

Chapter 7

Governance, Administration, and Management

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7.1 Introduction

Academia in Japan has now entered a difficult phase, in common with many other countries, in which academic communities have become knowledge enterprises due to the worldwide trend of what has been called managerialism in higher education (Arimoto 2011). Japanese academics are increasingly required to become agents of their principals (president and academic administrators). The government has seemingly succeeded in controlling academics through the New Governance, and the shift of power from professoriate to administrator has changed the role of academics as professionals. With the increase of managerial involvement, feelings of distrust and alienation have occurred among Japanese academics. The way to avoid the tension between a formal authority (principal) and its designated, more specialized agency (the academic profession) is through trust and discretion. The conclusion of this chapter is in this respect.

7.2 Changing Governance

In this chapter we focus on the administrative burden of professors and their attitude toward their own organization. Before we draw on evidence from the findings using the Carnegie Study of 1992 and CAP Survey of 2007, we sketch the relevance of this focus and the context of the governance of higher education in Japan during the 15-year period.

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First, we focus on the management in order to understand the core issue of individual autonomy. Indeed, within the academic community in the universities, faculties want to take part in the judgment of entrance and graduation, the credit recognition, the formation of curricula, and the selection and promotion of administrators. In academic organizations, unlike the employees and the labor unions of commercial enterprises, professors have more power over the jurisdiction of many matters besides wages, working hours, public welfare, and so on (Abott 1998).

Nevertheless, the most cumbersome work for faculty is the administration. Such miscellaneous duties are not considered proper education and research activities; rather, they interfere with teaching and research commitments. The professors need to make many time commitments outside of the classroom: course conferences, various committees, department meetings, all-campus conferences, and council, often needing to overcome inertia and strong vested rights rooted in the department and the faculty. Clark (1983) reveals that a feature of university management in Japan is the polemic forms of academic authority between the Ministry of Education and the collegial rule. So, the role of the Japanese university's presidents was then just coordination among faculties and with the Ministry of Education.

However, even if university is commonly described as an academic community which is controlled by collegial rule, it is frequently argued that the professor is a lone wolf for whom individual autonomy is strong and loyalty to their institution is weak. On the other hand, faculty meetings look like "mutual aid associations," because in Japan they are welcoming of such lone wolves. Where there is a temporary dean or rector, in general they do not have more power than individual professors. Nevertheless, in spite of such anarchic governance, faculty takes part in the regulative and normative decision-making process of the institution, and they have insisted on jurisdiction of various issues. So, to understand the reality of management in university, we must look beyond the law to the faculty's actual practice.

Second, it is interesting to investigate the "universal problem" which was revealed in the 1992 Carnegie International Survey (Lewis and Altbach 1996). This survey found internationally a marked distrust and alienation on the part of faculty with the administrators of their organization except in Japan and the Netherlands. For the statements "Top-level administrators are providing competent leadership" and "The administration supports academic freedom," the favorable responses in Japan were 60 % and 71 % respectively, while these statements were evaluated much more negatively in other countries. Similarly, for the statement "The administration is often autocratic," the response of the Netherlands was low at 37 %, and that of Japan was 40 %. Also Japanese teachers have the strongest preference for research after the Netherlands in the 14 nations surveyed. It is certain that this Japanese clear preference for research gave impetus to the subsequent teaching-oriented higher education policy.

However, for Japan this result can be seen to be natural. The year 1992, when the Carnegie Survey was conducted, was only a year after the deregulation of the Standards for Establishment of Universities Act, which decreed that a university should endeavor not just to avoid falling short of the standards for establishment specified by this Ministerial Ordinance, but also to further improve the level of its

standards. The age of evaluation of universities in Japan had just started. But, in those days, individual autonomy was believed in within the community of scholars. And as mentioned previously, power was widely dispersed at the university and even at departmental level, with a common perception that nothing was determined in Japan's faculty meetings. Because each department protected vested rights, compromise was eliminated. As Thompson (2007, p. 141) pointed out, "When the power is widely dispersed, compromise issues can be ratified but cannot be decided by the dominant coalition in toto."

Internationally, academics were affected by the major trends of worldwide accountability, massification, managerial controls, deteriorating financial support from public sources, and others. These factors negatively affected the working conditions of the academic profession. The collegial control was exposed to the neo-liberal whirlpool and the Neo-Conservatism of Thatcher's UK in the 1980s which itself was imported from the United States under the Reagan government. Hard management techniques were adopted by university governance, leading to loss of confidence by the academic profession (Trow 1994; Enders 2005). Universities were involved in the "grand contradictions" of reduction of budgets and response to stakeholders' needs (Clark 1998). Therefore, in the 1992 Carnegie Survey, it can be seen that a negative attitude to corporate control—or its twin, enterprise-based authority—appeared in the participating countries of Europe and America. The research question is therefore the extent to which such hard managerialism has been confirmed in the awareness of faculty in current Japan.

Third, we do not know yet the impact that structural reform has exerted on academic work. Various reforms have been implemented since 1991, ignited by the deregulation of the Standards for the Establishment of Universities Act (Amano 2006, 2007). Drastic measures implemented in Japanese universities included: liberal arts department reorganization; recommendation of self-study and evaluation; external evaluation and third party evaluation; relief of subsidiary business regulation of professors; revision of faculty's qualification benchmark; various good practices; resource allocation by evaluation; free design of faculty organization; the legal obligation of faculty development; and the strengthening of systematic deployment of graduate education.

The upshot of these developments was the National University Corporations (hereafter, NUCs) Act and the revision of Private School Law in 2004. Due to the rapid decrease in the 18-years-old population being near at hand, fiscal tightness, popular frustration with the cost and effectiveness of higher education, and the neo-liberal education reform seen in the Anglo-American countries, government was being challenged to be subjected to information disclosure, performance tests, and contracting out of public services. Eighty-seven national universities were transformed into NUCs with a juridical public body separated from the central government and were expected to differentiate according to their characteristics and features (Central Council for Education 2005). Before corporatization, the national universities were just branches of the administrative organizations (Ministry of Education) where they were directly controlled under the National Government Organization Law.

By separating the ownership of the property right and the management right, government may succeed in “indirect governance” of their national universities. Although it looks as though the government has withdrawn from its official governance, it actually has not. The government can control NUCs like a “puppet master” through block grants which are to reduce by 1 % every year. In general, when government delegates public service to a third party (in this case national universities), it turns out that people receive an uncertain service. Therefore in order to avoid an asymmetry of the public service, medium-term (6-year) management by objectives was introduced to assure the quality of higher education. This is now being executed as a third-party evaluation not only at the stage of planning but also after implementation. It may be said historically that the structural reform of national universities in Japan began immediately after WWII when the new higher education system started and ended with this NUCs Act. So, the national universities entered a new and difficult phase in the twenty-first century.

The structural reform is theoretically explained by the administrative theory called New Governance, which incorporates the Principal–Agent Theory (hereafter, PA Theory) developed by the New Institutional Economics, which explains the existence of organizations in a market system. PA Theory proposes that despite the apparent influence that the principals in such a hierarchical relationship have by virtue of their grasp of the purse-strings, they cannot wholly control the behavior of agents who receive some money from their principal to contribute something on behalf of him (Salamon 2002). Because the agents, such as the academic profession, typically have more information than their principals about what they are doing, discretion is inevitably left in their hands. What is relevant for this chapter is the insight that this theory provides into one of the central paradoxes that arises in the relationship between principals (government or university presidents) and agents (president or faculties) in contractual or third-party arrangements of the sort that third-party government entails. Therefore, PA Theory proposes that every principal has to be ready for the block grant and incentives in order to keep control and avoid moral hazard and shirking by their agents (NUCs).

But the application of PA Theory to corporatization of national universities is complicated, because the president is a principal to the faculties as well as an agent to the government (Fujimura 2008). This principal–agent chain means that national universities after corporatization were built into the “vertical integration” advocated by Williamson (1975). Therefore, an investigation of the impact of corporatization on work conditions within the national university would illustrate the extent to which the new governance works. However, there are few studies on the influence of the reform, even though the first 6-year term was completed in 2009. Then what are the consequences of this New Governance for Japanese academics? Admittedly, as long as universities deliver the educational services, it may not matter to the Japanese citizens what kind of governance there is, or whether the problem of asymmetric information has been solved. But, it does matter to the academics concerned.

From these contexts, the following sections will reveal how the involvement of academic staff in administrative matters has changed during the 15 years

1992–2007. And as a result, we confirm that institutional differentiation within the national system of higher education in Japan is increasingly evident. The CAP survey in 2007 was investigated by same universities in 1992. Respondents were tenured full-time faculty above lecturers.

7.3 Involvement of Administration

7.3.1 *Increasing Load of Management*

We begin by reporting the mean, median, and ratio of time faculty spent in administration such as committees, faculty conferences, and clerical work by rank and year (see Table 7.1) The median is added to the table because the data is a skewed distribution. Table 7.1 also provides costs of the time spent on administration converted by salary. Of course, caution is required in the interpretation of time because data is self-reported. Moreover, we cannot separate out the administrative time taken for communications to obtain consensus from that taken to carry out activities.

The following three points are clear when we use these three indicators of administrative time. First, administrative time has increased during the 15 years. In 1992 the median time in-session in private universities was 3.7 h (7.3 %) per week, while in 2007 it had increased to 5.6 h (10.3 %). In national universities it increased from 4.9 h (9.6 %) to 5.7 h (12.2 %).

Second, the administrative time increased more in the not-in-session period compared with the in-session increase. In private universities the not-in-session time increased from 1.7 h in 1992 to 4.0 h, and in national universities from 3.0 to 4.5 h, an increase to more than double and to half as much again respectively. The official position was that the number of lecturers in private universities, and the number of professors in national universities, had increased in 2007 compared with 1992. In addition (not shown in the table), the coefficient of variation of administrative time decreased. This means that not only are academics at national and private universities increasingly involved in administrative activities, but they also share the burden more equally.

Third, the right column of Table 7.1 shows another indicator of administrative involvement, that is, the management cost on the basis of a 40 h per week contract and on a real-time base (Geurts and Maassen 2005). As is expected, the administrative cost of the real-time base is less expensive than the contract base, and had increased in 2007 compared with 1992. The table reveals that professors of national universities are the most expensive, costing 1,680 thousand yen (\$19,000) per year for administrative activities.

There are reasons why the burden of administrative work of professors increased. One is that, as mentioned earlier, the work of evaluation and planning of business which cannot be carried out only by office personnel has increased since deregulation. So, ordinary academic staff are required to do some of the administrative work

Table 7.1 Involvement of academics in institutional governance

		Hours (per week)						Ratio of hour (%)						Cost (1,000 yen)					
		In session			Not in session			In session			Not in session			In session			Not in session		
		Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Private university	1992	Professor	5.8	4.0	3.6	1.8	10.9	8.6	7.0	3.9	1,036	696	1,380	853					
		Associate Pro.	4.7	3.4	3.5	1.6	8.6	6.4	6.4	3.2	698	517	956	650					
		Lecturer	4.9	3.1	3.0	1.7	9.6	6.6	6.1	3.5	611	403	801	469					
		Total	5.4	3.7	3.5	1.7	10.0	7.3	6.8	3.6	882	601	1,182	748					
	2007	Professor	7.3	5.4	5.8	3.5	14.5	10.8	11.6	7.1	1,547	1,089	1,948	1,377					
		Associate Pro.	6.6	5.2	5.6	3.9	12.1	10.4	10.1	8.2	1,013	794	1,387	1,012					
National university	1992	Lecturer	6.7	5.3	5.8	4.8	12.7	9.2	12.0	9.7	826	625	1,103	764					
		Total	7.1	5.6	5.7	4.0	13.7	10.3	11.3	7.8	1,326	954	1,706	1,202					
		Professor	7.7	4.4	4.9	3.4	14.6	11.2	9.2	6.8	1,382	984	1,828	1,290					
		Associate Pro.	5.4	4.0	4.2	2.8	10.7	8.7	8.1	5.3	736	570	952	733					
	2007	Lecturer	5.2	7.3	3.4	2.7	8.8	7.7	6.3	5.6	534	505	747	600					
		Total	6.6	4.9	4.5	3.0	12.5	9.6	8.5	5.8	1,057	769	1,393	979					
2007	Professor	9.0	7.3	7.3	5.1	17.6	14.2	14.2	11.1	1,680	1,426	2,130	1,650						
	Associate Pro.	7.1	4.9	6.0	4.4	13.6	10.1	11.8	8.3	1,043	750	1,354	991						
	Lecturer	5.3	4.2	3.7	2.7	9.9	8.5	7.2	5.2	657	421	840	630						
	Total	8.0	5.7	6.5	4.5	15.5	12.2	12.8	9.2	1,358	1,002	1,735	1,218						

which supports top management. The second reason is the reduction in office staff, so that, without a professor's cooperation, routine work of administration cannot be performed. Therefore, it is important to regard administration as work which needs professionalization and which contributes to the productivity of a university, rather than to regard it as only miscellaneous business. An elaboration and systematization of administrative work must be considered (Rhoads 1998, 2007). However, before thinking about professionalization of administrative work, we will examine how Japanese faculty perceives the university governance.

7.3.2 *Alienated Faculty*

First of all, we will compare Japanese faculty's perceptions of university governance in 1992 with that of 2007. Most decision-making in higher education arrangements is characterized as centralized or decentralized. The Carnegie Survey explained that "centralized usually means that key decisions are made by top administrators (or a government board). Decentralized means that such executive decisions are made by faculty of the institution" (Altbach 1996).

Of course, in practice real governance is a blend of both. Specifically, university governance comprises seven items: (1) selecting the key administration; (2) choosing new faculty; (3) making faculty promotion and tenure decisions; (4) determining budget priorities; (5) determining the overall teaching load of faculty; (6) setting admission standards for undergraduate students; and (7) approving new academic programs.

In Fig. 7.1 we have plotted the percentage of both "strongly agree" and "agree" responses for each of these seven items (horizontal axis 1992; vertical axis 2007) by national and private institutions. The items located on the upper left of the diagonal have become more decentralized, while those on the lower right have become more centralized in 2007. For private universities, items are located on or close to the diagonal line, thus indicating that there was little change between 1992 and 2007, and show a more centralized view of governance with the exception of choosing new faculty.

By contrast, for national universities the seven items are located more in the centralized direction in 2007 than in 1992. In particular, budget determination is perceived to be most centralized among the seven items because line-item control was replaced by a block grant or incentive system after national universities became NUCs in 2004. Such items as "approving new academic programs," which was previously decided at the departmental level, is now perceived as an administrative matter. Since corporatization, as pointed out by Ehara and Sugimoto (2005), decoupling between educational affairs and management has been progressing in NUCs. All in all, the principal and agency relationship, in which vertical integration is a feature, was built into NUCs.

Next, we show how opinions about the governance have changed during the 15 years. The question is, "Looking at this institution, how do you feel about the

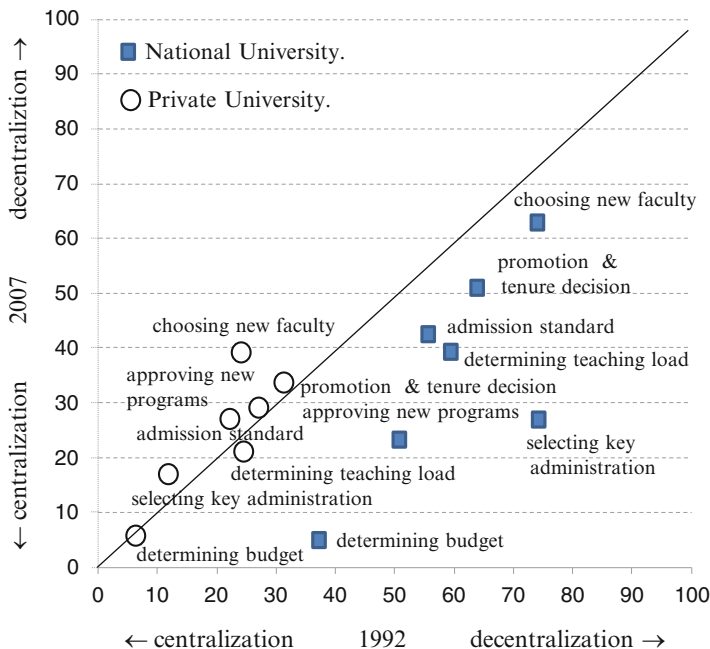


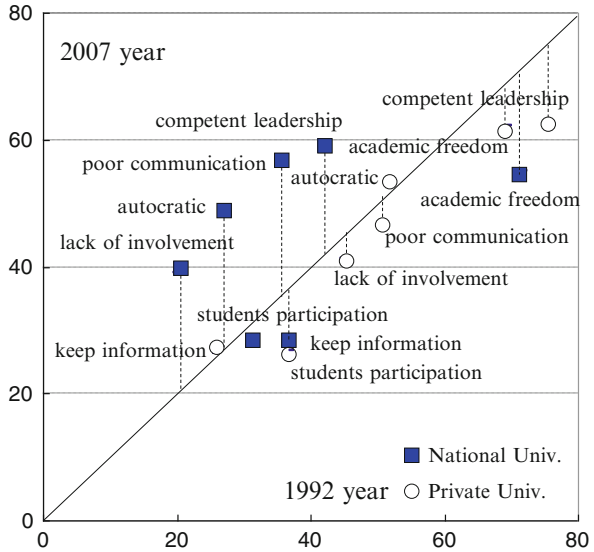
Fig. 7.1 Change of location of authority

following statements which relate to the management and decision-making process?” The statements are: (1) Top-level administrators are providing competent leadership (“competent leadership”); (2) I am kept informed about what is going on at this institution (“keep information”); (3) Lack of faculty improvement is a real problem (“poor communication”); (4) The administrators are often dictatorial (“autocratic”); (5) The faculty not participating in the decision-making process is a real problem (“lack of involvement”); (6) Students should have a stronger voice in determining policy that affects them (“student participation”); and (7) The administration supports academic freedom (“academic freedom”).

In Fig. 7.2, the horizontal axis is 1992 and the vertical axis is 2007. Items located on the upper left of the diagonal indicate an increase of positive opinion (% of “strongly agree” and “agree”); those on the lower right indicate an increase of negative opinion (% of “strongly disagree” and “disagree”). Those items on the diagonal show no change. While respondents of private universities remained nearly constant in their views during the 15 years, those of national universities changed considerably, with four items (“competent leadership,” “poor communication,” “autocratic,” “lack of involvement”) located on the upper left and one (“competent leadership”) on the lower right. After national universities became NUCs, top-down control was brought on faculty.

Here, we examine two items which were evaluated positively in the Carnegie Survey in 1992. That is, “Top-level administrators are providing competent leadership” and “The administration is often autocratic.” The percentage of “competent leadership” is

Fig. 7.2 Change of opinion on governance age



still 60 % compared to 15 years ago. As previously seen, this view is strong in national universities, while weak in private universities. But, the percentage of “autocratic” increased from 40 % in 1992 to 51 % in 2007 as a whole. This is because the percentage for private universities was 52 % in both surveys, while that for national universities increased from 27 to 49 %. Presidents’ leadership is evaluated positively in national universities. But, on the other hand, the percentage of “autocratic” increased from 28 to 48 %. This puzzling fact shows that the concept of leadership is in-maturity for respondents.

7.3.3 Discretion and Control

Academic freedom is one of the core values of higher education. Especially, intellectual freedom is indeed at the heart of academia. However, when it comes to perceptions of restrictions on what a professor can teach or research, some variations were noted between 1992 and 2007. The two items here are: (1) At this institution, I am fully free to determine the content of the courses I teach; and (2) I can focus my research on any topics of special interest to me. Table 7.2 shows the percentages of “strongly agree” and “agree.” While a majority of the respondents feel free to determine course content and research projects, there is a statistically significant difference between 1992 and 2007 for the national universities. The respondents of national universities in 2007 felt more constrained than those in private institutions. This is because, after the deregulation of the Standards for Establishment of Universities, national universities began to control the content of curriculum and to shift research funds from individual projects to collaborative ones.

Table 7.2 Perception of degree of control (%)

	Private university				National university			
	1992		2007	Sig	1992		2007	Sig
(1) Discretion								
(a) Designing the courses	79.0	>	71.4	**	82.0	>	68.0	***
	(926)		(430)		(843)		(632)	
(b) Research project	84.3		85.8	n.s.	85.6	>	80.7	*
	(925)		(430)		(842)		(637)	
(2) Level of academic power								
(a) At the smallest academic unit	67.6		72.3	+	82.9	>	78.7	*
	(798)		(394)		(813)		(629)	
(b) At the departmental level	50.1	<	57.0	*	62.0	>	52.2	***
	(849)		(412)		(800)		(619)	
(c) At the faculty level	24.4	<	30.3	*	35.2	>	28.8	**
	(855)		(413)		(833)		(631)	
(d) At the institutional level	14.6	<	19.4	*	11.2		10.5	n.s
	(845)		(413)		(818)		(630)	

Notes: The number of respondents is given in parentheses

*** $p < .001$; ** $p < .01$; * $p < .05$; + $p < .1$

Then, how did faculty's perceptions of their influence change? Academics were asked to rate their personal influence in helping to shape key academic policies on the smallest academic unit, the department level, the faculty level, and the institutional level. Table 7.2 confirms the conventional view that personal influence is relatively high at the smallest unit and low at the institutional level. However, we note that, in 2007, the private universities' academics considered themselves more influential than those in national universities, except for the smallest academic unit. Yet, academics in national universities considered their control decreased except at the institutional level. This result suggests that individual autonomy, which was described in the School Education Act in Article 93-1 (University should have a faculty meeting in order to deliberate an important matter) and has been cultivated since WWII, has been seriously damaged due to the top-down elements of the new steering management brought by NUCs.

7.3.4 Loyalty

Loyalty to one's institution is an indispensable element within organizations, because loyalty enhances the efforts of the individual faculty. Even if there is dissatisfaction with the governance, according to Hirschman (1970) loyalty to the organization acts as a brake on one's decision to exit. On the other hand, academics generally consider their academic discipline more important than their institution.

Thus, it is an empirical question whether the increased power of university governance and the decreased academic discretion lead to stronger affiliation with their

Table 7.3 Importance of affiliation (%)

	My institution			My academic discipline		
	1992		2007	1992		2007
Very important	31	>	14	69	>	52
Important	48		49	28	<	41
Total	79	>	63	97		93

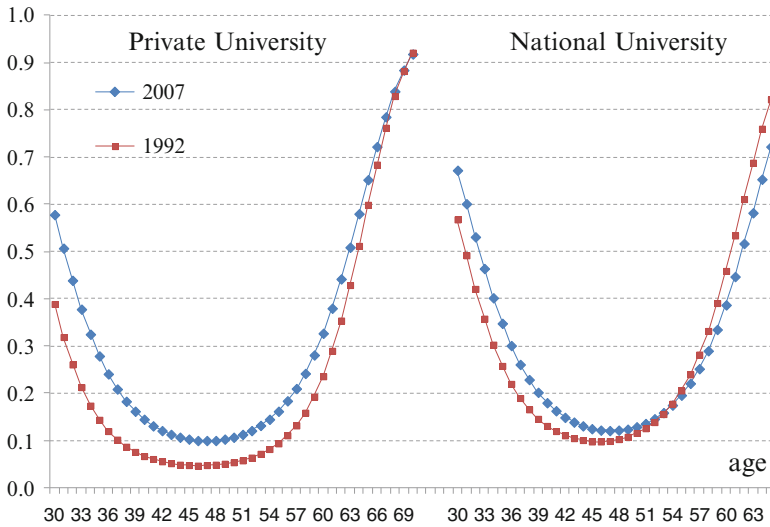


Fig. 7.3 Probability of transfer disposition within 5 years

institutions. Table 7.3 shows the degree to which affiliation with their institution and academic discipline is important for 1992 and 2007. Table 7.3 surprisingly suggests that not only academics’ affiliation (“very important”) with their institution but also with their academic discipline both decreased by 17 percentage points in 2007 compared with 1992. The loss of affiliation with their institution may lead to that with their academic discipline.

In the face of such an alienated environment, it may be a difficult decision for academics to remain in an institution. Loyal faculty may not exit, but something happens to them. So, we examine the inclination to exit option using the question “How likely is it that you will leave this institution in the next five years?” The percentage of respondents who are likely (“very likely” and “likely”) to leave was 24 % in 1992 and 27 % in 2007 for the national universities, and 18 % and 28 % respectively for the private universities. So, we can estimate the probability of transfer disposition regressed by age and age-squared using the logistic model: $\text{logit}(p/1 - p) = \beta_0 + \beta_1(\text{age}) + \beta_2(\text{age}^2)$. In Fig. 7.3 the horizontal axis measures the age of respondents. The vertical axis measures the probability of transfer

disposition. This figure shows a U-curve probability, decreasing from the 1930s to the 1940s and then increasing to the 1960s.

We found that the probability of transfer disposition for private universities in 2007 was higher than that of their predecessors in 1992. This result suggests that, as pointed out earlier, academics in private universities were more centralized than those in national universities and more involved in the governance process. So, “silent exit” or suspicion and fearing may be increasing in Japanese private universities.

7.3.5 Divided Universities

So far, we have revealed how the involvement of academic staff in administrative duties and faculty perceptions of university governance have changed during the 15 years between the surveys. Three facts have been clarified. The first is that while management duties increased, in 2007 academics were not involved in decision-making in important issues such as selecting senior administrators and were experiencing a centralized trend of governance. Second, the individual autonomy of teaching content and research project was felt to be controlled, especially in national universities. Third, affiliation and loyalty to their institution had decreased and “silent exit” was increasing, especially in private universities.

It can be said that now the conflict between faculties versus administration, observed by many participating nations in the Carnegie investigation in 1992, have come to be generally recognized as a “universal problem” also in Japanese academia. Further, one more fact is added, that the perception of the governmental higher education policy differs significantly among university types.

Table 7.4 compares the pros and cons of perceptions of how decision-making in higher education policy by the government is differentiated by the four university types. The two items here are: (a) Government should have the responsibility to define the overall purposes and policies for higher education; and (b) In this country there is far too much governmental interference in important academic policies. Generally, academics like to distance themselves from government interference and respondents are critical of the government’s involvement in higher education. There was no significant relation between the four university types and respondent opinion in 1992.

However, in 2007, overall there were fewer negative opinions, but there was a significant difference among university types. The respondents who approved of governmental responsibility were those affiliated in the research universities. Respondents in research universities also tended to agree that there is too much governmental interference in important academic policies.

There is further data to support the change in perception of the research universities, from the statement about the status and role of higher education in Japan: “Higher education is threatened by bureaucratization of university management.” There was a statistically significant difference between the types of national

Table 7.4 Perception of decision-making in higher education policy by the government (%)

University Type	1992					2007					Sig.
	Agree	Neutral	Disagree	N	Sig.	Agree	Neutral	Disagree	N	Sig.	
(a) The government should have the responsibility to define the overall HE policy											
National-Research Univ.	20.4	26.9	52.7	313		39.3	27.4	33.3	18		
National-non-Research Univ.	17.9	33.7	48.4	502	n.s	30.6	35.8	33.6	428	*	
Private-Research Univ.	18.2	31.8	50.0	66		32.7	48.9	18.4	49		
Private-non-Research Univ.	19.4	34.7	45.9	804	n.s	24.0	37.6	38.4	359	*	
b) Government interference in important academic policies is far too much											
National-Research Univ.	59.4	31.1	9.5	315		45.9	38.1	16.0	181		
National-non-Research Univ.	52.3	38.7	9.0	499	+	50.5	41.5	8.0	424	*	
Private-Research Univ.	46.9	40.6	12.5	64		38.8	46.9	14.3	49		
Private-non-Research Univ.	41.7	46.7	11.6	777	n.s	38.1	52.5	9.4	352	n.s	

Notes: * $p < .05$; + $p < .1$

universities in 2007. In 1992, positive opinion in national research universities was 63 % and national non-research universities was 62 %. However, while that of the national research universities decreased to 55 % in 2007, in national non-research universities it increased to 67 %. Why was the perception of the governmental policy divided by the university type in 2007?

Speaking of the national universities, before corporatization academic freedom was protected by what is called a “convoy organization” in which national universities were institutionally within the Ministry of Education. Although the government had direct responsibility for the national universities, the national flagship universities had some privileges of financial and personnel management autonomy owing to their specific nature of teaching and research: in finance, the Special Account for National School; and in personnel, the Special Act for Educational Civil Servants. Therefore, though it was paradoxical, national universities were able to be critical of the government in spite of university type. However, as pointed out above, Japanese national universities were transformed into NUCs in 2004 and came to be further bound as agents to implement the intention of the government, which owns property rights.

By the way, the financial distribution of the government differs remarkably between university types (Doi 2007). The government positioned competitive research universities as “pseudo-agencies” and government subsidies promoting scientific research such as COEs (Centers of Excellence) were mostly provided to the research universities in order to strengthen their research function and to improve the national economy. The Japanese national research universities are mostly comprised of science and technology departments, and became the implementing organizations for governmental scientific policy. So, they acknowledge themselves as a partner of government.

Thus, even if the conflict of professor versus administrator originates in New Governance, there is a cognitive dissonance among university types about the role of government as a string-puller. Division among universities was produced by indirect governance through purse-strings.

7.4 Conclusion

This chapter has examined Japanese faculty’s perceptions of their institutions focusing on the governance using the 1992 Carnegie Survey and the 2007 CAP Survey. In this conclusion, we look for the way to resolve the conflict between professor and administrator. The perceptions of respondents, mentioned above, were frank opinions on the appearance of hierarchical relations within the universities. Admittedly, the purpose of introducing the hierarchy in the university is to achieve the integration, efficiency, and the rationalization of management to overcome the agency problem, but the faculty cannot respond rapidly to a role as an agent working on behalf of their principal.

Therefore, introducing the hierarchy in an academic community has not necessarily removed the uneasiness towards administrators. According to the survey of the Center for National University Financial and Management, though only a year after national universities became NUCs in 2004, the opinions of the presidents of national universities, to whom strong power was given by the corporatization, were that all-campus consensus and unity were not yet formed (Amano 2007). This result suggests that even if centralization of power is progressing, universities need some kind of decentralization in which each faculty participates in the decision-making processes.

Anyway, under the New Governance the miasma of distrust or alienation towards the governance is increasing among faculty, whose priority is educational and research activity. Then, if the faculty pretends to be falsely obedient as a survival strategy, the principal becomes fearful and suspicious. In order to avoid this dilemma, the principal may construct a dictatorial decision-making or monitoring system. However, the agency problem will not disappear as long as the university is expanding its functions.

An important way for the planner to avoid the professor's opportunism is not so much to set a standard and strengthen the monitoring as to take use of knowledge. With respect to different kinds of knowledge, Hayek's (1945) classical article entitled "The Use of Knowledge in Society" in which he criticized the centralized planned economy could be useful. Hayek says:

But a little reflection will show that there is beyond question a body of very important but unorganized knowledge which cannot possibly be called scientific in the sense of knowledge of general rules: the knowledge of the particular circumstances of time and place. It is with respect to this that practically every individual has some advantage over all others in that he possesses unique information of which beneficial use might be made, but of which use can be made only if the decisions depending on it are left to him or are made with his active cooperation (Hayek 1945 p. 521).

If we change the wording of the title to "The Use of Knowledge in the Organization," an important thing for the administrator is that it depends on the cooperation of the person who possesses unique knowledge and shares the decision-making process. The hierarchy of the organization is approved only by cooperation with the subordinates. However, the Japanese academic community has now replaced the entrepreneurial model by one which focuses on the innovation and knowledge production for the company, emphasizing research and graduate education, and being bureaucratically controlled. The key to resolving the conflict between intellectual labor and the administrator is to widen the confidence interval for the faculty, because trust reduces the monitoring cost. But, today's university is so exposed to hard managerialism that such an interval of confidence for the academics is very narrow. So, we can conclude from statistical analogy that principal tends to choice "Type I error", which restricts the desirable agency behavior and lessens the very purpose of trust.

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