Recession and educational career.

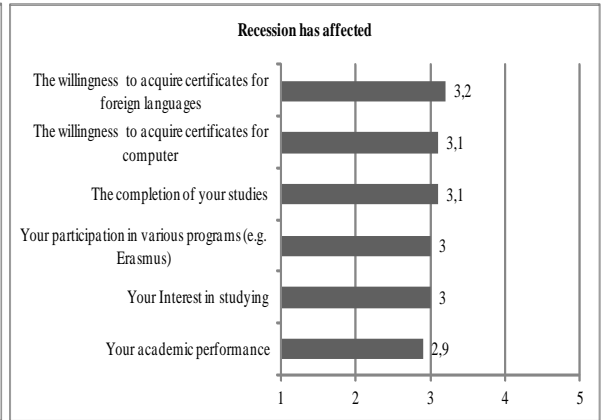


Fig. 10. Recession and educational aspects.

Students believe that recession encourages employment outside of the field of their studies and affects their current and future employment opportunities (Fig. 11).

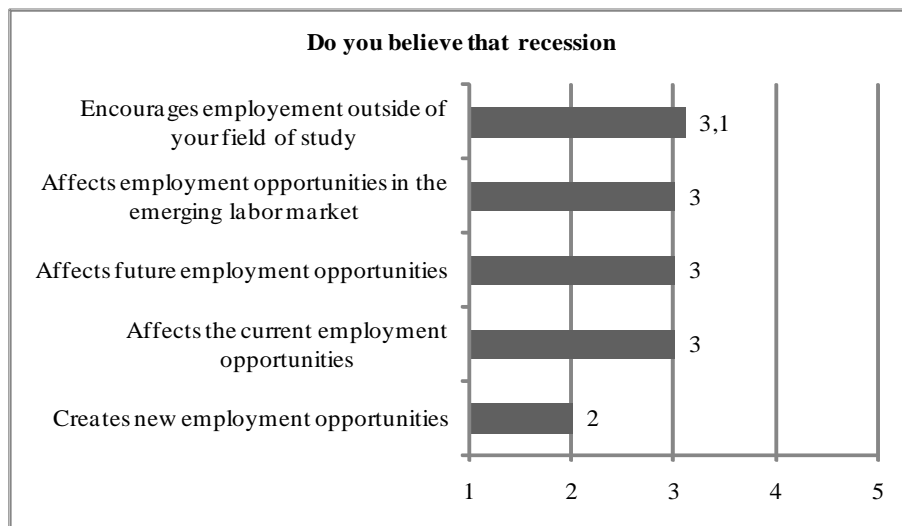


Fig. 11. Recession and employment opportunities.

Recession affects the financial support offered by the family to the students and the quality of students' life. In addition, it creates stress and anxiety to them (Fig. 12). Finally, recession directs them to seek employment in other countries (Fig. 13).

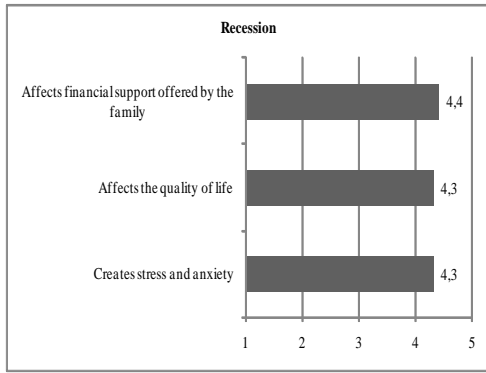


Fig. 12. Recession and students' life.

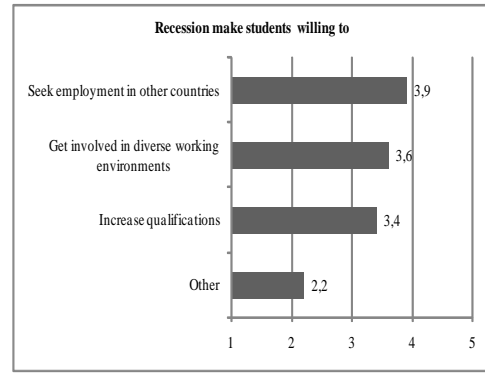


Fig. 13. Recession and students' employment prospects.

## 5. Conclusions

The paper examines the points of view of faculty and students focusing not only on the consequences of economic uncertainty but also on their views regarding opportunities and new challenges.

This study suggests that the difficult economic circumstances, which Greece has been experiencing, and the accompanying public spending cuts are fully understood by both faculty and students. The crisis has affected higher education in a number of ways. Both faculty and students believe that unemployment is a major drawback of the crisis and it has affected the working prospects and employment opportunities.

The Faculty members believe that the future of higher education is mainly affected by government actions as well as by hard to predict conditions. The latter reveals their uncertainty and anxiety for the foreseeable future. Furthermore, they consider that recession has strongly affected the performance of the students and the quality of education. From the point of view of students it was found that recession influences their choices of universities, it affects, as it may be expected, family financial support and pushes them to seek employment in other countries. However, in a positive note it is indicated in the research, that the difficulties imposed by the fiscal crisis have led to an increase in e-learning, and the use of technology in general. Finally, there is an indication that cooperation with other institutions of higher education both in Greece and abroad and creativity are considered by academics as the answer to the consequences of the crisis.

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