Higher Education in Asia: Quality, Excellence and Governance

Jung Cheol Shin *Editor*

Higher Education Governance in East Asia

Transformations under Neoliberalism

Springer

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Preface

Higher education in East Asia since 2000 has changed rapidly in terms of numbers enrolled and the quality of education and research. This rapid growth is related to the growth of population, the growth of schooling, and the economic development in the region which has provided support for higher education and funding for research. This qualitative and quantitative growth has been accompanied by systemic changes. In particular, the relationship between governments and universities is undergoing a transformative change. Governments began to deregulate their involvement in universities and provide institutional autonomy through the change of legal status of public universities, such as the incorporation of a national university. These changes reflect neoliberal thinking in public sectors, where the emphasis is on decentralization of governance and assuring the quality of public service through performance-based accountability mechanisms.

Under the transformative governance changes in the region, one area of research interest is to determine what really happens in higher education governance between governments and universities, and within universities, after governance reforms. Specifically, this book focuses on how governance reforms, such as the incorporation of national universities in the region are institutionalized as a type of new social system in the countries selected for the study. This collection of chapters provides a comprehensive picture of higher education governance reforms in the region. This book offers an in-depth understanding of the higher education governance reforms in the region that globally has the most dynamic growth of college enrolments and research productivity of anywhere in the world. This, in turn, has implications for other higher education systems on other continents.

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Seoul, Korea (Republic of) Jung Cheol Shin

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Chapter 1
Introduction: Incorporation of National Universities as Governance Reforms

Jung Cheol Shin

Abstract This chapter provides a brief introduction of this book from a policy perspective as well as a theoretical perspective. As a policy background, this book overviews how neoliberalism has been interpreted in each country and how the neoliberal ideology has been translated into a policy language. This chapter focuses on a policy called the "incorporation" of a national university, which is one of the core policy languages in the region for policy discourses after neoliberalism was widely adopted in the public sector. The policy discourses are further developed by theoretical perspectives such as governance studies and institutionalism. Finally, this chapter overviews how the institutional factors such as the higher education model in each country are intertwined with external factors—globalization—in the neoliberal transformation of higher education governance.

1.1 Introduction

Governance reforms under neoliberalism have been differently "translated" and "institutionalized" in each higher education system (e.g., Sahlin-Andersson, 2002). These neoliberal reforms include a wide range of reform initiatives to enhance managerial efficiency and institutional competitiveness through quality assurance, state-centered evaluation systems, and performance-based funding systems as well as reforming governance structures (King, 2007). East Asian higher education systems have focused on changing the governance structure to allow flexible management through increased autonomy to their national and public universities. The policy initiatives are called the "incorporation" of national universities, which was designed to provide semi-private corporate status to national/public universities (Mok & Oba, 2007). Japanese national universities were incorporated in 2004 and

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some selective national universities were incorporated in Korea at the individual university level, while an incorporation initiative was abandoned in Taiwan.

The incorporation policy was designed and institutionalized differently country by country depending on the higher education contexts as well as domestic and international factors. Although the policy is called "incorporation", the social meaning of incorporation differs in each country. In addition, incorporation is differently interpreted by state policymakers, institutional managers, and academics as seen in Japan, Korea, China, Taiwan, and Malaysia in this book. State policymakers might expect an individual university is to enhance their global competitiveness through increased autonomy. Institutional managers might highlight the responsibility of the individual university to acquire its own resources with its increased autonomy. On the other hand, academics might feel they are losing their power in the institutional decision-making processes. This shows that higher education governance is perceived differently by the major actors—namely, state policymakers, institutional managers, and academics.

However, academic researchers have focused on formal structural changes of higher education governance rather than go into details of how the governance reforms are perceived and institutionalized at the university level. This is because policy change at the national policy level is still a critical topic of research in higher education policy discourse. However, it is not easy to discuss how the governance reforms bring changes in an individual university without understanding governance practices at the level of the individual university. In addition, governance practices may differ according to different areas of decision-making. Higher education scholars tend to divide university decision-making into two categories (procedural and substantive affairs) (e.g., Berdahl, 1971) or three categories (finance, personnel, and academic affairs) (e.g., Volkwein, 1986) in an attempt to understand how governance practices differ by these different types of decision-making fields. Some researchers also focus on how governance differs between research related affairs and teaching related affairs (e.g., Wilkesmann, 2013).

This book will investigate how each country has approached neoliberalism in its own context to incorporate the national universities. In addition, this book investigates how governance practices are institutionalized at the university level.

1.2 Governance in Higher Education

1.2.1 Terms in This Book

The concept of "governance" has begun to replace the concept of "government" in academic discourse in much of the social science research including in business administration, public administration, political science, etc. The concept of government refers to the hierarchical and top-down style of administration in state's relationship with the private sector. However, the change to "governance" accompanied societal changes in the early 1970s when the state began to emphasize the

public sector's close partnership with the private sector (Reale & Primeri, 2015). The concept of governance has been widely applied in higher education research. In particular, the governance reform under the neoliberal reforms in the 1990s and 2000s has made the issue of governance an attractive research topic for higher education researchers. However, there is some difference of opinion about the concept of governance because scholars understand and define governance in different ways depending on the context of policy practice and theoretical discourses.

Because governance emphasizes close partnerships and relationships between the state and the private sector, some scholars emphasize the "process" of decision-making and focus less on the structure of the decision-making. For example, in their recent encyclopedia of higher education, Barry and Goedegebuure (2018) define governance in higher education thus: "governance is a process (or set of processes) by which the organization makes decisions and get things done…" However, it is not easy to observe the "process" of decision-making without understanding structure (e.g., systems and frameworks) of decision-making. Considering this complexity, some scholars include both decision-making structure and process in their definitions of governance. For example, Harman (1992) defined governance as "the manner in which universities are organized and managed, including how they related to governments and how authority is distributed and exercised".

This book defines university governance as "the structure and process of decision-making in institutional matters" and focuses on the relationships between state, institutional manager, and academics in institutional decision-making. Although there are growing literature and academic discourses on multilevel governance (e.g., supranational, state, institution, etc.), this book focuses on two levels —state and institution levels—because the supranational organization does not exist in the East Asian region as in Europe. One level is related to a university's relationship with the government and the other level is related to the relationships between faculty members and executive boards within the university.

Institutional autonomy and deregulation are core issues in the academic and policy discourses in the university–government relationship. Faculty members' participation and executive officers' power and authority are core issues within university governance. These relationships are explained from a formal structure perspective and the outworking of the relationships between the three major participants—government, executive board members, and faculty members. Part I of this book focuses on the formal structural changes in the relationship between universities and government and Part II focuses on how the changes of governance are implemented at the university level, especially in the relationship between faculty members and executive boards.

"Incorporation", another core concept covered in this book is used interchangeably with the term "corporatization" to represent a change in university governance, depending on the context of each country. Incorporation is used in Japan, Korea, and Taiwan, generally to represent "structural changes" of university governance from the university as a government agency (or organization) to an independent legal body. The emphasis in the process of incorporation is on acquiring independent legal status while corporatization focuses more on active

market participation. From the beginning of the governance reform, Japanese and Korean scholars (see, for example, Oba, 2007) use "incorporation". Conversely, corporatization is widely used in Malaysia because universities already hold independent legal status from their beginnings in 1949, similar to the British universities they were modeled on. In the context of Malaysia, corporatization represents market-oriented governance reforms. Considering the differences in the use of terms in each country, this book does not specifically define these terms. Rather, it allows freedom of definition according to the context of each country and the focus of the authors.

1.2.2 Governance Research in Higher Education

Scholars in higher education studies have explained higher education governance according to the power relationships between major stakeholders. Clark (1983) viewed higher education governance from a comparative perspective in order to explain governance differences between countries. He classified the governance according to the power relationships between states, markets, and academics. Although there is no pure model classified in one of the three types, his model provides conceptual frameworks to understand systemic differences between countries. van Vught (1989) proposed simpler models in his discourses on higher education governance. He proposed a state control model and state supervising models–most European countries follow the state control model while the Anglo-American systems are aligned with the state supervising model. These governance discourses have been further developed by Braun and Merrien (1999). They paid attention to the relationships between universities and society, and proposed six models in their discussions of higher education governance under neoliberal reforms.

Unlike the comparative studies, governance studies in the USA have focused on shared governance where academics and other stakeholders actively participate in institutional decision-making processes (e.g., Tierney & Lechuga, 2004). Another stream of research is focusing on empirical studies which developed conceptual frameworks to measure power relationships between major stakeholders. These studies looked at the areas of decision-making in substantial and procedural affairs as proposed by Berdahl (1971) with some modifications. Volkwein (1986, 1989) uses some details of decision-making such as financial, personnel, and academic affairs in his empirical analysis. In addition, the American approach to higher education governance has focused on how different types of governing boards (e.g., the existence of coordinating boards at a state level) affect institutional performance (e.g., Volkwein & Tandberg, 2008), and the adoption of innovative policies (e.g., McLendon, Deaton, & Hearn, 2007).

Recent governance studies (e.g., Dobbins & Knill, 2014), especially comparative studies tend to combine the systemic differences of governance with the American approaches to measuring stakeholders' relative influences in different areas (financial,

personnel, and academic). This approach leads to a typology of governance patterns across higher education systems according to similarities and differences in their decision-making. The typology with empirical data provides a better understanding of the similarities of each system with the others across different areas of decision-making. For example, a system has a strong state involvement in financial affairs while providing institutional autonomy in academic affairs. On the other hand, a system empowers institutional managers while limits academics' power. There are international comparative studies that have studied higher education governance according to empirical data. For example, the first Carnegie Survey on the Academic Profession in 1992 and its follow-up project the Changing Academic Profession in 2007/8, used the conceptual frames to study governance changes through empirical data (Locke, Cummings, & Fisher, 2011).

In many typology studies in higher education (e.g., Clark, 1983) governance is conceptualized according to three types—states, market, and academic self-governance. However, it is not easy to measure market influences in institutional decision-making because the market is not easily represented by stakeholders such as business leaders in the institutional decision-making processes. Instead, three major actors (states, institutional managers, and academics) represent power relationships between the core stakeholders. States might be sensitive to financial decision-making made by individual universities whereas states are not so interested in institutional decisions on academic matters. Compared to states, academics are very interested in decision-making about personnel and academic affairs. Institutional managers might be interested in all three categories of decision-making. Our understanding of the similarities and differences across higher education systems nables us to investigate how governance reforms have been approached differently according to the type of system.

1.3 Governance Reforms in East Asia

1.3.1 Higher Education Model in East Asia

As modern universities developed in the West, East Asian higher education has been strongly influenced by Western higher education. Among the early pioneers of the modern university, higher education scholars often mention German, British, French, and US higher education as models that have affected higher education systems in other countries (e.g., Ben-David, 1977). In addition, Cummings (2004) proposes that the Russian model (Soviet model after communism) as a influential model. The Russian model is actually similar to the French model in its governance structure because the Russian one was strongly inspired by the French. Among these five higher education systems, German, British, US, and Soviet models have had a strong influence on the five selected higher education systems in this study (Shin, Postiglione, & Huang, 2015). Japanese higher education has been

influenced by German higher education. Similarly, Korean and Taiwan higher education have been influenced by the German model through Japanese colonialism. Chinese higher education systems borrowed ideas from the former Soviet universities and the French model to some extent while Malaysia, Singapore, and Hong Kong drew from the British model during the colonial period.

Overviewing the origins of higher education systems provides information for understanding the governance of the five systems. Although different researchers may come to different conclusions, there are common core findings. German higher education and US higher education are at the opposite end of their relative power influences between the three actors (states, institutional managers, and academics). In German universities, states and academics have a strong influence on decision-making while institutional managers exert weak influence. Contrast this with German higher education, where the states and academics have considerable influence, in the US the states and academics are relatively weak. In addition, British higher education is the opposite of French higher education. States are weak while institutional managers and academics exert a strong influence in British higher education; on the other hand, in the French and former Soviet systems, the influence of the states is strong while that of institutional managers and academics is relatively weak.

These systemic differences are similarly institutionalized in East Asian higher education. For example, both states and academics have considerable institutional decision-making power in the three systems of Japan, Korea, and Taiwan. Compared to these three systems, states exert greater influence in Chinese higher education than both institutional managers and academics. One noticeable characteristic of the US model is the emphasis on empowering institutional managers to enhance managerial efficiency (Berdahl, 1990). In these situations, the neoliberal reforms are expressed as empowering institutional managers and enhancing accountability through evaluation and resource allocation.

The East Asian systems have observed how their Western partners have introduced the reform of their systems. In higher education governance literature, we recognize that the British system has tried to change higher education through funding agencies and a quality assurance mechanism since the neoliberal reforms (e.g., Deem, 2004). The reforms resulted in increased state involvement in higher education. Neave (1998) calls this involvement "evaluative state" because evaluation is a core mechanism that state uses for funding allocation and quality assurance. German universities have widened the participation of stakeholders in their governing bodies to reflect the diverse social demands facing universities (Krűcken, Blűmel, & Kloke, 2013). The current trend is for East Asian higher education systems to benchmark the US governance model as a basis for their reforms.

1.3.2 Neoliberalism and Incorporation Policy

Neoliberalism has been addressed differently across countries and across sectors. In the state-centered systems in East Asia, policymakers interpreted neoliberalism as decreased regulations and increased accountability through deregulation and the adoption of performance-based accountability systems (e.g., Oba, 2007; Rhee, 2007). The policy interpretations are similar in many European countries where states used to be deeply involved in private sectors as well as in public sectors (e.g., de Boer, Enders, & Leisyte, 2007). The neoliberal reforms are called New Public Management when we apply neoliberal ideas in governance reforms. The neoliberal ideas became a global ideology with the rapid economic globalization of the mid-1990s (Hood & Peters, 2004). Public administration systems were reshuffled to comply with the new economic-political environments. The main actors in leading the neoliberal reforms were mainly from economic sectors and the ministry of finance and/or economy (whatever each country names the ministry) (e.g., in Japan, see Oba, 2007).

The ministry of finance and/or economy prefers to downsize their public funding to public sectors to overcome their financial shortages. Representative cases are the US and UK whose governments downsized the public sectors to overcome their financial problems in the late 1970s and early 1980s. The core actors tried to privatize public service provisions to minimize public resources use. Under the neoliberal regimes, states prefer to transform their government organization to a public corporation, sell their public corporations to a private company, and authorize a private company to provide public services based on a user pays approach (e.g., Bennett et al., 2007; Tolofar, 2005). Examples include electricity, water, mail delivery service, telephones, etc. Similar policy logic also applied in the education sector, so that states allowed private schools to provide education services with users paying, universities to charge tuition and fees, and in some countries even permitted for-profit schools. Incorporation of national universities is in line with the decision of governments to downsize under neoliberal reforms.

Incorporation of national universities is an institutional way of providing semi-private university status to former national universities, so that the incorporated universities can actively be involved in resource generation activities (Mok & Oba, 2007). These incorporated universities are allowed to own their own property, can invest their resources to generate benefits for themselves, and use their patents and copyrights for economic benefit. The new legal environments resulted in competition between national universities seeking to attract more resources including human and financial resources. Since the globalization in the mid-1990s, the competition has not been defined by territory because there is considerable competition between universities across countries (Marginson & Rhoades, 2002). This benefits states because they can continuously reduce resources to public higher education. In addition, states can expect their national universities to become increasingly competitive. The incorporation policy is, therefore, an attractive policy option to policymakers, especially to the ministry of finance.

A core issue in incorporation is the need to establish a new governing body to replace states within the organizational structure. One idea is to generate a system-wide governing board, so that one board controls a state or national system. It is efficient to coordinate different universities in one system. This is the approach that many US state university systems have adopted (McGuinness, 1999). On the other hand, a system-wide governing board might not find it easy to consider contexts specific to individual universities. The other idea is to set up a governing board for each university. This idea emphasizes institution-specific contexts while putting less weight on system-wide coordination between individual universities. This is the case for most UK public universities. Universities tend to prefer individual university-based bodies rather than system coordinating boards to reflect individual university specific contexts in their decision-making.

A new governing board may not necessarily increase institutional autonomy. If the state does not take away its controlling mechanisms, then the incorporated university might have to deal with both state control and a new governing board. In addition, we are not sure whether an incorporated university is making optimal choices for themselves. States tend to minimize these risks in designing their incorporation policy. As King (2007) discussed, states maintain their influence through participating in the governing board, and through contracting with individual universities when providing public resources to incorporated universities, through annual evaluation, and through mandatory quality assurance. However, the accountability mechanisms may also reduce the benefits from incorporation if the accountability mechanisms interfere with the functioning of an individual university too much. In that case, the benefits from incorporation are minimized. The balance between the institutional autonomy and accountability is critical for designing governance reform.

1.3.3 Incorporation Policy in the Contexts

The incorporation idea was borrowed from the US public universities who have incorporated status and compete with each other to attract external resources. The US governance model was seen as an ideal model by many East Asian countries. Incorporation of national universities was proposed by the Central Education Council in 1971 (Murasawa, 2002). However, it took considerable time for it to be adopted and implemented as a national policy in Japan. The policy initiative enjoyed strong political support after globalization in the 1990s. The emergence of global rankings in the early 2000s also added momentum to the government's aggressive push of this policy initiative (Shin & Kehm, 2013). These policy discourses were picked up by Korea and Taiwan with both countries considering how to transform its governance from a national organization to an independent legal status to deregulate public sectors.

Policy makers and academics in these three countries (Japan, Korea, and Taiwan) often visit each other and host joint symposiums and conferences to

exchange policy ideas. Professional networks have served as a major mechanism for policy diffusion. In addition, these East Asian systems drew lessons from the US and Japan as they developed their policy of incorporation (e.g., Rhee, 2007). It is not difficult to imagine that China also adopted incorporation given the close exchanges of policy ideas from the US through close communications with Chinese Americans who are working as academics in the US. In the policy development process, Japan, Korea, and Taiwan rationalized that incorporation is a model for an advanced system—the USA. This becomes clearer if we analyze official documents and policy papers released by Governments. For example, in Korea, most policy papers mention US university governance and Japanese incorporation policy.

The policy design for adopting the incorporation of a national university depends on internal (domestic) factors as well as global factors. For example, in German higher education governance reforms as a result of incorporation were not seriously debated while charging student tuition was because student tuition is exceptional in a system with few private higher education institutions. Compared to German higher education, incorporation was an issue in Japan but charging student tuition was not an issue because Japanese national universities charge tuition just as private universities do. In addition, academics' social reputation and their social influence could be a critical factor in designing governance reforms in a system based on the Humboldtian tradition. If academics are resistant to the governance reforms, it is really hard for a government to adopt the new policy in a system where academics can exert influence.

As shown in Table 1.1, the share of public funding for higher education is relatively low in these East Asian countries. This means that these countries may not focus on the reduction of public funding in their incorporation policy. Instead, these five countries might be more interested in management efficiency through governance reforms. In addition, private institutions are one of the core providers of higher education in the four higher education systems other than China. This means that states might be interested in improving institutional effectiveness and global competitiveness through adopting a private university type of governance system for their national universities. Policymakers may wonder why national/public universities require huge subside from public funding even though these universities do not seem very competitive compared to the private institutions.

As well as these factors, levels of massification may also be related to the governance reforms. Shin (2013) argued that governance reforms are related to the mass higher education development because governance reforms that target managerial efficiency are related to transforming universities from a research focus to a teaching focus. Most of these countries have already entered into a post-massified stage and the governance reforms are highly related to delivering education services to the massified student populations.

The social influence of the academics is critical in adopting an incorporation policy. If academics are influential, states are reluctant to adopt the policy because of the academics' strong political power. Japan was successful in obtaining incorporation despite the fact that academics were negative about it. Compared to Japan, the Korean Government met strong resistance from the academics (Park,

Table 1.1 Contexts of incorporation of national university

	Japan	Korea	Taiwan	China	Malaysia
Historical root	German	German	German	Former Soviet	British
Governance model	Dual model of State regulation & Faculty oligarchy	Dual model of State regulation & Faculty oligarchy	Dual model of State regulation & Faculty oligarchy	State model	Dual model of Executive boards & Faculty oligarchy
Share of private sector in tertiary enrollment	79% (2015)	80% (2015)	69% (2017)	14% (2016)	48% (2016)
First policy agenda development for incorporation	1973	1989	1996	1997	1995
Strategy for incorporation	All at once	Incremental approach	All at once	All at once	Selective
Adoption of incorporation	2004	2012	No	1997	1998
Gross enrollment ratio at tertiary education	63.24% (2015)	93.26% (2015)	82.53% (2017)	48.44% (2016)	44.12% (2016)
Expenditure on tertiary education as a percentage of total government expenditure on education	20.76% (2014)	20.76% (2015)	34% (2015)	19.46% (2016)	23.39% (2016)

Sources:
(a) Data sources are UNESCO Statistics (http://data.uis.unesco.org/#)
(b) Taiwan data are from Taiwan's Ministry of Education stats homepage (stats.moe.gov.tw) and *Higher Education Systems and Institutions*, *Taiwan* (Chan and Hsu 2018)
(c) The data for expenditure on tertiary as a percentage of total government expenditure on education in China are from Chinese Ministry of Education (http://www.moe.gov.cn/s78/A05/moe_702/201805/t20180508_335292.html).

2013) and transformed its incorporation policy from mandatory for all national universities as a voluntary one (Rhee, 2007). Taiwanese initiatives for transforming the governance structure were not successful because of strong resistance from the academics as in Chap. 5. Government initiatives for incorporation have been relatively easily adopted and institutionalized in China where the academics' influence is relatively weak. Incorporation was not an issue in Malaysia where universities were incorporated at the beginning of modern higher education as discussed in Chap. 6.

1.4 Perspectives and Outlines of This Book

1.4.1 Perspectives of This Book

Recent governance reform discourses expand the scope from national systems to broader such as supranational and regional levels. Multilevel governance (e.g., Fumasoli, 2015) and glonacal perspectives (e.g., Marginson & Rhoades, 2002; Jones & Oleksiyenko, 2011) are growing in popularity in governance discourses. Both perspectives differ little in their emphasis on widening the scope for analysis from the state and university relationship to upper level analysis. The multilevel and glonacal approaches enable an analysis from a more comprehensive view, from supra to local levels. However, it is still the case that the "state plays a pivotal role in establishing frameworks, objectives and priorities" as van Vught and de Boer (2015, p. 38) have argued. This is particularly true for the state-centered governance of East Asia. The state's policy initiatives are major driving factors in regional governance reforms although global and regional factors are critical in some countries especially in Europe.

A top-down approach provides insights into the reality of governance reforms in the region because the state designs the governance structure and implements the reforms within institutional contexts. In most cases, universities are expected to implement the state's idea although political rhetoric emphasizes the "autonomous" interpretation of state policy in a local context. Because of this, universities tend to comply with state initiatives, while the academics make adaptations at the local level. This book approaches governance reforms from the perspective of state policy development and focuses on how each country develops their governance reform policy. In addition, this book also discusses how governance reforms are interpreted and implemented at the individual university level. This top-down approach highlights policy development at the state level and implementation at the individual university level, and enables us to see details of the policy-making at both state and institutional levels.

This book does not apply a single theoretical perspective when discussing governance reforms in the region. Recent comparative studies (e.g., Dobbins & Knill, 2014) explain governance reforms from theoretical perspectives such as neo-institutionalism to highlight the convergence or divergence of reforms. However, it is not easy to apply a single theoretical perspective throughout the book, especially in an edited volume since governance reform in one country might be explained through a different theoretical framework than in other countries. Similarly, this book discusses the issue of convergence and divergence in the conclusion chapter to examine the trends in regional governance reforms.

The book also investigates changing trends in higher education governance under neoliberalism, based on empirical data. In Chap. 13, the authors found that governance patterns in higher education are moving toward managerial governance with the reforms based on the Changing Academic Profession data. In addition, the authors in Chap. 14 investigate whether structural reforms bring changes in

academic productivity and academics' job satisfaction. These empirical analyses provide theoretical and practical grounds for discussing changing trends in higher education governance and the core policy issue of whether structural reforms change institutional practices. Finally, this book provides some insights on the possible direction of future governance reforms through the eyes of Japanese higher education which is leading governance reforms in the region.

1.4.2 Part I: Different Paths Toward Neoliberal Governance

Part I focuses on the national policy initiative for incorporation of a national university in the selected five higher education systems in East Asia (Japan, Korea, China, Malaysia, and Taiwan) which have policy initiatives for the incorporation of national universities. These five chapters briefly describe the historical development of incorporation policy within their own societal and political contexts. In addition, they focus on how the policy initiatives were institutionalized nationally and discuss some challenges that governance reforms bring to higher education. The chapters rely on historical documents and the relevant literature to outline the historical development of the policy of incorporation, and to examine the current status and challenges.

Chapter 2 discusses how the global trend of the New Public Mangement (NPM) has led Japan to restructure national universities and how national universities continue to remain independent of government control after incorporation. Drawing from governance documents and literature, this chapter points out that the state still plays a significant role although national universities became independent in terms of their formal structure after incorporation in 2004.

Chapter 3 explains how the Korean Government incorporated a leading research university in 2012 after a decade of neoliberal policy initiatives. The author focuses on how the controversy between the stakeholders (such as the government) and academics emerged over the intentions of governance change and highlighting the state–university relationship in terms of autonomy and accountability.

Chapter 4 reviews governance changes in Chinese higher education and focuses on the National Outline for Medium-and-Long-Term Educational Reform and Development Plan (2010–2020), which is an impetus for the reform of higher education governance in China. The author shows Chinese higher education governance is understood differently because of its tradition of party-oriented leadership dating back to the Chinese Community Party rule of China in 1949.

Chapter 5 focuses on why and how Taiwanese universities have struggled with the transformation of the governance structure. The chapter explains the complexity of higher education governance reforms in terms of historical and socio-political changes over the past two decades and suggests that the policy of incorporation has its roots in political influence, academic autonomy, and market forces. The failure of the Taiwanese policy initiatives to incorporate public universities implies a deeper concern regarding neoliberal ideology in a globalized context.

Chapter 6 discusses the evolving concept of "corporatisation" of Malaysian public universities grounded in the political-economic scenarios of the nation over time. Although the universities were established as independent corporate entities, they experienced three waves of governance changes intended to improve efficiency and effectiveness through the corporatisation of the universities.

1.4.3 Part II: Institutional and Cultural Changes Under Neoliberalism

Part II focuses on how the policy has been interpreted and institutionalized by individual universities in the countries under study. The authors have drawn on nation-wide survey data, interview data, or document analysis to analyze the changes that governance reforms have brought on campus. Chapter 7 uses nationwide survey data and interview data from a case university to analyze the changes and support their arguments. Chapter 8 relies primarily on existing documents to review the changes brought by governance changes. Chapter 9 also relies on documents and an interview with their Vice President as well as their own observations of the changes. Similarly, Chaps. 10 and 11 rely on documents and authors' observation within their own university.

Chapter 7 focuses on the relationships between the Japanese government and universities, and between university presidents and faculty members, since the incorporation of the national universities in 2004. Using documents, survey data, and interview data the author analyzes the changing relationship through the expansion of competitive funding systems in Japanese higher education, and concludes that the state's influence on national universities has grown as result of its control over the universities.

Chapter 8: This chapter focuses on Seoul National University in Korea and discusses the changes brought about by incorporation. The author looks at how much autonomy the national university has enjoyed in the areas of personnel, finance, and organizational structure since its incorporation in 2012 and concludes that the case university has been largely unchanged by incorporation in 2012, based on documents, institutional data and author's observation.

Chapter 9 analyzes governance reform and changing relationships between various stakeholders in Peking University. The Chinese central government has used more and more competitive projects to fund top elite universities since 1998. With funding support, the case university obtains more funding, but the authority relationships between different groups within the university are changed. University level leaders and middle-level administrators become more powerful and the university academic senate becomes just a "Rubber Stamp" although academic oligarchs in the senate share their power with deans at a school and department level.

Chapters 10 and 11 discuss the changes in governance in two Taiwanese universities. Both the authors for Chaps. 10 and 11 show how the government's

neoliberal policy in 1994 led to the merger of a small scale national teacher training institution with a comprehensive university. This policy changed institutional governance and management practices in the two case universities. Based on document analysis, literature, and their own observation, the authors found that the state has increased power through funding mechanisms even though the state deregulated its direct involvement in university administration. In addition, university leaders have been empowered to participate in the institutional decision-making process.

In Chap. 12, we see how the corporatization of public universities has changed governance and management practices at the Universiti Sains Malaysia. Drawing from interview data, observation, and the literature, the author argues that traditional collegial decision-making has been replaced by top-down executive-type decisions and that the university administration operates like any government department. In addition, the university has begun to engage in entrepreneurial activities to obtain government funding.

1.4.4 Part III: Changing Patterns of Governance and Institutional Performance

Part III provides wider perspectives on governance through a comparative analysis of governance changes from a global perspective as well as from the perspective of East Asian higher education. This is the focus of Chap. 13. In addition, Chap. 14 investigates whether changes in governance structure bring changes in institutional performance. Both Chaps. 13 and 14 are based on the Changing Academic Profession data—an international comparative data collected by teams from 20 higher education systems. Finally, this book invites the author of Chap. 15 to present some lessons from the Japanese governance reforms to provide insight on how governance reforms are driving for from the leading higher education systems in the region as well as globally. In the final chapter, the author reviews the policy approaches and case studies included in this book.

Chapter 13 focuses on the changing patterns of higher education governance across 20 higher education systems based on the Changing Academic Profession data. Six higher education systems are in East Asia and the other 14 in the other five continents. According to a cluster analysis and profiling analysis, this study found that most higher education systems are converging around managerial governance where institutional managers hold greater power than other actors such as the state or the academics. However, governance patterns also differ by field of works (finance, personnel, and academic fields).

Chapter 14 investigates how governance is related to academics' job satisfaction and their research productivity. This study categorized the governance type of 48 Korean universities into managerial, semi-managerial, and collegial governance. This study found that governance was not a significant factor in explaining either

job satisfaction or their research productivity; however, culture does have effects on job satisfaction.

Chapter 15 elaborates on the post-incorporation changes of Japanese national universities. The author shows how the Japanese Government disempowered the Faculty Meeting, which is the center of collegiality and academic freedom, through a revision of School Education Law (SEL) in 2014. Based on his 40 years experience as an academic, observation, and the literature, the author wonders that the loss of academic identity and the decrease in faculty freedom harm the quality of teaching and research in the Japanese academy.

Chapter 16 concludes the review of governance reforms in East Asia based on five selected countries. The author believes that governance reforms demonstrate similarities and differences across these various countries. Each higher education system has experienced increased state influence through funding mechanisms, and faculty influence has rapidly declined while managerial power has begun to increase. However, these changes also differ by institutional and national contexts. The author closes with the argument that governance reforms will not stop regardless of whether the reforms bring efficiency or not, because policymakers are committed to governance reforms.

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Part I
Different Paths Toward Neoliberal Governance

Chapter 2
Incorporation of National Universities in Japan Under New Public Management

Hideyuki Konyuba

Abstract This chapter discusses how the global trend of New Public Management (NPM) affected Higher Education Policies in Japan, focusing on the incorporation of national universities. The chapter analyzes this issue from two perspectives. The first point is how the global trend of NPM has led Japan to restructure national universities. This chapter will address how external stakeholders as well as the Ministry of Education, Culture, Sports, Science and Technology (MEXT) were involved in the policymaking process of the incorporation in 2003. The second focus is how much an individual university remains independent from government control after incorporation. Specialists in accounting, personnel, and management are provided to national universities after incorporation, but that does not mean that national universities are independent of MEXT. MEXT still plays a big role in their future planning. All national universities became independent in terms of their organization structure after incorporation, but in reality, most national universities' operations are still dependent on MEXT.

2.1 Introduction

The big change in the Japanese national university system occurred in 2004, when the National University Corporation Act (NUCA) was enacted. Before 2004, national universities were established by the MEXT (it was called The Ministry of Education, Culture, Sports, Science (MOE) before 2001). The national universities' budget is part of the government budget, and all staff were employed as civil servants. The incorporation of national universities means that a government institution has been transformed into an independent organization.

After the enactment of NUCA, national universities were separated from MEXT and became independent accounting units. The management body of national universities became National University Corporations (NUC) at all the former

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national universities. University staff became non-civil servants, and the budget was independent of the government. These changes were often discussed from the perspective of university governance by academic researchers (such as Hata, 2004; Kaneko, 2012a, 2012b; Oba, 2007a, 2007b, 2013; Yamamoto, 2004). The transformation of national universities enables the provision of management information to the public as a public corporation by the Act. There has been considerable discussion in academic circles, but the transformation was decided quite suddenly during the Koizumi Administration in line with the policy for privatization of the public sector. Osaki, a former bureaucrat of MEXT, has described some of the policy details during the enactment of the NUCA (Osaki, 2011).

This chapter will discuss NUC, focusing on the institutional change, from two perspectives. The first is the policymaking process of NUCA. University governance reform around the world is closely related to New Public Management (NPM) (Christensen, 2011). In addition, Nitta's framework of structural reform shows the strong effect of the trend of NPM (Nitta, 2008). Second is the changes made at national universities after the enactment of NUCA, especially focusing on decision-making structures, funding systems, and individual university's relations with MEXT. To analyze the institutional change, this chapter approaches from the policymaking process of NUCA and education reforms done after NUCA. Data were referred from laws, books written by former Minister and bureaucrats of Ministry of Education, press released by MEXT, and MEXT's descriptions made for various councils in the central government.

2.2 Changes in Process of Making Education Policies in Japan

The policymaking process drastically changed in Japan over the past 20 years. The change at central government level also led to a change in education sectors including higher education. In particular, the government led by the former Prime Minister Hashimoto tried to privatize the public sectors and the policy focused on structural reforms—the incorporation of national universities (Nitta, 2008). The reform provided a new legal status for national universities to provide more independent and efficient decision-making at an individual university level.

Reforming the education system in Japan proved to be difficult for decades. In 1984, Prime Minister Hiroyasu Nakasone tried to reform the education system by means of an advisory body called the Ad Hoc Council on Education (AHCE). Reforming national universities was one of the core goals of the council. At the council, members with business backgrounds made a strong case for the transformation of national universities into a special public corporation. However, the MOE and the Japan Association of National Universities (JANU) opposed the plan. JANU is an association of national universities. The main activity of this association is to promote high-quality education, academic research, and social

contribution. Under the disagreement between the AHCE and MOE (with the JANU), the AHCE recommended in its third report that the central government and university should have further discussions on the reform issue. As a result, the AHCE failed to reform national universities. Prior to the Hashimoto administration, there was little external pressure to change national universities (Schoppa, 1991). Education reforms by the AHCE failed because major education policy was decided by education specialists (education policy depends on "traditional education politics") Under traditional politics, education policy was led by education specialists, and dominant groups were teachers' unions, education bureaucrats, and Diet members, or politicians interested in education policies (Nitta, 2008). Policymaking in education was directed by participants inside the education community, and pressures from noneducation sectors such as the industrial arena and other ministries, were not strong enough to force the changes.

At the same time, NPM emerged as a worldwide trend in the public sector. NPM is first described by Hood as a "marriage" of the new institutional economics and business-type managerialism in the public sector (Hood, 1991). It aims to make public services efficient by marketization and competition under the philosophy of "managerialism" (Yamaya, 2009). NPM has four major characteristics though NPM can be approached differently. First is the performance-orientation. NPM measures and evaluates outputs and quality of services. Second is the customer-orientation. NPM regards citizens as customers for public services and the quality of the public services are to be measured by customer satisfaction. The third is a market-oriented approach NPM pursues to improve the quality and efficiency of public services through competition. Fourth is decentralization, which tries to separate the planning unit and the implementation unit. Under the NPM, public services are to be assigned to the front-line, enabling flexible and quick decision-making for customers (Yamamoto, 2002). Since NPM focuses on improving public service from the point of delegating autonomy to the front-line, strict government regulations should be cut back. The loose regulation encourages front-line staff to make an innovation and improvement locally.

The NPM was not seriously discussed until the late 1990s though it was popular in the Anglo-American countries in the 1980s. The Japanese government began to adopt NPM during the 1980s and 1990s to overcome financial shortages caused by economic downturns. The Japanese economy was in a long economic recession from the 1980s, after the collapse of the bubble economy. Japan had one of the worst economic situations among the developed countries, and that exerted a strong push towards NPM, especially in performance evaluation and decentralization.

With the adoption in Japan of the NPM approach, policymaking process has changed dramatically and policy reforms especially the privatization of the public sectors were widely adopted. The NPM oriented reforms took place under the administration of Prime Minister Ryutaro Hashimoto and Junichiro Koizumi, and they showed strong interest in reforming the education system. At the same time, the influence of education interest groups such as the teachers' unions was weakened because of the decreased numbers of union workers.

Nitta (2008) defines today's education reform as a "structural education reform". In the structural reform processes, major participants have been diversified from education specialists to a wider range of stakeholders. Education specialists are one set of participants, but another group is comprised of the prime minister, Liberal Democratic Party (LDP), the largest ruling party in Japan, and noneducation bureaucrats such as Ministry of Finance (MOF). They too have become major participants in education policymaking since the adoption of the NPM. Those participants "outside" education tend to focus on outcomes and performance, rather than on inputs (Nitta, 2008). Under the wider group of participants, noneducation specialists have begun to make their presence felt in the policymaking processes.

2.3 The Enactment of National University Incorporation Act

Incorporating national universities has a long history, but the reform was not achieved until the end of the twentieth century. The incorporation of national universities was first discussed in the prewar period, but any attempts at reform failed. The next discussion was in the postwar period, under the control of General Headquarters the Supreme Commander for the Allied Powers (GHP/SCAP), which took the main role in the occupation policy of postwar Japan. Civil Information and Education (CIE) in the GHQ tried to change the governance system of national universities to align them with the state university system in the US. It also failed due to the opposition from national universities (Osaki, 2011). The most important effort occurred under the Prime Minister Ryutaro Hashimoto's administration. Circa 1996, Prime Minister Hashimoto tried to promote administrative reforms, which included outsourcing the governments' operations to an incorporated administrative agency (IAA). IAA, an agency separate from the central government, set up contracts with the government to handle outsourced public services.

Prime ministers during the economic recessions of the 1980s and 1990s tried many reforms to stimulate the Japanese economy, such as raising the consumption tax from 3 to 5% to increase government revenue and increasing public spending financed by debt to stimulate the economy. Those reforms resulted in transforming Japan as a country with a big government, and increasing government debt became a financial burden on the Japanese economy.

In 1996, Prime Minister Ryutaro Hashimoto carried out administrative reforms by introducing the NPM to change the governing system. One goal of the reform was to reduce administrative operations by outsourcing operations to incorporated administrative agencies. Another goal was to downsize 10% of the civil service. By outsourcing to IAA, the government was able to transform civil servants to non-civil servants, and so reduce the government's personnel costs (Soga, 2013). National Universities were considered to be a target of IAA, because of the large number of civil servants in their organization.

In the downsizing of the public sector, national university reforms were discussed in the Administrative Reform Council (ARC) which was established under Prime Minister Hashimoto. Like other institutions, national universities were also targeted to delegate their services to IAAs. But national universities strongly opposed the reforms and the Japanese government could not enact the policy proposal. ARC's final report in 1997 points out that although national universities were required to make changes to personnel and accounting, university reforms would need to be ongoing.

After the ARC's final report, MOE also made a movement towards national university reforms. In 1998, University Councils under the MOE produced a report "The Vision of Universities in the twenty-first century", suggesting the current national university systems be maintained. However, it also suggested a new approach to reforming the national university systems. This report tried to respond to ARC's suggestion in their final report, showing that MOE was also seeking alternative university reforms that were different from the IAA idea proposed by ARC.

On April 27, 1999, "The Basic Plans on Promoting Reduction and Efficiency of Japanese Government Administration" was approved in a Cabinet meeting. This plan suggested that the issue of transforming national universities to IAA should be based on continual consultation. While the government respects national universities' autonomy, the IAA idea would be discussed as one of the issues on university reforms, and come to a conclusion by 2003.

Although transformation to IAA was suspended, there is a strong societal demand for national universities' independent management and evaluation. These demands became the pressure for the government and ruling party such as LDP to reform the national universities. LDP's Policy Research Council had been discussing national university governance since the beginning of 2000. In May 2000, they produced a report "The Shape of National Universities in the Future", which is called the "Aso Report" after the Chairperson Taro Aso, the LDP Lower House Member. This report argued that applying the IAA system to national universities is inadequate due to the university's unique characteristics compared with other public sectors. The report pointed that building a new system upon the general principles of the IAA system had been recommended, but it also should take into account the characteristics of the university system. It names the new system as the "National University Corporation", and this was the first appearance of the NUC in the official document (Toyama, 2004).

It was the LDP's official report, which means that the ruling party in Japan favored transforming the universities to the NUC. It was a trigger for the government, especially MOE to start building the NUC system. Two weeks after this report was published, MOE decided to set up a review meeting to design the NUC institution. Review meeting members include the presidents of national universities, advisers from public and private universities and economic industries, and scholars. At this point, both the LDP and MOE agreed that national university has unique characteristics compared with other public sectors and they agreed that institutional autonomy should be respected in governance reforms. A major turning point came

in 2001, when Prime Minister Junichiro Koizumi approved a proposal to privatize national universities. He tried to downsize the Japanese government under the slogan of "from government to private sector", which focuses on outsourcing public services to the private sector. National universities were also criticized and required to reduce the number of universities. Not only Koizumi, but the Council on Economic and Fiscal Policy (CEFP), which was the advisory body of the Prime Minister established under the cabinet office to discuss important policies on economy and finance, tried to include the privatization of national universities in its core policies. As Prime Minister Koizumi made active moves toward implementing policies in the basic plan, the privatization of national universities was in danger of being activated.

On June 11, 2001, Atsuko Toyama, the Minister of Education under the Koizumi Cabinet, published "The Plan of Structural Reform for National Universities" and proposed three big changes. The changes were reorganization and integration of national universities, introducing private-sector management, and introducing competitive mechanisms to universities by third-party evaluation. This plan was regarded as a drastic reform, but was also viewed as a counterplan for Koizumi's idea of privatizing the national universities. As a consequence, privatization was avoided, but Koizumi and CEFP's pressure on structural reforms made a change in MEXT's attitude toward NUC discussions. Before the Koizumi reform, MEXT respected the universities' autonomy. But after the Koizumi's privatization pressure, MEXT expressed an even stronger desire to introduce market mechanisms and requested national universities to undergo university reform (Osaki, 2011).

On June 26, 2001, CEFP delivered a report "Structural Reform of the Japanese Economy: Basic Policies for Macroeconomic Management", or "A Large-boned Policy 2001". This report included the basic outlines of policies under the Koizumi Cabinet, and was a manifesto that the Japanese government was willing to achieve the goals in the report. The report points out that national universities should be incorporated in order to enhance their autonomy, and university governance should have a participation of people outside academia to introduce the management style of the private sector to make national universities competitive in the global market. By this point, the incorporation of national universities was a done deal.

NUCA was based on the review meeting's final report on the institutional design of NUC, "The Vision of National University Corporations". NUCA made three changes in the national university administration. One change is in governance. NUCA has strengthened the authority of executive boards over the university administration, and weakened the authority of the "faculty meeting", where faculty members participate in all the critical decision-making. The second change is the funding system. Under the system of NUCA, MEXT subsidized the necessary expenditure as a block grant. It is called an operational subsidy (*Uneihi-koufukin*), which is a discretionary expenditure for NUC. The third change is the relationship between the universities and MEXT.

2.4 How the National University Corporation Act Changed National Universities

2.4.1 Changes in Governance

Before the enactment of NUCA, another critical change was made by MOE to reduce faculty power and empower the president and his/her staff. In 1999, the role of the faculty meeting and executive council, and the establishment of the advisory board on administration were clearly described by the amendment of the National School Establishment Law (NSEL, *Kokuritsu Gakko Setchi Ho*), a law that specifies the organization and staff of national schools. This revision enhanced the authorities of President and Dean. For a long time, the faculty meeting was regarded as one of the decision-making entities in universities, because of path dependency from the prewar period when the faculty meeting was the basis of university management. Also, the School Education Act (SEA, *Gakko Kyoiku Ho*) which was enacted in 1947 to specify the school system, mentions that every university must establish a faculty meeting to discuss important affairs. Since the SEA did not provide a specific example of "important affairs", many important issues about university management were also discussed in faculty meetings (Oba, 2015).

Revised articles of NSEL stated that faculty meetings only discuss education and research, and important affairs about university management are discussed at the executive council. Also, national universities were under the binding of Special Rules for the Public Educational Personnel and Staff Act (PEPSA, *Kyoiku Komuin Tokurei Ho*), a law applied only to national and public school staffs. PEPSA mentions that faculty meetings will take part with faculty personnel. Corresponding to the revision of NSEL, articles on PEPSA were also revised. The executive council plays the main role in relation to university personnel, and the faculty meeting's authority has weakened.

Figure 2.1 shows the governing system of national universities after the 1999 amendment on NSEL. The President, the head of a national university, holds a meeting of the executive council. Executive council members are selected only from inside the university; mainly the dean and head of a department. They discuss important issues of university management, including the selection of the President. An advisory board on administration selects members from outside the university. They discuss important issues of university management and give advice to President. Their role is to advise Presidents, but they lack the power to make a decision. The governing system was abolished after the enactment of NUCA with the incorporation of 2003. National universities are no longer under the binding of NSEL or PEPSA.

After the enactment of NUCA, NUCs governance has put more emphasis on top management. Figure 2.2 is the governing system of NUC. The governing bodies of NUC are the President, board of directors, administrative council, and education and research councils. The President of the university is the representative of NUC appointed by the Minister of Education, after the selection of the President

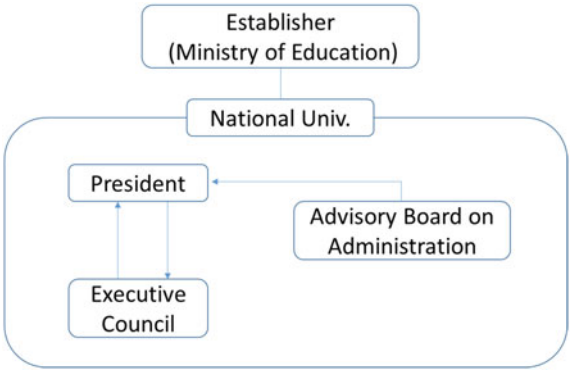

Fig. 2.1 The governing system of National University before the incorporation; after 1999 amendment on NSEL. *Source* MEXT's Description on Central Council on Education (2013)

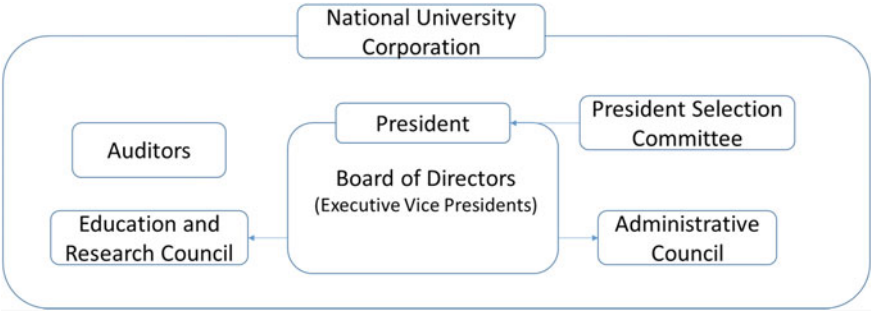

Fig. 2.2 The NUC governance system under the NUCA. *Source* MEXT's Description on Central Council on Education (2013)

Selection Committee. The board of directors includes the University President as head and several executive Vice Presidents. They support the President's decision-making on university administrations. Administrative Councils are organized to manage the university from the viewpoint of university-wide management, not as a simple coordination of colleges (faculties as an academic unit). They discuss university management, and members are chosen from executives, staff, and experts outside the university. Outside experts must make up more than half of the council. Members of the board of directors and administrative councils are appointed by the President. The education and research council, which conducts a similar function as the executive council in national universities before the incorporation of 2003, discusses important issues related to education and research. The head of the council is the President, who appoints members. The council consists of members from the university only and they are executives, university staff, and heads of the department (or faculty) related to education or research.

The participation of people outside the university as the administrative staff is institutionalized in the university governance. The administrative council, board of

directors, and President Selection committee are required to have members outside of universities, which is aimed to improve the efficiency of university management.

As the authority of the governing body has emphasized, the role of the faculty meeting has changed. After the enactment of NUCA, there was no legal basis for a faculty meeting to take part with university personnel. Since NUCA describes the function of the faculty meeting in narrow way, it lost its legal foundation and the roles are ambiguous in the incorporated national universities.

On April 2015, SEA and NUCA were revised to change the university governance system. Main changes in the SEA were the strengthened authority of the Vice President and clarifying the role of the faculty meeting. The former, the decision-making authority on the university was given to the Vice President by the amendment of the SEA. Before, the duty of the Vice President was only to help the President. After the amendment, the Vice President was enabled to decide on school affairs in their authorities, as delegated by the President. The latter, "the important affairs" that the faculty meeting is supposed to handle were specified by the amendment. The revised article specifies important affairs are education and research such as students' enrollment, graduation, and degree-granting. The role of the faculty meeting was also specified as submitting opinions about education and research to the president, which shows that faculty meeting is not the decision-making body anymore in the university. Another core revision of NUCA amendment was clarifying the process of President Selection, which results in strengthening the presence of the selection committee.

2.4.2 Changes in the Funding System

The biggest change in the funding system was the introduction of operational subsidies. Under the system of NUCA, NUC's revenues are mainly from operational subsidies allocated by MEXT. This subsidy is the basic fund for NUC, and used for developing education and research, including salaries for teaching and administrative staff and general administration costs. The NUC's usage of operational subsidies is not limited by MEXT. NUC has the authority to determine the usage of subsidies according to their management strategies.

But as national universities were separated from MEXT, and university staff ceased to be non-civil servants, subsidies for national universities were no longer a mandatory expenditure and became discretionary. The total amount of discretionary expenditure was determined by the government's policy decision, and it was required to be reduced every year. The IAA's block grants were reduced 1% every year.

The operational subsidy is offered to NUC in a total sum, according to their mid-term goals and mid-term plans. Mid-term goals, set by the Minister of MEXT, are to be accomplished by NUC in six years. Goals are in education and research, improvement in operational management and finance, and self-inspection of the university. Although these goals are set by the Minister of Education, the Minister

is required to hear comments from NUC to consider NUC's special characteristics of education and research. According to Article 3 of NUCA, MEXT is expected to consider an individual university's special characteristics in education and research.

The mid-term plan is a plan made by NUC to achieve its mid-term goals. They need to be approved by the Minister of Education. Since the mid-term plan is a 6-year plan, NUC is expected to set an annual plan and report it to MEXT. The annual plan will be evaluated every year by the National University Corporation Evaluation Committee (NUCEC), established in MEXT.

During the first and second period of the mid-term plan, operational subsidies are calculated as the amount of expenditures needed for education and research to accomplish mid-term goals and the mid-term plan, after the deduction of incomes such as standard tuition fees and hospital incomes. Operational subsidies are calculated under the following rules; operational subsidies consist of subsidy for faculty education, specific purpose, and hospitals. Subsidy for faculty education is calculated by a formula, using objective factors such as the number of students and the standard tuition fee. The standard tuition fee is a standard determined by MEXT. This formula for calculating the operational subsidy makes NUC dependent on MEXT. If the tuition fee standards have increased, NUC must follow it to afford the same amount as MEXT is going to deduct as "tuition fee" from the operational subsidies, or their total revenue will be reduced. Although NUC has the autonomy to decide the amount of tuition, they have no choice but to follow MEXT. Even if a university has decided to increase the tuition fee, it was limited to the maximum of a 10% increase (20% increase from 2007) according to MEXT's standards.

In the first period of the mid-term plan (FY2004–2009), MEXT introduced an "Efficiency Factor" (*Koritsuka Keisu*), which reduced operational subsidies for education and research by 1% per year (Salary for teaching and administrative staffs were not included). During the first period, the demand for fiscal austerity strengthened. Other than the Efficiency Factor, 1% is reduced from the total sum of operational subsidy according to "A Large-boned policy 2006" adopted by CEFP. On the second period of the mid-term plan (FY2010–2015), the efficiency factor changed to "University Reforms Accelerating Factor" (*Daigakukaikaku Sokushin Keisuu*), which reduces 1% or 1.4% from operational subsidy per year (Osaki, 2011). Universities that do not own their hospital face a 1% reduction, and universities that do own hospital received a 1.4% reduction. Like the Efficiency Factor, personnel expenditures, and faculty members' budgets for education and research are exempted from reduction.

Figure 2.3 shows the changes in the total amount of operational subsidy. Within 10 years, the trend of the total amount is on the decrease.

On the third period of the mid-term plan (FY2016–2021), MEXT developed a new framework for granting NUC. In the new framework, three priority-support categories that universities would focus on were designed. Category one is for universities focusing on regional contribution. Category two is for universities focusing on education and research at a national level. Category three is for universities aiming at world-class education and research. Each university selects one category out of three and develops their own plan. MEXT checks the plan and

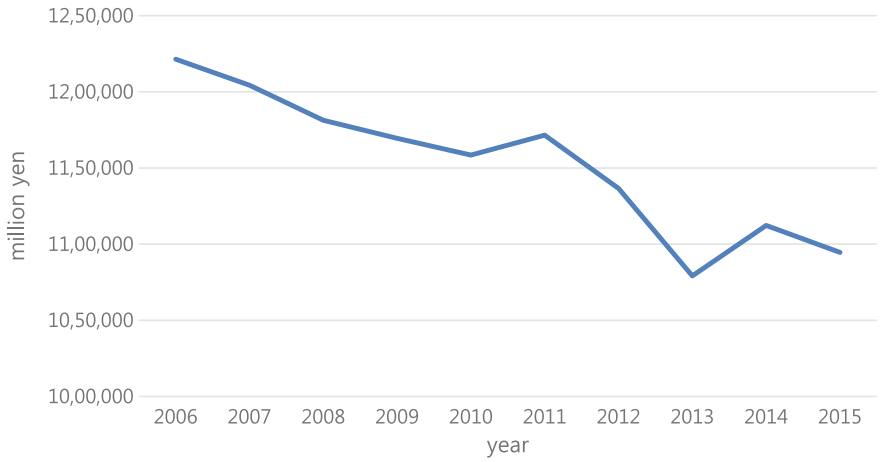

Fig. 2.3 The trends of the amount in operation of the all subsidies. *Source Hojokin-Soran* [*lists of subsidies*] (in Japanese), 2006–2015

reallocates the operational subsidies according to the scores of the evaluation. The financial resource for reallocation comes from the "Functional Enhancement Accelerating Factor" (*Kino-kyoka Sokushin Keisuu*), which is transformed from the "University Reforms Accelerating Factor" of 2016. It is 0.8–1.6% of the NUC's operational subsidy contributing to MEXT, and a sum of each university's contribution makes the pool for reallocating operational subsidies. Continuous reduction on operational subsidy resulted as a decrease of 12% (147 billion yen/12 billion dollars) in 12 years, and it has caused a reduction of the research fund from universities, and an increase in fixed-term employments among young researchers.

Table 2.1 shows how much operational subsidies are allocated to NUC by categories set by MEXT. Category one, which focuses on regional contributions, is the largest category of the three. 55 universities are in this category and subsidized 430 billion yen in total, 7.8 billion yen on average. Category two, which focuses on education and research in the national level, consist of 15 universities. Its funding amount is 72 billion yen in total, and 4.8 billion yen on average. Category three, with its focus on world-class education and research consists of 16 universities. Its funding amount is the largest of the three categories; 504 billion yen in total, and 31 billion yen on average.

This amount reflects the result of evaluations by MEXT, which results in a decrease in the reallocation of operational subsidies for universities that do not achieve goals they set in the plan, or increase in reallocation for universities that have achieved their goals and are highly rated by MEXT.

Since there are only a few ways to earn income, NUC's finance strongly depends on MEXT's operational subsidies. NUC has to follow MEXT's reform plans in order to get more subsidies for university finance. When the framework of operation

Table 2.1 Funding for three categories of operational subsidies

Categories	Total funding (average per university) in million yen	Number of universities	Representative universities
Regional contributions (category 1)	430,903 (7,835)	55	Hokkaido University of Education, Saitama University, Shizuoka University, Yamaguchi University, Saga University, etc.
National-level education and research (category 2)	72,057 (4,804)	15	Tsukuba University of Technology, Tokyo Medical and Dentist University, Tokyo University of Foreign Studies, Tokyo Gakugei University, Ochanomizu University, The University of Electro-Communications, Nara Women's University, Kyushu Institute of Technology
World-class education and research (category 3)	504,157 (31,510)	16	Hokkaido University, Tohoku University, Tsukuba University, Chiba University, University of Tokyo, Tokyo University of Agriculture and Technology, Tokyo Institute of Technology, Hitotsubashi University, Kanazawa University, Nagoya University, Kyoto University, Osaka University, Kobe University, Okayama University, Hiroshima University, Kyushu University

Source The Budget Document of MEXT, FY2017 and MEXT's press release on the evaluation result of priority-support categories in NUC operational subsidies (2017.1.12)

subsidies changed in the third period of the mid-term plan, NUC followed the framework and selected the area that they would be heading to. The system of NUC finance has a role in accelerating the reforms of NUC.

2.4.3 The Relationship Between NUC and Central Government

Although NUC became an independent accounting unit, MEXT still exerts a strong influence on NUC. The reason for this is that most revenues of NUC consisted of taxes. The Industrial Competitiveness Council (ICC) and the National Commission on Educational Reform (NCER), established under the Cabinet Office to focus on

the Japanese economy and education, discuss university reforms and expect the NUC to change drastically. Both councils demand MEXT to force NUC to undertake structural reforms, and it was incorporated into the basic plan of the government. The MEXT had to set out a plan and indicators for the national university reforms, and the progress of reforms are regularly checked at the ICC meetings (Konyuba, 2014). The MEXT's plan for university reforms were presented as the "Plan for University Reforms", and the plan on national university reforms was presented as the "National University Reform Plan" at the ICC meeting on November 2012.

The National University Reform Plan shows the three functions of national universities; university for world-class education and research, national class education, and the center for vitalizing regional communities. The plan, including the three functions, was released and discussed first at the ICC meeting, rather than in the Central Council of Education (CCE), and was established in the MEXT.

Since these functions will be related to operational subsidies in the third period of the mid-term plan, the NUC had to decide which function their university would focus on. Just after the release of two university reform plans in the ICC, MEXT established new competitive funds for universities to apply for. These were designed as function-based funds; for example, Center of Community (COC) funds for universities focusing on revitalizing regions, Acceleration Program for University Education Rebuilding (AP) fund for universities focusing on education, and the Top Global University Project fund for universities focusing on education and research at a global level.

These funds were open to all universities, but the main applicants were the NUC. As the operational subsidies decrease, the NUC had to apply for funds to increase their incomes. But since funds were classified by functions as shown in the university plans, universities had to select the function ahead of the third period of the mid-term plan. As most NUCs applied for function-based competitive funds, the functional enhancement of the NUC accelerated.

2.5 Conclusion

This chapter discusses how national universities were driven to incorporation and changes made since the incorporation of national universities in 2003. The incorporation of national universities can be described as a consequence of the structural reforms in Japan, which caused a big change in the education policymaking process. The issue of incorporating national universities was avoided for a long time under the traditional education politics. But under the new politics in the 1990s and the early 2000s, incorporation became a pressure from outside the education policy community. This pressure was strengthened under the global trend of NPM and the Japanese government, which decided to introduce NPM to administration reforms to emerge from the economic recession of the 1990s.

As NPM was adopted all around the world in various ways, the Japanese government tried on decentralization and performance evaluation (Harada, 2003). Decentralization is the idea of separating the planning unit and the operation unit, which aimed to streamline the bloated and high-cost government. This led the delegation of autonomy from the ministry to IAA, and resulted in separating national universities from MEXT. With the decentralization of a ministry, enhancement of the cabinet office was also discussed and institutionalized. Performance evaluation aims to set and check numerical goals to achieve better outputs. Under the shrinking budget, improvement of policy outcome was desired by measuring performance, not by the amount of money and resources injected. This idea plays a big role in policymaking process. Councils under the cabinet office takes the leadership on important policy reforms. They set indicators on reforms, and evaluates the progress on a periodic basis. By taking an evaluation at intervals, reforms can be aggressively promoted by cabinet office with less involvement from ministries. These elements of NPM resulted in the structural reform in Japan and provide a momentum to enact NUCA.

The enactment of the NUCA led to a big change in university governance. NUCA ensures the NUC has a strong governing body and top-down management. The authority of the President has become stronger than before the incorporation. But, although national universities have been incorporated, they are still under the tight control of MEXT and do not have autonomy as an independent management body (Amano, 2008). MEXT's intention always has a strong influence on universities through NUC funding system. A study of the NUC Presidents in 2014 was done by the Center for National University Finance and Management (CNUFM). The research shows the influence of the central government through the funding system; about 90% of Presidents feel that MEXT influences the university governance, and about 67% feel that ministry other than MEXT influences the university governance too (CNUFM, 2015).

Under the structural reforms, various noneducational specialist participants such as the LDP and councils under the cabinet, have the power to determine education policies. On the other hand, MEXT has weakened the influence in the policymaking process. The main arena for education policymaking has moved from CCE to ICC and NCER. CCE discusses university reforms after those councils' meetings determine major directions. University reform policy in Japan moves more quickly than before, reflecting the intention of cabinet and councils which have a strong preference for economic goals, not education. Noneducation specialists in the educational policymaking process think of higher education as an engine for economic development. Those ways of thinking often conflict with a view of education specialists. Under the traditional policymaking process, education specialists' opinions have been given preference over other participants. But now, education specialists such as MEXT do not have much power to make a big change in the trend of the university reform.

However, MEXT still maintains a strong influence over NUC. They can exert influence on the NUC through the funding system. Since university reform plans are embedded in the funding system, universities buy into the reforms. In the

university, Presidents and executive boards are authorized to take the leadership to accelerate reform. Faculty meetings were the strong influences in university governance in the past, but no longer. Generally, university reform is led by the President and executives. These changes show that demands from the economic and industrial arena directly affect and accelerate the reform inside NUC.

The introduction of NPM has led to the drastic changes in the policymaking process in the central government and university governance, and the rapid cycle of university reforms involved almost all of the NUC.

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Chapter 3
Halfway Toward Incorporating National Universities in Korea

Pilnam Yi

Abstract This chapter discusses university governance reforms implemented in Korea from historical, political, and economic perspectives. Under the influence of global neo-liberal reform in higher education, the Korean government continued to incorporate national universities for about a decade, finally resulting in Seoul National University, a leading research university whose legal status changed to an incorporated one in 2012. On the way toward the incorporation of national universities, considerable controversy between the stakeholders such as the government and academics arose over the intentions of governance change. This chapter reviews higher education governance reforms that Korea has undergone over the past two decades, particularly highlighting the state–university relationship in terms of autonomy and accountability. The chapter closes with suggestions for future policy agendas for university governance reforms in the Korean higher education context.

3.1 Introduction

Higher education governance in many countries has undergone transformative changes over the past three decades (Braun & Merrien, 1999; Capano, 2011). The role of the state in relation to the governance of universities has changed from ex-ante control to ex-post evaluation (Neave, 1998; Ferlie, Musselin, & Andresani, 2008), while higher education institutions have been granted increased institutional autonomy to manage themselves and demanded performance-based accountability.

The concept of new public management (NPM), which emphasizes the accountability of the public sector and its focus on results, was applied to higher education governance reforms (Broucker & De Wit, 2015). Under massive enrollments and constrained public funding, higher education institutions have

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confronted the external pressures to improve their efficiency and to enhance their performance and effectiveness, as has been demanded of other public sectors.

Korean higher education was not exempted from this global reform trend. Under the influence of global neo-liberal reform, the Korean government made continued efforts to incorporate national universities from the mid-1990s, and a couple of national/public universities were recently incorporated, and their legal status changed from a public entity to an independent public corporation. The governance reform strategy adopted by the Korean government is a selective and voluntary incorporation of national universities, which is in contrast to the Japanese strategy of comprehensive corporatization of all national universities (Yamamoto, 2004).

The governance changes in the roles and relationships between the state and universities taking place in many countries are similar in the general direction based on "the state role as steering at a distance" and governance model of "state-supervision" (van Vught, 1989), which is triggered by global forces of neo-liberalism. However, these emerge differently in different countries, which employ localized strategies given their national contexts (Rhee, 2007).

Since the 1990s, the Korean government has made various policy efforts to enhance the competitiveness of higher education to contribute to the nation's competitiveness in a knowledge-based economy. In accordance with the global higher education reform trend, reform principles included deregulation, decentralization, and competition, on which higher education funding and governance reforms have been based. The incorporation of national universities was the most fundamental governance reform, and drew considerable attention from policy-makers and academics in national universities, although taking more than two decades for policy implementation.

This chapter discusses national university governance reforms implemented in Korea from a historical, political, and economic perspective, and highlights the fierce controversies about the incorporation policy among stakeholders, and suggests future governance reform agendas to improve Korean higher education. Specifically, it is guided by the following research questions.

1. What were the driving forces of incorporation of national universities in Korea? How did historical, political, and economic contexts shape the incorporation policy?
2. What were the main arguments for and against incorporation of national universities in Korea? What were the general perceptions of national university faculty and staff on incorporation? What are the main features of the incorporation policy in Korea?
3. What has emerged as the governance reform agenda to improve Korean higher education?

In this chapter, we focus mainly on external governance changes in Korea, a national university incorporation policy from policy formation to policy outcome at the time of writing. However, as the incorporation of national universities implemented in Korea includes institutional governance changes, we also outline internal

governance changes of incorporated national universities. A prior study on incorporation of national universities in Korea by Rhee (2007) dealt with the ongoing policy changes as of 2007, and this chapter additionally discusses policy changes after that time. It should be noted that the incorporation of national universities is still a work in progress.

The chapter proceeds as follows: we first describe the key features of the Korean higher education system and governance, highlighting the national universities' status in the entire higher education system. Then, the incorporation of national universities in Korea is analyzed through the lens of policy processes. Government documents such as policy reports and legal acts as well as relevant studies were extensively reviewed to analyze the policy processes. Next, we discuss an idiosyncratic policy design of the incorporation of national universities and address concerns about the negative consequences of incorporation in relation to institutional autonomy, accountability, and institutional governance. Finally, in the conclusion, we suggest future policy agendas for university governance reforms in the Korean higher education context.

3.2 Key Features of Korean Higher Education System and Governance

It is important to understand the characteristics of Korean higher education system before specifically examining the incorporation policy in the context of governance reforms. This section broadly describes system characteristics, governance models, and national universities' status, which are backdrops of the incorporation policy.

3.2.1 System Characteristics

Korean higher education has experienced an unprecedented expansion primarily led by private universities (Shin, 2012). Public universities account for 23% of the total enrollments and the proportion of public institutions is only 19% (Korean Ministry of Education & Korean Education Development Institute, 2016). Higher education institutions in Korea are generally classified as national, public, and private in terms of control. Public universities are owned, funded, and operated by local governments. As of 2016, there exists only one public university, University of Seoul, which is financed and managed by the city government of Seoul. This chapter uses national universities and public universities interchangeably. It is a distinctive characteristic of the Korean higher education system that it relies heavily on the private sector.

The modern higher education system in Korea started in 1946 after gaining independence from Japan with the establishment of Seoul National University

Table 3.1 Number of universities and enrollments by institutions

	Number of universities	Enrollments
National	34	467,761
Public	1	12,974
Private	154	1,604,072
Total	189	2,084,807

Source KMOE and KEDI (2016). Statistical Yearbook of Education

Notes The statistics includes 4-year universities only. National universities include 2 higher education institutions, Seoul National University and Incheon National University which were incorporated in 2012 and 2013 respectively

(SNU), the first comprehensive university (Lee, 1989). The former Kyungsung Imperial University and several public professional schools were reorganized as Seoul National University when the American military was ruling the southern part of Korea (Shin, 2012). After the Korean War, national universities were established in the 1950s in provincial areas and there are 34 national universities as of 2016 (See Table 3.1).

In the hierarchical and stratified Korean higher education system, SNU has kept its leading status over the years, whereas provincial national universities have gradually lost their prestige mainly because students' preference shifted to universities located in the Seoul metropolitan area. For example, a university ranking result annually reported by JoongAng Daily in Korea shows the declining rankings of provincial national universities over the past decade. Between 2005 and 2015, these universities have never ranked in the top 10 and their rankings continue to deteriorate year by year (http://univ.joongang.co.kr/).

3.2.2 *Governance Model in Transition: State Control to State Supervision?*

In spite of the Korean higher education system's heavy reliance on the private sector, the government has direct control over both public and private higher education sector in many respects (Kim, 2008). Private institutions are traditionally treated as quasi-public institutions, in terms of government regulations and their expected roles (Byun, 2008).

Governance reforms in Korean higher education were substantially affected by 'the June 10 democratization movement" in 1987 and "the May 31 Education Reform plan" in 1995 (Byun, 2008). The former brought fundamental changes in internal governance patterns within universities, for example, faculty constituency's electing a university president, whereas the latter included the most comprehensive higher education policy recommendations based on the principles of NPM. The belief system of the Korean government concerning the role of universities shifted

from universities as cultural institutions to utilitarian ones, as similarly observed in European countries (Braun & Merrien, 1999). The May 31 Education Reform plan suggested market-oriented higher education reform policies based on societal needs, which subsequent government reforms followed. Deregulation, increased autonomy and accountability, competition, and consumer orientation were keywords frequently found in subsequent policy documents (Byun, 2008).

Since the May 31 Education Reform plan in 1995, Korean higher education governance seems to have followed the path of change from state-induced coordination to market-like coordination based on Clark's triangle model (1983) and from state control to state supervising model of van Vught (1989). The Korean government repeatedly emphasized deregulation, autonomy and accountability, and competition in higher education, and has continued policy efforts accordingly. It is notable, however, that some scholars are skeptical about real changes in the relationship between the state and universities, arguing that the government still has a major role as regulator, guide, assessor, and chastiser (Kim, 2008) and NPM-based governance reforms are hardly implemented in higher education institutions in response to academics' cynical attitude and incoherent government policies emphasizing accountability without increasing institutional autonomy (Byun, 2008).

3.2.3 National Universities' Status in Terms of Autonomy and Accountability

As described, the prestige and attractiveness of national universities other than SNU have declined over time. Although the government maintains control over the private as well as public higher education institutions, rules and regulations applied to private and public institutions differ considerably. In general, strict regulations over governance and management are in place over national universities as they are state-owned, funded mainly by the state, and operated by public civil servants. National universities are funded by the government for recurrent expenditures and the government funding makes up of about 30% of the total annual budget of national universities (Ban, 2016).

Institutional autonomy of national universities is limited in many respects. According to Berdahl (1990), institutional autonomy consists of substantive and procedural autonomy: the former concerns the power of the university to determine its own goals and programs, the what of academe, whereas the latter refers to the power to determine the means by which its goals and programs will be pursued, the how of academe. Korean national universities have limited powers in both procedural and substantive matters.

From an international comparative perspective, the institutional autonomy of Korean national universities is very weak. The degree of institutional autonomy of Korean universities was ranked last among nine OECD countries surveyed in July

2007 (Byun, 2008). For example, Korea's national universities do not own their buildings and equipment, cannot borrow funds, have no control over their own budgeting, cannot set staff salaries, and cannot decide on the size of enrollments. In other words, procedural autonomy is not really permitted because of their legal status as public organizations. Korean public universities have autonomy in only two areas; setting academic structure and course content, and employing and dismissing academic staff. A study by Shin and Park (2007) examined various types of governmental interventions in Korean higher education and concluded that national universities have much less procedural autonomy than private universities, but both national and private universities have similar limits on their substantive autonomy.

Accountability in higher education has been increasingly stressed since the mid-1990s, and various policy instruments have been adopted. Traditionally, the Korean government has demanded bureaucratic accountability from national universities with ex-ante rules and regulations. In 1994, the government introduced an accrediting system for universities as a mechanism for professional accountability. Also, the government has increased the proportion of competitive funding for both public and private universities to induce competition and to enhance institutional performance. In 2008, a performance disclosure system was launched, in which all higher education institutions were required to annually report their performance on the web (http://www.academyinfo.go.kr/) in relation to diverse areas of university operations such as student enrollments, finance, teaching, and research. Performance indicators drawn from the system has also been utilized in government funding and various evaluations. By establishing the information disclosure system, the government sought to improve the level of managerial and market accountability of universities.

To summarize, professional and market accountability in addition to traditional bureaucratic and legal accountability has been intensified for Korean national universities over the past decades. Several accountability programs such as accreditation, evaluation, university rankings, performance funding, and performance reporting were widely adopted over the past decades in Korea. All in all, as Byun (2008) has criticized, higher education reform policies in Korea seemed to disproportionately emphasize accountability without increasing institutional autonomy. In this regard, the incorporation of national universities, which is a policy effort designed to address this criticism, is worthy of close scrutiny.

3.3 Incorporation of National Universities in Korea

The incorporation policy in Korea primarily refers to the change in the legal status of national universities from the public to corporate institutions. This chapter mainly focuses on traditionally national universities which were previously regulated by the Ministry of Education and subsequently incorporated by enactment on the establishment of national university corporations according to the Ministry of Education's policy. In Korea, there exist four institutes of science and technology

providing undergraduate and graduate education such as KAIST, GIST, D-GIST, and UNIST, of which legal status is also public corporations. They are publicly funded universities, which are under the auspices of the Ministry of Science and Technology. Hence, these universities are not the focus of this chapter.

In this section, we review the Korean national policy context from historical, political, and economic perspectives, describe policy formation and process, and present policy outcomes in detail.

3.3.1 National Policy Contexts

National contexts should influence how a policy template is locally adopted, interpreted, and institutionalized. In other words, each country's national context shapes the policy process and determines the final policy outputs. Therefore, it is critical to have a firm grasp of national contexts for policy analysis. The national context of the incorporation of national universities in Korea can be viewed from a historical, political, and economic perspective.

In the development-study literature, Korea's case has been seen as a developmental-state model, characterized by the active role of the state bureaucracy in economic growth and industrial transformation (Lim & Jang, 2006). The historic legacy of the strong developmental state is pervasive even in the relationship between the Korean government and universities. For example, the government periodically made a long-term development plan not only in relation to economic policies but also in education and took a leading role in policy development. That is, state control is the rule rather than the exception even in the higher education field. Even if the May 31 Education Reform plan stressed deregulation in higher education, the plan itself was prepared by the Presidential Commission on Education Reform and implemented by the central government officials, taking a top-down approach. Also, in spite of policy efforts to deregulate, a gap exists in perceptions on institutional autonomy between the government and universities (Shin, Kim, & Park, 2007). Higher education governance, originating in historically strong interventions by the government, is likely to continue in subsequent reform initiatives, limiting the universities' role as a passive follower.

In the history of Korean higher education, Seoul National University has retained a uniquely significant stature. As the first comprehensive national university, SNU has been the most prestigious university in the country. Hence, when the government attempted an external governance change between state and university, SNU was considered as an exemplary case, on which basis subsequent policies developed.

As mentioned in the previous section, democracy in Korea has developed significantly since the June 10 democratization movement in 1987. Since then, the ruling parties have alternated on a 10-year basis: Roh Tae-Woo and Kim Young-Sam's administration from 1988 to 1997, Kim Dae-Joong and Roh Moo-Hyun's administration from 1998 to 2007, and Lee Myung-bak and Park

Geun-Hye's administration from 2008 to the 2017. Despite the ruling party changes, higher education policy orientations based on NPM principles have altered little. Even the liberal governments during the period 1998–2007 did not abandon higher education policies influenced by neo-liberalism and new managerialism. Rather, it was in this period that the government progressively attempted to incorporate national universities by enacting legislation, which, in turn, led to conflict and tensions between the government and the national universities.

The economic crisis that hit Korea in 1997 had substantial repercussions, accelerating downsizing and restructuring of organizations even in the public sector. Not coincidentally, it was in the late 1990s that inefficiency and ineffectiveness of the national universities drew critical attention. The incorporation of national universities in Korea started to be discussed as part of broader public sector reforms just as Ferlie et al. (2008) argued. Nevertheless, considering that Korea took a selective and voluntary approach toward the incorporation of national universities, an economic perspective provides insight on only one part of the whole story.

Demographic changes in Korean society caused by the low birth rate had a substantial influence on the higher education. Korean higher education has had a system of universal access since 2000, with the gross tertiary enrollment rate reaching 99.7% in 2010, among the highest in the world (http://data.uis.unesco.org/). However, as the absolute number of age cohorts decreases, university enrollments have accordingly decreased in the past decade and are predicted to shrink sharply in coming years. University downsizing accompanied by appropriate restructuring measures is clearly an imperative. In the 2000s, the government encouraged national universities to merge by providing financial incentives. As a result, 21 national and public institutions of higher education have merged into 11 institutions since 2005, with student enrollments of national universities decreasing accordingly.

3.3.2 Policy Process

The principal stakeholders of national university incorporation are the government as the initiator and national universities, which became an opposing coalition. Interest in the policy on the part of the public was limited, and private universities were not direct interest groups of the policy issue, either. For this reason, the policy process mainly involved the government and national universities as the two primary stakeholders.

The policy idea of incorporation of national universities was first presented in 1987 by the Presidential Commission on Education Reform to increase institutional autonomy and efficiency of national universities. At the institutional level, SNU declared incorporation of the university as a long-term goal in 1988. SNU, as a leading national university in Korea, shared the policy objectives and seemed to internalize the ideal at least at the executive level. The May 31 Education Reform plan in 1995 included the policy recommendation that national universities should be incorporated on a voluntary basis. In 2002, the government attempted to legislate

on national university operations particularly to grant financial autonomy, but this failed. In 2004, Japan, a neighboring country, implemented a radical corporatization of national universities. This, in turn, had a substantial impact on the Korean government's university governance reform efforts. Since then, following hearings on how to incorporate national universities in Korea, the government proposed a general law on national university corporations in 2007, but the bill failed to pass in the legislature.

The policy efforts toward incorporation of national universities attracted considerable criticism from faculty and staff of national universities. They claimed that incorporation was equivalent to privatization, which would have dire consequences such as tuition increases and the reorganization of academic departments in the spirit of academic capitalism. Specifically, in a survey which asked the academic and administrative staff of national universities about their concerns, respondents said that incorporation would result in decreased government funding, would damage representative democracy, and would strengthen government control and interventions over national universities (Yi, Lee, Park, Kim, & Oh, 2010). Even if the government had spelled out that the policy objective was to increase institutional autonomy and accountability, opponents were suspicious of the government's intention. They were concerned about academic capitalism and argued that incorporation would threaten the public values of national universities. Behind this dissent, faculty and staff also had practical concerns about their status changing from public to nonpublic servants.

In 2008, the Lee Myung-bak administration (2008–2012) proposed a different bill on national universities' accounting and financial management, but it was unsuccessful because of resistance from the national universities. National universities regarded the bill as an antecedent of incorporation and acted hard against its passage in the legislature. However, the Lee government was not discouraged and proposed a bill to incorporate SNU in December 2009.

3.3.3 Policy Outcome: Selective Incorporation

The Lee Myung-bak administration, a conservative government, emphasized deregulation, decentralization, and competitions more than any previous government in order to enhance competitiveness and excellence of higher education. In December 2010, the national assembly finally passed a bill to incorporate SNU, changing its legal status from a public to a corporate institution starting in 2012. The ruling party railroaded the bill on the incorporation of SNU, which provided a ground for subsequent trials to repeal the law. Subsequently, a bill to incorporate Incheon National University (INU), previously a public university, was passed in January 2012. As a result, there are now two national universities incorporated by the independent enactment and four institutes of science and technology whose legal status is a public university corporation, while the rest of national universities, including one public university, remain government subsidiary organizations.

In the process of the incorporation of SNU, the Minister of Education, Mr. Lee Ju-ho, acted as an important policy entrepreneur. Taking a strong leadership role in education policy-making since the inception of the Lee Myung-bak government, he pushed through the incorporation of SNU. Simultaneously, SNU continued political negotiations to maximize the benefits out of incorporation. For example, it was stipulated that the state subsidy to SNU would increase in proportion to the annual increase in the government higher education budget. Both the government and SNU shared the vision of making SNU a world-class university through incorporation, to enhance institutional autonomy and accountability.

The incorporation of national universities in Korea led to considerable changes in institutional governance, managerial autonomy, and performance-based accountability. Table 3.2 details these important changes after the incorporation of SNU. The contents of incorporation of the University of Incheon are mostly similar to SNU, except for minor details such as the composition of the governing board. The change in legal status from a public organization to a corporate entity is a logical foundation of subordinate changes in finance and human resources management. With respect to institutional governance, more than half the governing board consists of external members of the university, and the board functions

Table 3.2 Incorporated SNU's governance, autonomy, and accountability

Area	Descriptions
Institutional governance	(Structure) The governing board holds the highest authority of institutional decision-making. The governing board consists of a president, 2 vice presidents, 2 vice ministers from the government, and 1 faculty member recommended by the faculty senate. External members of the university should constitute more than half of the board
	(Appointment of president) The governing board selects a president among the candidates Presidential Search Committee recommends
Finance and accounting	(Accounting) A consolidated corporate account is established
	(Funding) Government funding by block grants should increase in proportion to the annual increase of higher education budget; Profit-making activities are allowed as long as they do not interfere with university core functions such as teaching and research; Long-term loans and school bonds issue are allowed
	(Budgeting) The president has a full discretion on planning budgets
	(Auditing) Internal and external audits are carried out by professional accountants
Organization and staffing	(Organization) Institutional discretion applies in the organization of university
	(Staffing) University personnel including academic and administrative staff become employees of the corporation and they are no longer public servants
Performance evaluation	(Goal-setting) The president set performance goals on a 4-year basis and establish an annual implementation plan
	(Evaluation) The Ministry of Education evaluates yearly performance based on the plan

as the highest steering authority. The board selects a president from two to three candidates recommended by a presidential search committee. Previously, the presidents of national universities were elected by faculty, and the choice was based on a spirit of collegiality or shared governance. The new system makes it possible for the president to exercise a strong leadership role under the auspices of the governing board.

Institutional autonomy in procedural matters such as finance and human resources management substantially increased after incorporation. The funding from the government is projected to increase in line with the increased government higher education budget. This is in contrast to Japan, where governmental financial support for national universities decreased and competitive funding increased (Yamamoto, 2004). Considering the promise of government's financial support to incorporated universities, Korea's case is more like that of Singapore where the incorporation of national universities was not financially driven but "management-driven" (Mok, 2010). The president is in full charge of university budgeting and can take a long-term loan or issue school bonds in consultation with the Ministry of Education. As a legally separate institution, the university can set up and staff their internal organizations. The academic and administrative staff does not hold a public servant status any longer and salaries are determined at the institutional level.

In return for the increased procedural autonomy, the government demands a performance-based accountability from SNU through a regular performance evaluation. The university is required to establish a 4-year performance plan and annual implementation plans, and the Ministry of Education evaluates institutional performance annually. The results can be linked back to the government's administrative and financial support to SNU.

3.4 Discussion

We have examined the background, policy process, and outcomes of the Korean national universities' incorporation in detail. This section critically discusses distinctive policy features and concerns about real changes in government–university relationship and institutional practices after being incorporated.

3.4.1 Patchwork Development of Incorporation in the Quest for Excellence

Korean higher education reforms over the past decades have been heavily influenced by global forces of neoliberalism and NPM-based governance principles. The government has continued to stress deregulation and decentralization in higher education, and the incorporation of national universities was adopted as a policy

instrument to increase institutional autonomy and accountability. Even though the governance reform was driven by similar global forces that affected other countries too, the Korean incorporation policy has shown divergent patterns. As Capano (2011) indicated, "national trajectories in governance shifts are characterized by different timing, and are influenced to varying degrees by past legacy (cultural and institutional) (p. 1639)".

In its policy formation, Korea decided to take a selective approach, allowing national universities to choose whether or not to be incorporated. At the start of the policy discussion in 1987, the complete transformation of all national universities was not considered. Even the general law on the incorporation of national universities, which was proposed in 2007 but not enacted, did not intend a sweeping incorporation of national universities. In the meantime, Japan's radical corporatization of all national universities in 2004 was surprising and stimulated the Korean Ministry of Education to accelerate their policy, but Korea eventually followed its own path, reflecting different policy trajectories.

At the outset, the Presidential Committee on Education Reform proposed that the incorporation of national universities should be an option for respective institutions (PCER, 1995). Afterward, the following policy discussion mainly focused on the incorporation of SNU, the only institution that publicly announced its intent to be incorporated as a long-term development plan. With the hierarchical and stratified system of national universities in mind, the Korean government did not pressure other provincial national universities which had not actively participated in the policy discussions. Opposition from academics in some national universities was so intense that it seemed to be politically efficient and strategically wise for the government to focus only on SNU. After all, path dependency constrained the policy development trajectory and political feasibility reinforced the policy path.

As a result, the incorporation of national universities in Korea developed in a patchwork fashion, which may further complicate state–university relationships. At the system level, national universities in Korea are now divided into those legally separated from the government through incorporation (SNU and INU), and the others which remain as subsidiary government bodies. The formal relationship between the government and the incorporated national universities should differ from that between the government and non-incorporated ones, but it is questionable whether the government's control over the two types of national universities varies at all.

The policy narrative of the Korean government concerning incorporation has been to frame it as promoting "excellence" in teaching and research by enhancing institutional autonomy and accountability (KMEST, 2009). The stress on excellence provided a rationale for the selective approach taken by the government, and the policy opponents, mainly academics from national universities, tolerated the policy decision. With this framework, however, the government is likely to face a dilemma when implementing incorporation of other national universities. On the one hand, if the government sticks to the goal of excellence through incorporation, it will be difficult to expand incorporation of national universities to a wider scope. On the other hand, if excellence was mere policy rhetoric to push through the

incorporation of SNU, the government should come up with a different rationale to support the incorporation of other national universities in the future. Whatever actions are to be taken by the government, path dependency will constrain future policy trajectories.

It should be noted that four incorporated Korean institutes of science and technology are under the control of the Ministry of Science and Technology, while SNU and INU are supported and regulated by the Ministry of Education. The relationship between the government and respective university corporations may vary depending on controlling ministries. For example, the governing board of KAIST consists of three government officials from the Ministry of Finance, Ministry of Science and Technology, and Ministry of Education, and the president of KAIST as ex officio members plus others from academia and industry, and there is no limit on internal members. Conversely, the governing board of SNU is required to have more external members than internal ones. Looking at the statutes, it seems that more rules and regulations govern the incorporated national universities under the control of the Ministry of Education.

3.4.2 Increased Procedural Autonomy with Less Substantive Autonomy

Incorporated national universities in Korea were granted increased institutional autonomy in procedural matters with the deregulation of state controls over institutional management in organization, finance, and human resources. However, the positive effects of increased formal procedural autonomy can be counteracted by different measures of control, such as the inclusion of government officials in the governing board and performance evaluations, which may limit substantive autonomy. Many scholars agree that the degree of formal autonomy granted to universities does not necessarily translate into the same degree of real autonomy in state–university relations (Christensen, 2011; Enders, de Boer, & Weyer, 2013).

For example, Enders et al. (2013) suggest a concept of "regulatory autonomy" to capture the use of organizational autonomy of universities as a new regime of government control. They analyzed the Dutch case and found that autonomy policies for strengthening managerial discretion and internal control of universities were combined with regulatory policies for external control that influence organizational choices. Similarly, the Korean government still has a target-setting role for incorporated universities by including high-ranking government officials on the governing board and controlling them through performance evaluation where the results can be further linked to financial incentives.

Even at the institutional level, there is a concern about the gap between formal and real autonomy (Chun, 2014). The Korean government used to utilize administrative guidelines in addition to formal regulations to control universities (Shin & Park, 2007). If the government does not relinquish the old-fashioned control

mechanism, the degree of real autonomy will not increase. Moreover, if incorporated universities' staff does not internalize granted autonomy and try to command autonomously, the level of perceived and realized autonomy will be much less than the formal autonomy granted. As Tierney (2004) argues, the structures and processes for governance exist within an organization's culture. Hence, governance changes on paper will not be realized without cultural reconfigurations.

3.4.3 *Performance-Based Accountability: A Policy Instrument for Indirect Regulation*

To ensure the accountability of incorporated national universities, Korea introduced performance evaluations that are annually administered by the Ministry of Education. In spite of the logical linking of increased autonomy to strengthen accountability, the performance-based accountability measure is likely used as indirect regulations. Performance indicators of evaluation and assessment, even if they are ex-post evaluations, can actually function as ex-ante controls (Chun, 2014). Given that it is hard to find relevant and reliable outcome-oriented performance indicators, organizations are likely to utilize input- and process-oriented indicators (Chun & Rainey, 2005). In that way, the effects of ex-post evaluations become similar to the ones of ex-ante controls.

More importantly, strengthening accountability through performance evaluations may damage the substantive autonomy of incorporated national universities, as an unintended consequence. A principal reason for this argument is the goal ambiguity of universities (Chun, 2014; Enders et al., 2013). Performance goals of universities can be so diverse and contested that it is difficult for different stakeholders to concur. For instance, incorporated universities are likely to employ the number of research articles and quantity of external research funding as performance indicators for the sake of efficiency and objectivity. Then it will considerably constrain substantive autonomy in determining what and how much is allocated to teaching and research.

3.4.4 *Decentralized Centralization of Governance*

The incorporation of the Korean national universities is an example of the decentralization of government controls over national universities. Incorporated national universities are legally separated from the government and are directed and managed by their own senior executive, the president. By changing the appointment of the president from an election by faculty to a selection by the governing board where more than half the members are external to the university, the president of an incorporated national university is expected to take a stronger leadership role.

Consequently, "decentralized centralization" suggested by Shin and Harman (2009) is likely to be reinforced by the incorporation policy in Korea. According to Shin (2011), decision-making within higher education institutions was carried out at the higher levels (college or university center) rather than through the collegiality of academics in the evaluation-based funding mechanisms. Decentralized (between government–university relationships) centralization (within higher education institution) could be strengthened with the incorporation of national universities due to a centralization of power inside the incorporated institutions.

Considering the policy details of strengthened institutional leadership with enhanced autonomy and accountability, will incorporated national universities reach the goal of excellence? Five years have passed since the first incorporated national universities appeared in Korea, and it is too early to predict the real consequences of incorporation as the governance changes beginning with incorporation, internally and externally, are still underway. However, it is important to understand that universities are not ordinary public organizations if there are to be good prospects for higher education governance reforms. Treating universities as organizations of production and applying NPM-based reform principles may not bring the desired effects of increased formal autonomy such as organizational effectiveness and performance (Christensen, 2011; Enders et al., 2013).

3.5 Concluding Remarks

Korea is currently halfway toward the goal of incorporated governance of national universities with only two national universities' legal status changed from public to corporate institutions. The question of interest is whether the policy to incorporate national universities to improve global competitiveness is merely policy rhetoric or a political reality. In the policy process, the government's policy intention to incorporate SNU for enhancing its global competitiveness was legitimately endorsed by internal and external constituencies. An interview with a mid-career government official who was in charge of the incorporation of SNU revealed that the Minister of Education wholeheartedly pushed incorporation of SNU to upgrade its international standing and make it a world-class university. The subsequent incorporation of INU was implemented without as many controversies as that of SNU as local politics were more amenable to the policy. The policy narrative emphasizing "global excellence" was downplayed in incorporating INU. With a majority of national universities as subsidiary government bodies, however, it will be difficult for the government to expand incorporated national universities if it sticks to the original policy intention.

As shown by previous studies of higher education governance reforms stressing institutional autonomy, the government still plays a significant role in target-setting, employing different control measures such as incentives and performance management systems (Capano, 2011; Christensen, 2011; Ferlie et al., 2008). The policy details of the incorporation of national universities in Korea resemble the common

policy template in that universities are accountable for their performance with more managerial autonomy under the strong institutional leadership of the president. However, the balance between state control/direction and recognition of institutional autonomy is likely to follow the historic legacy. In this respect, the Korean government will not likely abdicate responsibility for the provision of higher education.

The changing environments of Korean higher education may provide a further rationale for state interventions. Demographic changes due to the low birth rate have posed a huge challenge to higher education in Korea and made restructuring or downsizing inevitably at the system level. In 2015, the Korean government exercised a system-wide university evaluation for restructuring, leading to the downsizing of enrollments of each university (KMOE, 2014). Because of its high-stake nature, evaluation measures and indicators operated as a strong control mechanism, substantially constraining institutional autonomy. Unfortunately, Korean universities, irrespective of control types, may have less real autonomy now than they have had in the past.

Despite the challenges facing higher education governance in Korea, a few future policy agendas for university governance reforms are important to mention. First, governance changes were carried out in a piecemeal way in a few universities, which should not be effective in making a real difference at the system level. Although it should be difficult, system-wide governance changes on a macro basis are worthwhile to pursue. For example, roles and missions of national universities by size and location should be primarily clarified, and a unified public university governance system is designed according to mission differentiation. Without such a masterplan of public university governance reforms, the Korean higher education system will not overcome the lack of mission differentiation suggested by Shin (2015). Second, even if systematic governance changes are attempted and succeed in the policy-making process, fundamental changes are not anticipated without a cultural transformation in the relationship between the state and universities (Rhee, 2007). Moreover, autonomy is contextually and politically defined (Neave, 1988). The government is not likely to forgo its traditional role as a regulator if it does not trust the capabilities of universities. Universities are not likely to act autonomously if they do not believe in deregulation of the government. Hence, mutual trust and capacity building are two prerequisites for a university governance reform to realize fundamental changes.

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Chapter 4
Paradigm Shift of Higher Education Governance in China

Xiaoguang Shi and Zhenjun Wu

Abstract Over the past three decades, many aspects of university governance have changed along with China's socioeconomic development and higher education. The old paradigms of an institutional system, organizational structure, and power distribution are either being replaced by emerging ones or are changing. This chapter presents China's model in term of academic governance and institutional leadership that differs from others in the West. The method adopted in the chapter is quite normal and descriptive, which is mostly based on literature review, documentary analysis as well as case studies.

4.1 Introduction

Over recent years, the topic of academic governance and leadership in higher education institutions has been attracting much attention among China's academics, particularly since 2010, when the Ministry of Education (MOE, hereafter) released *The National Outline for Medium-and-Long-Term Educational Reform and Development (2010–2020)* (the 2020 Outline, hereinafter). As stated in the 2020 Outline, building a modern Chinese model of university governance is an important task of higher education reform (MOE, 2010). What is the modern model of university governance in Chinese discourse? Is there a Chinese way of exercising governance and leadership of a university? This chapter presents China's model in

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terms of academic governance and institutional leadership that differs from others in the West. The method adopted in the chapter is quite normal and descriptive, which is mostly based on literature review, documentary analysis as well as case studies.

4.2 Higher Education Setting as Context

Modern higher education in China has existed since the late 1890s when the first public universities were established. In the old China, including the Qing dynasty–the last Imperial Court and the nationalist government (KMT) regime before 1949 when the new P.R. China was founded, higher education grew slowly, in terms of both institutions and enrollment. By 1949, only 205 institutions including 124 public universities and colleges had been established. Of these, 21 were missionary universities (later merged into the public sector), and 60 private institutions (also merged into the public system) had a total enrolment of 117,000 students (Hao & Long, 2000). Over the past six decades, Chinese higher education has undergone dramatic changes as Chinese society has experienced changes politically, economically, and educationally. During the past three decades (1978–2014), in particular, the system has experienced rapid growth, as shown in Fig. 4.1. The number of college students increased by 7.76 times from 3,408,764 in 1998 to 26,474,679 in 2015. Nowadays, China's higher education system has experienced the second highest rate of college enrolment globally.

First, with regard to the public sector, the system has nearly 2852 HEIs that are divided into 2560 regular full-time institutions and 292 adult part-time institutions.

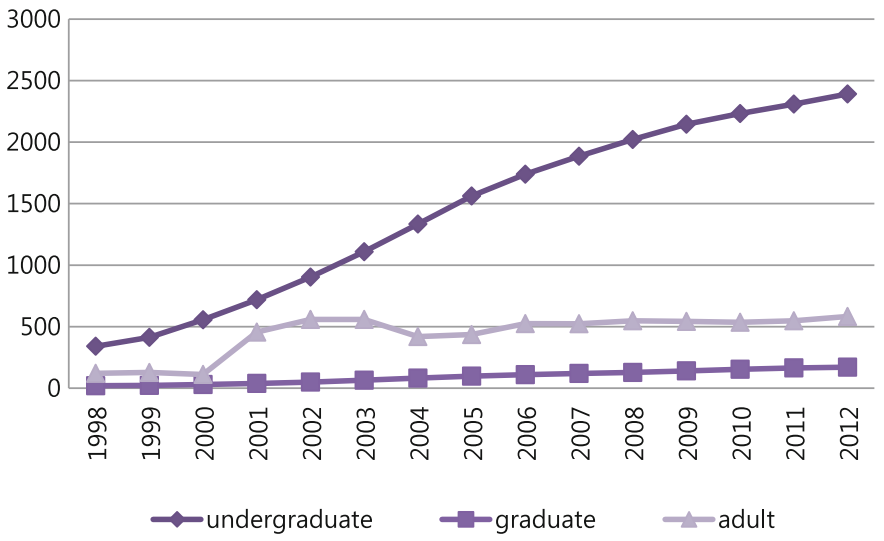

Fig. 4.1 Growth of enrollment in higher education (1998–2012)

Among these, 1219 are 4-year degree-granting universities and colleges and 1341 are higher vocational colleges offering 3-year associate-diplomas (MOE, 2016). In 2013, the student population reached approximately 27 million. The average university enrolment was as high as 14,261 in the universities and colleges, and up to 5876 in the higher vocational colleges. According to "the 2020 Outline", by 2020, the gross enrollment rate (GER, hereafter) in the system is expected to reach to 40%, with about 35.5 million college students in enrolment (GU, 2010). Chinese HEIs employed 2,179,314 full-time academics including 181,501 full professors, 432,356 associate professors, 312,606 administrators, and 205,380 supporting staff (ibid, 2010).

Second, with regard to the private sector (also called *Minban* institutions), the situation seems more complicated than in the public sector. China's private sector dates back to ancient China, with various names at different stages, for instance, *Tai Xue* in Han dynasty, "*Shu Yuan*" in Sui and Tang dynasties, which might have been a close parallel to the medieval universities of Europe (Brandenburg & Zhu, 2007). In modern China before 1949, there were 81 private institutions including 60 institutions supported financially, and managed by individuals, and 21 Church Universities funded by philanthropic or governments in foreign countries (Yu, 1994). Unfortunately, none of them survived shortly the founding of the new China in 1949. In fact, the private sector disappeared in 1952, and did not appear again until the early 1980s. The first *minban* institution of contemporary China is *Zhonghua Shehui* University, established in Beijing in 1984, along with reemergence of the private economy, an offshoot of the country's new economic diversification (Yang, 2004). In 1994, two *minban* institutions in Zhengzhou and Beijing were empowered by the MOE to grant associate degrees. The change indicated that the *minban* institutions were officially accepted and given legitimacy. In the mid-1990s, China realized the importance of promoting the private sector, and issued a law on promoting the *minban sector*. In less than a decade (2004–2012), enrolments in private institutions had grown from 87,963 to 1,602,828, accounting for about 22.3% of the total college population. There were as many as 802 institutions funded by businesses or individuals in the private sector. Most of them had been established in the economically developed eastern and central regions of China such as Guangdong (50) and Jiangsu (50), followed by Hubei (42), Shandong (38), Henan (37). Table 4.1 lists the top five provinces in terms of the number of private sectors.

Table 4.1 The top five provinces in terms of the number of private institutions

Ranking	Province	Institution
1	Guangdong	50
2	Jiangsu	50
3	Hubei	42
4	Shandong	38
5	Henan	37

Source Yearbooks of the Ministry of Education (2016)

4.3 Reforming Bureaucratic Authority in the Government-University Relationship

Before 1992, during the period of Mao's command and the early post-Mao days, Chinese HEIs were defined as public sectors (*Shi ye danwei in pinyin)* affiliated to governmental departments. At that time, HEIs were highly controlled by governments at all levels, and there was no institutional autonomy. This centralist model was characterized by: (a) a single system of state ownership; (b) vague responsibilities and obligations between institutions and governments; (c) resources distributed by command and planning; etc. (Zhao, 2003). Even academic affairs inside institutions were run by central government agencies in education, namely (a) the provision of core funding; (b) setting student enrolment levels for each institution; (c) approving institutional senior staff appointment; (d) authorizing all new academic programs; and (e) managing the student assignment process (CNIER, 1995; Wei, 1997).

1992 was a watershed year for changes from the conventional economic planning to market-based economics. Since then, there has been a strong push for diversification and the decentralization of higher education (Mok, 2002). For many years, Chinese HEIs have been making efforts to explore and shape the university governance in China's way (Shi, 2015a). Some major changes can be seen in the following aspects.

4.3.1 Changing Policy Environment

The reform of national administrative authority began with the changes of national policy environment in the early 1990s. In 1993, the central government released an historical document—*the Mission outline of the development and reform of China's education* (the Mission Outline, hereafter) clearly stating that the national policy was to actively encourage and fully support social agencies and citizens to establish schools (including HEIs) according to laws, provide guidance, and strengthen administration (CCPCC, 1993). The Mission Outline also stated that government agencies had to change their functioning mode from direct control to managing schools (including HEIs) through legislation, funding, planning, advice on policies, and other necessary means (MOE, then called SEC, 1993).

In 1998, the "*Law on Higher Education*" (the Law of 1998, hereafter), enacted by the People's Congress, again stipulated the general principles behind the policy of decentralization, calling again for more diversified modes of educational services and allowing far more flexibility for local and provincial governments to run higher education (MOE, 1998). To carry out the policy of strengthening the nation through science and education, MOE proposed *the Action Plan to Vitalize Education into the 21st Century* in December 1998. The aim was to establish a new educational

system and a lifelong learning system to cater to the needs emerging from the further economic development of society in the twenty-first century (MOE, 1998).

According to the "2020 Outline", HEIs are required to establish a new type of management mechanism and modern system of the university by reforming and improving organizational governance (MOE, 2010). For instance, in the third part of the 2020 Outline, it clearly stated that China would in the future conduct "system reform", including giving greater autonomy to HEIs and improving modes of university governance. In article 40, it states: (a) improving the modern Chinese university system with Chinese characteristics; (b) improving the governance structure through encouraging public universities to adhere to the Mode of President's Responsibility under the Leadership of the Communist Party Committee (*dang wei lingdaoxia de xiaozahng fuzezhi* in pinyin); (c) improving deliberation and decision-making procedures; (d) giving the party committee (*dang wei* in pinyin) and the university president their lawful rights; (e) improving the way the university president is elected; (f) giving the full play of the academic council in disciplinary construction, academic evaluation, and academic development, and exploring an effective way in professorial governance, and making the best use of professors in teaching, research, and university governance; (g) strengthening the construction of trade union students' representative congress and making use of the people; and (h) creating the University Charter and trying to set up the university council (UC, hereafter). In this situation, two tasks are necessary and significant. One is to formulate university governing charters that would be used to clarify the mission and tasks of Chinese universities and colleges, and to guide them to establish and improve the institutional statute and the internal governance structure (State Council, 2010). The other is to encourage HEIs to reform organizational governance structures by setting up UC.

4.3.2 Changing Mode of Administration

First, the unification and decentralization of the administration function have been one of the major changes in recent years. This means that some HEIs previously administered by the central ministries have been transferred to the sole administration of MOE, while other of HEIs previously administered by the central ministries has been transferred to the administration of provincial departments of education (the DOE, hereafter) HEIs can be divided into three categories: HEIs administrated by central ministries; HEIs administered by provincial governments and municipal governments; and non-state/private HEIs. Since 1998, the administration system of China's higher education has undergone significant transformation. During the process, the administration of several hundred HEIs has been transferred from the central government to provincial governments. In 1996, 62 central ministries administered 366 regular HEIs, but by 2006, those administered by the central ministries and commissions had decreased to 111. Of these, 73 were under the direct supervision of MOE. At the local level, they had decreased to 1756

(Yuan, 2007). Table 4.2 shows the comparison in the number of HEIs by affiliation in 2002 and 2012. Figure 4.2 shows changing modes of administration before and after 1992.

Second, the changed funding for higher education is another important event. Influenced by the Western economic theory of cost-sharing, based on the belief that those who benefit must pay (Johnstone, 1999), free higher education as a public good been abandoned in the 1990s. Public expenditure has never been the exclusive resource to financially support HEIs' operations. In line with the policy framework of decentralization, educational funding has been diversified by seeking other resources, such as overseas donations, financial support levied from local government taxes and subsidies, and tuition fees, instead of relying upon the state's financial support. In the mid-1990s, the Central government further shifted the responsibility from the state to individuals and families by introducing a "fee-paying" scheme known as "merging the rails", whereby students were admitted either because of public examination scores or because they were willing and able to pay a fee even though their scores were lower than that required (Mok, 2002). In 1994, a number of institutions entered into the scheme and the fee-charging principle was thereby legitimatized. From 1997 onwards, all students wishing to enroll in higher education have had to pay tuition fees. Students from poor families can apply for scholarships or a subsidy from their universities/

Table 4.2 Comparison in number of HEIs between 2002 and 2012

	Total	National HEIs			Local HEIs			Private
		Sub-total	Under MOE	Under other central agencies	Sub-total	Under DOE	Under non-DOE	
Year 2012 unit: institution								
Regular HEIs	2442	113	73	40	1623	967	656	706
4-year inst.	1145	109	73	36	646	578	68	693
Below 4-year inst.	1297	4		4	977	389	588	316
Year 2002 unit: institution								
Regular HEIs	1396	111	72	39	1154	776	378	131
4-year inst.	629	103	72	31	522	464	58	4
Below 4-year inst.	767	8		8	632	312	320	127

Source Ministry of Education (2002, 2012)
Note In the data, adult HIEs are not included

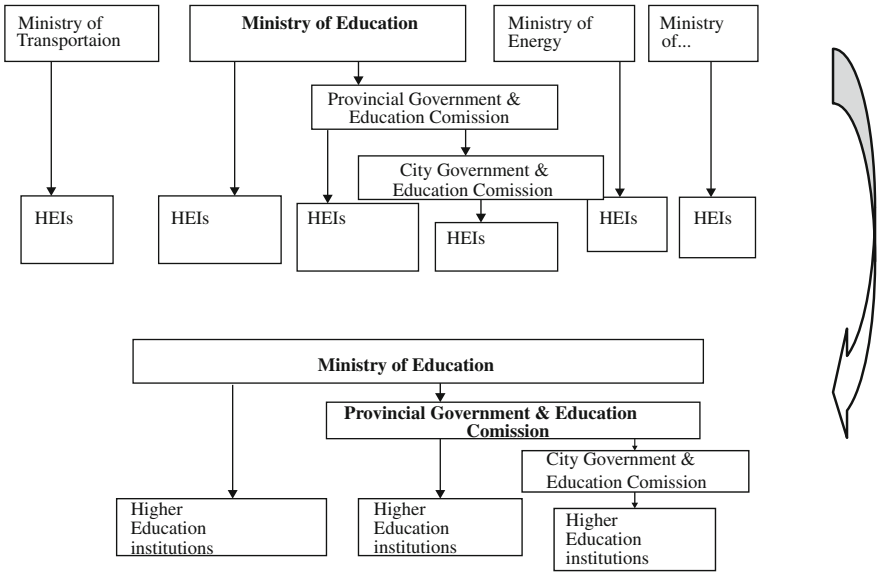

Fig. 4.2 Changing mode of administration for HEIs before/after

institutions (Mok, 2002). Additionally, they can borrow from commercial banks because the national student loan system has been greatly improved (Cai, 2003).

Third, educational evaluation and quality control have been visible since the late 1990s. Higher education evaluation in China commenced in 1985. The first document—*Draft Regulation of Higher Education Institution Evaluation* was issued in 1990 by MOE when it initiated the undergraduate teaching evaluation of HEIs in 1993 (Li, 2014a, 2014b). Since 1999, China's higher education has entered an era of fast growth as a result of enrolment expansion. It was under these circumstances that quality control became a heated discussion topic and popular concern (Shi, 2015b). In 2004, MOE established a national center (HEEC) for implementing "*Scalar Evaluation of Undergraduate Teaching Quality*", which would be 5-year terms of teaching quality review. By the end of 2008, the first evaluation cycle had been completed for 589 HEIs (Li, 2014a, 2014b). Meanwhile, higher vocational institutions had also participated in the assessment activities led by MOE and implemented by DOEs. During the same year, about 600 higher vocational institutions had completed the evaluation. There are currently 1215 higher vocational institutions in the system, most of which were founded in the past decade (Shi, 2015b). In 2010, the Chinese Association for Quality Assurance Agencies in Higher Education (CQAA) was established, intending to play a leading role in promoting, guiding, and uniting many provincial and institutional evaluation agencies in this regard.

4.4 Institutional Leadership and Academic Governance

4.4.1 Governing Systems Inside Institutions

Looking at China's university governance from an internal perspective, it can be seen that three governing bodies empowered. They are: (a) party's section; (b) administrative section, and (c) academic section. The triple dimensions form a power structure within the same institutional organization, but are each responsible for different affairs in China's public universities and colleges (Shi, 2015a).

First, the party's section is a relatively independent governing system comprising several agencies, such as PC, Teacher (Trade) Union, the Communist Youth League, Student Union, Office for affairs in senior administrator selection and appointment, Office for Multi-partisan alliance affairs, Office for publicity, and school-level party branches (Shi & Wu, 2010). Among them, PC has a dominant role in deciding university affairs, particularly in the some so-called important events (Chen, 2009). PC consists of all party chiefs, several executive chiefs, and a number of the administrators at important management posts. In fact, seats of PC vary from university to university. Normally, a common central administration sets up about 25–30 seats, of which 7–9, at most 12, seats are reserved for those who are selected to organize a standing committee (called "core of leadership" or "standing members"). In the committee, the party chief, vice chiefs, president, and several vice presidents are entitled to be members of the core leadership. In this sense, the standing committee can act as the most powerful governing body in the university (Shi, 2015a).

The administrative section is another independent governing body paralleling the party section. In Chinese discourse, the administrative section is called "*xing zheng tuan dui*" (executive teams, or ETs). One of the ETs generally consists of a president and quite a few of the vice presidents followed by some directors of divisions for executive arrangement (Chen, 2009). At a university, the president as a head of the organization usually takes the overall responsibility for administrative affairs, and vice presidents are assigned to responsibilities in various areas, such as academic affairs, student affairs, financial affairs, logistic affairs, etc. (Shi, 2015a).

The *academic* section is the third subsystem, mainly comprising the faculty senate (FS, hereafter), and the academic council (AC, hereafter), the Degree Grant Supervision Council (DGSC, hereafter), and other academic bodies at the professional schools of which ACs typically act as the most powerful professional authority in charge of something related to the academic affairs. Usually, there are about 30 seats in AC at the central administration, but in fact, the seats vary from university to university. Conventionally, about a half of the AC members come from those who hold several posts of the central administration, such as the presidency, vice presidencies, a few of the directorships (they have full professorship or an equivalent academic title) from the managing divisions. The other half are deans or heads of schools and departments. Quite a few of them are faculty and staff members (Shi & Wu, 2010). More recently, a growing number of professors are

more eligible for appointment as members in AC. Additionally, in some institutions, ACs can select professors who have no executive background to preside (Shi, 2015a).

4.4.2 Changing Mode of Leadership

China's university leadership modes and governance structures have experienced several dramatic changes since 1949. The first period (1950–1958) began with the Mode of President Responsibility (MPR). Under this Mode, presidents appointed by government agencies were responsible for deciding almost all the major affairs at HEIs. According to *Temporary Regulation on Higher Education (1950)*, the Community Party was not permitted to interfere with the management of university affairs (Shi &Wu, 2010).

The second period (1958–1960) was termed a limited UC Responsibility Mode (L UCRM). In September, 1958, MOE issued a document—*The Direction on Educational Work from CCPCC and the State Council*, which stated that the previous MPR at China's public HEIs had to be replaced by a new one with PCs dominant, and PC would be responsible for almost university affairs including teaching, research, and social service. During the period, China's universities were very much influenced by the Political Movements as well the Left-wing ideology, such as *the Great Leap Campaign* (*dayuejin yundong*, in pinyin), *the anti-academic freedom* and *free Speech Movement* (*fanyou yundong* in pinyin). Those movements had major negative impacts on the development of academic communities as well as society as a whole (ibid., 2010).

The third period (1961–1966) was distinguished by the Revised *LUCRM*. Having been aware of the necessity to improve the campus environment interfered by *the* Political Movements, the MOE promulgated a new regulation on education affairs called *the* "*Sixty Articles on Higher Education*" in 1961, which was intended to restore the normal order of campus daily life, e.g., teaching and research in particular. In accordance with the document, the power of PC was further intensified on the one hand, but at the same time, presidents were empowered more than before. This mode maintained stable university governance and lasted until 1966 when the Cultural Revolution, a time of great turmoil, started (ibid, 2010).

The fourth period (1966–1977) featured the Mode of Exclusive Party Control. The period was the dark decade of the "Cultural Revolution Movement". During this period, HEIs were controlled by an activist body, the Revolutionary Committee (*RC*), which comprised representatives from working classes, such as workers, farmers, PLA men and Red Scouts (student activists). RC dominated all affairs of HEIs and its main functioning was focusing on class struggles and political movements (ibid, 2010).

The fifth period (from 1978 to 1998) was called the Modes of Co-existence. In the 1980s, China's higher education commenced a new chapter with a historical document—*Decision on the reform of the education system* issued by the State

Council (SC, hereafter). The document (1985) provided that all HEIs were required to practice with MPR, step-by-step. Moreover, the partisan section was required to get rid of conventional leadership and governance and devote themselves to party affairs. The MPR became popular, and was quickly replaced by the Mode of President Responsibility under leadership of the PC (PC-leading-MPR, hereafter). This was partly because of its being influenced by "the Tiananmen Square Political Storm" of 1989. Although presidents were still deemed to have the power to manage universities, the party secretary's role became dominant and PC's role was strengthened. The "*Law of 1998*" reinforced the legitimacy of the PC-leading-MPR. This meant that some of the experimentation in governance and leadership over the past two decades has been finally institutionalized (ibid, 2010).

During the sixth period (the late 1990s–2010), the conventional modes of academic management and power structure at China's HEIs were exposed as increasingly lacking. Quite a few of the HEIs realized that it would not be enough for universities to rely on partisan and administrative systems, because good governance also should rely on the academic section, involving some professional committees, such as AC, FS (faculty senate), and so on.

4.4.3 Current Mode of Operation

Modes of operation of HEIs in China vary from university to university, from school to school, but there are also many similarities in almost all HEIs. In most cases, they are operated by different mechanisms (Shi, 2015a).

4.4.3.1 CPPR and CFSR as the Highest Forms of Power

CPPR refers to the Conference of Communist Party Representatives while CFSR refers to The Conference of Faculty and Staff Representatives. Those two conferences are the two primary authoritative bodies, which can examine and approve strategic plans for medium- and long-term development of higher education at public universities. CPPR and CFSR are usually held every 5 years so they are not considered to be true administration agencies (Shi & Wu, 2010).

4.4.3.2 PC as the Most Powerful Leadership in Decision-Making

According to Article 39 in the Law of 1998, which stipulated that the power model in China's HEIs should be "PC-leading MPR", the duties of the PC are: "to ensure that the HEIs can always adhere to the guidelines, policies and initiatives that the CCPCC and SC have made; to keep to the socialist orientation in running HEIs by providing with some guidance to ideological and political work and moral education" (MOE, 1998). Specifically, the PC is empowered to: (a) supervise and

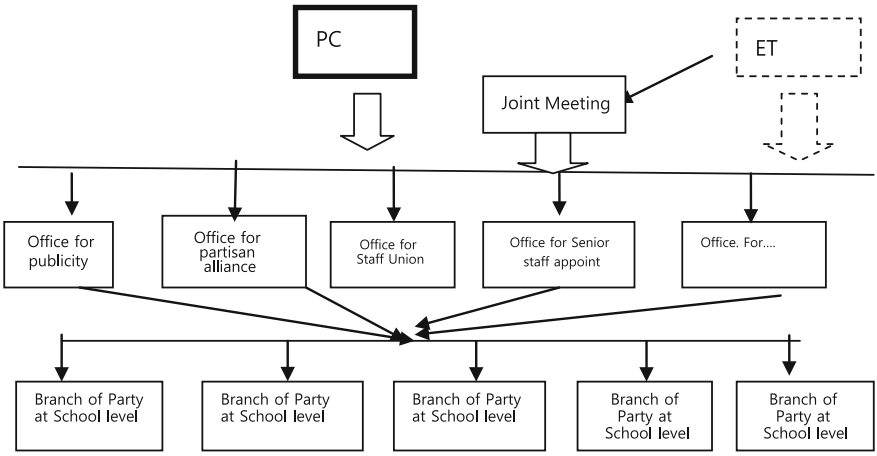

Fig. 4.3 Power structure of the partisan system

guarantee that universities move forward in the right way; (b) complete the publicity work, cooperation and coordination between the Communist Party and other minor Parties; (c) take charge of cadres' (senior administrators) appointments in the partisan system and beyond, (d) prepare and recruit new members of the party; and (e) educate and train new party members (ibid, 1998).

As a policy-making body, PC has its own mechanism—the Party Committee Meeting (PCM, hereafter). In Chinese HEIs, the PCM is held intermittently. It happens only when a university has some important issues about which a collective decision is needed. The PCM is a democratic policy-making mechanism regarding university affairs, particularly important issues. In the meeting, the party secretary is the chairperson who has the right to propose issues to discuss, but he has only one vote as do other members at PCM (Shi &Wu, 2010). Figure 4.3 shows the power structure of the partisan system.

4.4.3.3 ET as the Authoritative Management in the Operational Process

As per Article 41 of the Law, the president is empowered to exercise include the following: (a) to propose guidelines for the future development of the university, to formulate regulations, annual program schedules, and put them into effect; (b) to arrange for teaching, research and moral educational activities; (c) to decide the way of managing universities; and to nominate candidates for vice president posts, and to appoint and remove directors of divisions in the executive section; (d) to appoint and dismiss faculty and staff; to control of the operation of the university, and to reward and discipline students; (e) to draw up and implement the annual budget,

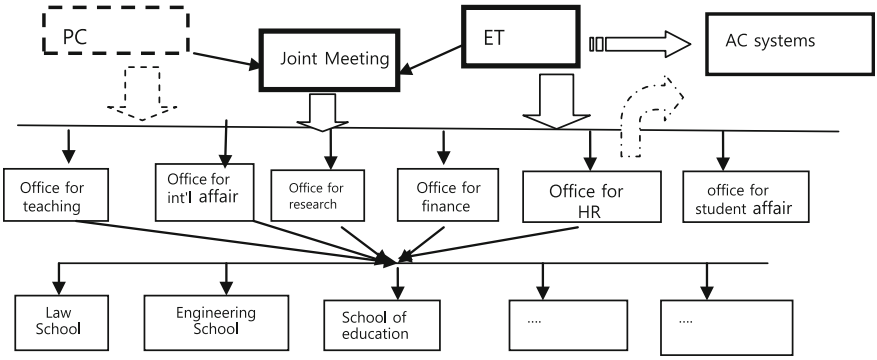

Fig. 4.4 Power structure of executive team

protect and manage the property of the institution, and protect the lawful rights and interests of the institution; and (f) other duties (MOE, 1998).

In daily operational work, many regular decisions are made by the president and vice presidents who lead ET They manage using Executive Team Meetings (ETM, hereafter) held weekly or monthly, to discuss issues. ETM does not have a limitation on membership, but have core members comprising president, vice presidents, and relevant directors at the central administration. Each time, different persons might be invited to participate in ETM depending on the agenda. Apart from legal participants, those whose work is involved with the issues under discussion might be invited to participate (Shi & Wu, 2010). Figure 4.4 shows the power structure of the executive system.

4.4.3.4 Other Academic Committees as Limited Power Bodies

As mentioned above, the academic section is playing an increasing role in university leadership and management. In most Chinese HEIs, both central administration and school levels have established some academic authoritative bodies—various kinds of academic committees, such as AC, DGSC, working committees for teaching; textbook construction committees, academic title promotion committees, and others. Those academic bodies play a role in managing university academic affairs. The regular work of the academic bodies mainly refers to such things as new program approval; academic title's promotion, etc. Nowadays, the academic section is increasingly playing a crucial role in managing a university. As provided in Article 42 of the Law, AC established in HEIs are mainly empowered to: (a) to review proposals and plan about disciplines, programs, teaching and research, etc.; and (b) assess outcome and production of teaching and research and other equivalents (MOE, 1998; Lei & Dong, 2009). Among the academic bodies, ACs are playing the most important role, as currently, it is mainly responsible for dealing with the annual academic promotion process (MOE, 1998).

4.5 Major Challenges and Opportunities in Future Development

4.5.1 Flaws in China's University Governance

China is witnessing an age of rapid social change and is facing many challenges and opportunities. Those changes plus the transition inside and outside academic communities promote many "revolutionary" organizational and structural reforms in Chinese HEIs. Through three decades of development and reform, the Chinese government and universities have made a considerable effort in this regard but not as much as expected. The current university governance system is constantly under attack because of its signs of its failings flaws.

First, the contradiction between the political system and the executive system is one of the realities in Chinese HEIs. As the ruling party, the CCPCC attaches importance to controlling HEIs. The partisan agency's participation in university administration has never ceased since the 1950s. PC-leading MPR becomes a basic pattern of leadership in which PC has been the most powerful body in university governance. Although PC can play an irreplaceable role, overemphasis of partisan force in managing university affairs might, to some extent, limit the free academic development and prosperity, particularly in the humanities and social sciences. The reason is simple—in part because the duty of the partisan system is to guarantee a mainstream ideological doctrine, such as "Marxist-Leninism", "Mao Zedong Thought", "Deng Xiao Ping Theory", "Three Representative idea" as well as "outlook of Scientific Development", to fill in those curricula of political, moral education in HEIs (Shi & Wu, 2010).

Second, over-centralized administrative power poses a big threat to Chinese HEIs. It is apparent that university internal affairs tend to be subject to political leadership or government intervention. For instance, both the party secretary and the president of a university are not elected by faculty and staff but are usually appointed by government agencies. As a consequence, party chiefs and presidents might not listen to voices from faculty members. In some cases, party and executive chiefs would like to take responsibility for upper level government agencies rather than for HEIs. Chinese governments make social stability a priority, and so when confronting social crises, many HEIs prefer to work around the institutional system and power structure. Many leaders in HEIs are reluctant to introduce reforms because they believe that aggressive reform may lead to potential instability in society as a whole.

Third, the administrative power dominates the academic power which runs against the inner logic of university governance. In most institutions worldwide, there are two governing systems that coexist in central administration and schools. As described by Birnbaum (2003), one system, based on legal authority, is the basis for the role of *trustees* and *administration*; other system, based on professional authority, justifies the role of the *faculty.* In the dual systems, power distribution varies from county to country, and also varies from university to university. Due to

the different position of academic power from administrative power in universities around the world, the governance structure differs. But there are still many similarities: academic power and administrative power play an important role in the western HEIs; academic power has the dominant position in the Western universities; the respect for academic freedom (Zhao, 2013). However, in the Chinese context, the problem was the weakness of the academic section before 2010. It was reflected in the fact that administrative power dominates the academic power in the university governance. The bureaucratic structure gives more power to the administrative directors in deciding the affairs in the HEIs. In other words, the division directors in the central administration often make regulations and decisions about distributing resources necessary for teaching, research, and social service. Meanwhile, the professional preferences and demands are often ignored. One survey conducted by a Chinese scholar, found that 68.5% (523 persons) of the 764 interviews responded that the AC could not play important roles in university governance (Zhang, 2007). If the survey outcome is valid, it must have been of great concern to the universities. In other words, if the university governance over-relies on a few division directors rather than on the academics' collective wisdom, one would not assume the university is operating efficiently.

4.5.2 An Emerging Force in Governing Structure

As the current university governance system came under criticism for its bureaucratic control over academic affairs, it became necessary for HEIs to launch a new round of movement to reform institutional governance and power structure. According to the 2020 Outline, all HEIs are required to explore a modern system of the university by reforming and improving organizational governance, which requires all public HEIs to establish a new governing body—UC.

4.5.2.1 Primary Exploration

In the 1980s, the Chinese academic community discussed how to reform the governance and leadership system by establishing new operating mechanisms. A few universities also have done similar exploratory work. Shantou University (STU, hereafter) was a good example. Located in south China's Guangdong province, STU is one of the provincial affiliated HEIs established by Guangdong province collaborating with Li Ka Shing Fund in 1981. Unlike most public HEIs in China, STU had a very powerful new board of trustees. There were about 25 board members, a financial advisor, a legal advisor, and 5 special advisors. The honorary chairman was Li Ka Shing, the richest Chinese individual and he poured HK $4 billion into the university. The executive chairman was the vice governor of Guangdong province. The board members included the deputy secretary general of Guangdong province, the party secretary, and mayor of Shantou city, several

Table 4.3 Lists of five special advisors of the first session at STU-UC

Name	Title	Affiliation
Ba Denian	Former president	China Union Medical University
Wei Yu	Former vice minister of education	China Science Association
Chen Jiaer	Former president	Peking University
Min Weifang	Former party secretary	Peking University
Cheung Kaiming	Former vice president	University of Hong Kong

presidents of some top universities in mainland China, Hong Kong, and Taiwan, as well as the president, party chief, vice presidents, and two professors from STU. The financial advisor was the director of Price Waterhouse Coopers in Greater China. The five special advisors, as shown in Table 4.3, were all experienced experts in higher education across the nation.

4.5.2.2 New Trends

Recently, in order to respond to the 2020 Outline, some universities have established UC or are scheduled to do so. There are two models in operation. Model-1 uses UC to strengthen democratic policy-decisions in academic leadership and university management. Under this model, a number of the HEIs have reconsidered the status, role, and duty of PC. In order to make it an increasingly democratic body of policy-decisions, some of them have established UCs following one of three routes. In some, nothing has happened in some universities where PC has been given a new title; in the second route, something has been done in some universities where those newly established UCs rely on the prototype of PCs, but may expand to include several non-PCs to invite them to attend PCM as a non-voting delegate. For those going down the third route, the newly established UCs are based on both PCM and ETM. However, the Chair, still occupied by the party secretary, remains a powerful, authoritative policy-maker in university governance.

Model-II makes UC act as a consultative body. This is similar to the pattern of STU as mentioned above, where the UC is not a decisive body but a consultant one. The membership of UC, in this case, is varied. There are three groups of people who can be involved: (a) some current party chiefs and executive chiefs, particularly the current party secretary should be included and asked to act as chairperson; (b) experts in administration and management. Most of them have working experience leading or managing universities. Basically, they are former party chiefs or executive chiefs of universities; (c) some laymen including entrepreneurs, outstanding alumni, donors, parent representatives, etc., that its main duty is as a consultant role. Generally, the party secretary acts as Chairperson.

4.6 Conclusion

Chinese higher education has played a key role in providing university-educated personnel to drive economic reform and innovation. At the same time, it contributed to the economic boom. Chinese universities now graduate about 7.3 million students annually. This is good in terms of the development of national human resources, but with the capacity of the job market limited to around 10 million jobs annually, many graduates cannot find a job in their field. To accelerate the process of conversion, MOE promised more autonomy in university finances and personnel management, including the selection of university president and deans. The newly developed universities of applied sciences will also be permitted to diversify ownership by attracting businesses people as investors.

Over the past three decades, many aspects of university governance have changed along with China's socioeconomic development and higher education. The old paradigms of an institutional system, organizational structure, and power distribution are either being replaced by emerging ones or are changing. Basically, Chinese public HEIs have established a governance system of multi-party participation. First, in terms of the leadership system, PC-leading-MPR has been institutionalized and legitimized as per the Law of 1998. PC is functioning similarly to that of a Board of Trustees/Governing Board at corporate institutions. The difference between Chinese public HEIs and Western corporate institutions is that the Chinese university presidents are empowered with identities of a legal person. Given the contradiction between obligation and right, or responsibility and power inherent in the system, the Chinese leadership system might be one of the most complicated governance structures and is quite difficult to understand. Second, academic power is becoming increasingly more important along with the reforming university governance as Universities move from the traditional paradigm to an emerging one. Academic sections comprising AC as well as other expert committees have been established and can play key roles in university affairs. Third, UC as a new emerging force is becoming popular. Although it cannot change the conventional paradigm of university governance structure, it will help to improve current shortcomings in university governance.

Looking ahead, education evaluation and quality control will continue to dominate the agenda of governments and institutions. Together with the ever increasing competition from foreign universities and declining admissions, Chinese universities embarked on a new stage of capacity building. The government released several key documents: the first was *The Plan on the Enhancement of HEIs Innovation Capacity,* emphasizing the importance of undergraduate education, scientific innovation capacity, and other innovative practices in Chinese HEIs (MOE, 2012). The plan also called for the drafting of university charters so that the universities can operate independently. As a result, MOE released "*The Temporary Regulation on the Creation of HEI Charters*" to guide the universities to produce their own charter, which is the constitution of each university. By July 2015, all the 112 "211 universities" (including 39 "985 universities") had completed their own

charters which were approved by MOE. The charters specify the direction of education, improve the academic governance system and ensure autonomy in running the university.

The second, was *Opinions on Deepening Comprehensive Reform of Education,* intending to (a) promote decentralization of institution management; (b) speed up the finalization of university charters; (c) clarify government–university relationship; and (d) reform the process of presidents' appointment (MOE, 2013). The third was *the CCPCC's Decision on Several Critical Issues in Fully Propelling the Concept of Running the Nation by Law* declaring that the country should be run by the law rather than by personal will, but clarifying claims for higher education reform in two areas. One is to promote decentralization and empowerment of provincial government administration and institutional autonomy through separating administration and evaluation. The other is to promote university governance capacity and modernization through improving institutional power and organizational structure (Li, 2014a, 2014b). These new policies and action plans are expected to positively impact the future development of China's higher education.

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Chapter 5
Taiwanese Struggle in University Governance Reforms: The Case of Incorporation

Sheng-Ju Chan, Chia-Yu Yang and Hsiu-Hsi Liu

Abstract Comprehensive higher education governance reforms have taken place across the globe in recent decades. Institutional corporatization, as an important policy instrument in East Asian universities, is justified and implemented by pursuing greater flexibility and autonomy, while Taiwan is facing serious challenges in restructuring its governance patterns during this decade. This article focuses on why and how Taiwanese universities have struggled with the transformation of governance structure. Two distinctive patterns of university governance in the West are also introduced and discussed as the conceptual framework within Taiwanese contexts. A historical analysis of the evolving social-political regimes over the past two decades suggests that the prevalence of university corporatization has intertwined roots in political influence, academic autonomy, and market force. The failure of Taiwanese policy initiatives to incorporate public universities implies a deeper concern regarding neoliberal ideology and political steering in a globalized context. The continuous struggle with university governance reforms in Taiwan will certainly remain for the foreseeable future.

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5.1 Introduction

University governance reforms have been a major concern in transforming the higher education system in the East Asian region. Traditionally, universities or higher education institutions (HEIs) in this sector, particularly public ones, were part of the bureaucratic machine within the wider governmental system, without independent status (Asia Development Bank, 2012; Raza, 2010). Public universities are seen as an extension of governmental administration serving the educational needs of domestic students. Due to the authoritative nation state (except in the case of Japan), these institutions, including private universities, tend to be subject to the tight control of governmental regulations and rules (Mok, 2010). However, this governance structure has gradually eroded since the 1990s with the tidal waves of political democratization, economic liberation, and greater social openness. A wide range of East Asian countries and societies, such as Japan, Korea, Singapore, Hong Kong, and Taiwan, began to redefine the relationship between government and university by devolving greater organizational autonomy to the institutional level (Raza, 2010). Different types of governance relationships arise due to varied political traditions. Notably, the French and German styles, with strong influences of the nation state, differ substantially from the Anglo-American style. The universities in Continental Europe tend to rely on the support of the government over regulation, finance, and even the appointment/recruitment of personnel. This tradition is in stark contrast to the British and American societies, where HEIs are legally independent entities with less direct control of political intervention.

In this paper, we aim to explore the particular struggle Taiwanese universities have faced, indicating contradictory or competing forces among academic freedom, market force, and political intervention in Taiwanese university governance reforms. The reform initiatives in the corporatization of Taiwanese public universities will be explored in depth so as to investigate how these intertwined forces contribute to such a dynamic development. We are not particularly for or against the trend of corporatization in this island country but provide an in-depth analysis into the domestic debate about this issue. We adopted a rather qualitative approach to decipher the features of official documents, speeches, and mainstream discourses in relation to corporatization. The first part of the paper purposely situates Taiwan in the East Asian region as the wider context of governance reforms indicating the commonalities of these countries. Second, two distinctive patterns of university governance are introduced and examined as part of a conceptual framework. Both Anglo-American and Continental European patterns have been influential across the global and will be employed to analyze the Taiwanese struggle in particular. In the third part, the Taiwanese case is deeply examined as an experimental site to explore why reforms for incorporation of public universities failed in every attempt for the past two decades. These developments are highly related to the severe struggle among political intervention, academic oligarchy, and market forces. In addition, the failure of incorporation presents interesting meaning to both Western governance patterns and brings some implications for further development.

5.2 University Governance in East Asia

The relationship between university and state in East Asia has experienced changing dynamics with unique regional features. Most universities in East Asia had been subject to the tight control or direct monitoring of the bureaucratic government. The university even belongs to part of the governmental administrative machine, where the orders and commands of senior leaders are strictly complied with by subordinates. The institutional autonomy has been very limited in terms of finance, personnel, administration and even teaching. Owing to such negative impacts of being part of a larger government bureaucracy, some people have begun to call for redefining the relationship between government and university (Chan, 2010; Rhee, 2010; Varghese & Martin, 2014).

The most common response to this need since the 1990s has been to separate the university from the direct control of the nation state. The macro driving forces uphold such institutional restructuring in the East Asian region, including deepening democratization (such as in Korea, Malaysia, and Taiwan), the need for greater accountability for diverse stakeholders, and institutional competition and global competitiveness (Shin, 2011; Yonezawa, 2014). The transformation of an authoritative state into a democratic one usually brings collegial influences to the internal management of universities. The nature of democracy tends to elicit greater participation of different stakeholders and collegial management (Pabian & Minksova, 2011). In addition, increasing public scrutiny on the taxpayers' expenditures creates pressure for greater accountability. The accountability of universities also becomes a key issue in democratic societies. Finally, intensified university competition and competitiveness at the national and global levels has led to the further devolution of decision-making power from the nation state to the institutional levels (Erkkilä & Piironen, 2014). Within this context the university tends to function as an independent organization so as to enhance its participation, accountability, operational efficiency, and effectiveness.

If we examine the current mainstream initiatives in governance reforms in East Asia, two major directions stand out: deregulation and incorporation (Lee, 2014). Traditional governance patterns in Asian universities have been highly controlled by the central government. Deregulated universities or colleges are empowered to make their own decisions with regard to matters such as admission systems and quotas; financial management; and personnel recruitment, evaluation, and promotion. A deregulated governance mechanism allows subunits or lower organizations to make greater local decision-making so as to meet differentiated demands. Nevertheless, deregulation is never a channel for free-range autonomy for universities but lessen the control from the state or governments.

Another main strategy to transform the nature of public or national universities is to turn them into legal independent entities by removing them from the direct control of government (Huang, 2014; Sirat & Kaur, 2010; Rhee, 2007). Incorporation has become a major measure in Singapore, Korea, Japan, and Malaysia to devolve more decision-making power to university and senior leaders.

After being incorporated, as Lo (2010) asserted, three Singaporean universities are expected to have "greater flexibility in deciding on matters such as internal governance, budget utilization, tuition fees, and admission requirements, given that these flexibilities enable the universities to differentiate themselves and pursue their own strategies to bring about the most optimal outcomes for their stakeholders" (p. 114). These new developments aim to deepen institutional autonomy, enhance administrative efficiency, and improve responsiveness to local contexts (Lee, 2012). In 1995, five of the older public universities in Malaysia were corporatized, allowing them to enter into business ventures with the aim of generating their own funds. This reflects the tendency of a more corporate and entrepreneurial approach in managing HEIs. In addition, some East Asian countries such as Cambodia, Indonesia, and Thailand established a new type of public HEIs with the status of autonomous entity. Thailand has promulgated 13 acts so as to empower these HEIs under the approval of university council. Indonesia and Cambodia also have created new paradigms, known as the state-owned entity (SOLE) and public administration institution (PAI), respectively. These moves indicate that these institutions have granted more decision-making power under the guidance of governing boards rather than the direct control of governmental agencies/ministries (ADB, 2012).

The new governance structure tends to offer more autonomous status or even a legally independent entity to these universities, sometimes supported by boards of directors or trustees (BOD/T) and the empowerment of senior leaders such as a president or vice president (VP). The main areas for governance reform through incorporation usually include the legal status of the organization, governance structure, leadership, selection of the president, the nature of administrative personnel, and funding and accounting systems (Lo, 2010; Raza, 2010; Rhee, 2010). As we have demonstrated before, traditionally public universities in East Asia do not have autonomy to handle the issues outlined. After incorporation, they are authorized, to some degree, to set up their own organizational structure, select a president or VP by BOD/T, recruit faculty and staff by contract with various pay scales, and utilize a budget and make investments as they see fit without rigid or constrained regulations. Due to these new initiatives, private universities in East Asia are also devolved with similar rights to make their own decisions. For example, private universities in Taiwan, like public ones, were allowed to invest in the stock market and capital market after deregulation in the late 1990s (Wang, 2004).

5.3 Conceptual Patterns of University Governance

When it comes to the patterns of university governance, there are a variety of ways to do the classification. One of most frequently mentioned measures is to use historic and regional notions to distinguish different types of governance. Although with some variations, the university governance in the UK and United States share important characteristics (Shattock, 2006, 2014). The Anglo-American tradition

becomes an influential model for other countries and societies, particularly in the East Asian region, due to the further advances of higher education globalization. Alternatively, the continental European approach constitutes another pattern demonstrating how university can be governed and managed differently with the support of the nation state. These two different patterns of university governance had been formed on the basis of various evolving processes and dynamic interactions among main actors. We will introduce their relative conceptual structures and components and use them to illustrate what are the explicit implications of Taiwanese struggle in institutional corporatization.

5.3.1 Anglo-American Tradition: Outer Protection and Internal Coordination

If we examine the configuration of the Anglo-American model, we can see that the university is not entirely owned or operated by certain types of groups, because the board of directors or trustees (BOD/T) is the final decision-making power. This arrangement can even be said to form a very effective layer of protection against direct external intervention. As the history of higher education has shown, these newly constructed institutions were, from time to time, influenced and even intimidated by powerful nation states or Christian leaders in the West. Therefore, it becomes useful for universities to form an intermediate unit for outer protection so as to maintain their own organizational independence, professional ethics, or academic freedom.

Due to these historical and evolving processes, the Anglo-American model gradually formed a system with a relatively balanced power distribution among the government, the university, and the market, or the golden triangle (Clark, 1983). Along with the retreat of religious power from modern social organizations, the government, with its legitimacy in intervening in every aspect of social life, became the main supporter of university education in the mid- to late nineteenth century. The formation of a BOD/T symbolizes the balance of the needs of the wider society and internal constituents (Hermalin, 2004). For this reason, the board tends to be composed of representatives from the government, unions, administrators, alumni, influential local stakeholders, etc. Such a design can act as an effective platform to perceive the changing needs of social, economic, and cultural environments. On top of this, it also serves as an ultimate strategic decision-maker for the executive administration team led by presidents or vice chancellors (VC). Thus, we can understand that Anglo-American universities legally are independent entities with comprehensive jurisdiction over organizational structure, personnel, finance, teaching, and research. These universities have a well-established tradition of collegial management within the organizations, with shared governance among the BOD/T, the academic senate, and the administrative team led by presidents or vice chancellors (Birnbaum, 2004).

Another featured trait that Anglo-American universities retain is strong power of faculty on the institutional operation. The (academic) senate, entirely composed of faculty members, usually has dominant power over teaching, examination, and research (Rowlands, 2013). Though the BOD/T is ultimately responsible for decision-making, the senate is consulted and even respected when it comes to the issues of academic standards, teaching norms, and practices. Since academic issues are highly related to educational processes, modes, and outcomes, faculty in American and British universities used to have greater influence on these matters (Minor, 2004). In its heyday prior to the 1990s, academic oligarchy, as termed by Clark (1983), was a dominant phenomenon in Anglo-American universities.

5.3.2 Continental European Pattern: Dancing with the State

The original design of the modern university governance in continental Europe differs greatly from the Anglo-American tradition. Different from using BOD/T both as a buffer and controller in overseeing the campus, European universities have been deeply integrated into the governmental legal system with well-defined relationship with the nation state. In order to fulfill the guarantee of academic freedom and substantial autonomy, national laws and regulations mandated that external interventions are not allowed unless the legal requirement states as such, including the nation state. Therefore, the European model demonstrates that the government/state/nation, not like the Anglo-American pattern suggests, actually is the protector of universities' independence. In achieving such independence, European universities rely heavily on the national regulations and rules. For example, faculty members in French and German universities used to be civil servants. With such an identity, they can act neutrally and be free from political or religious ideologies in pursuing public benefits and knowledge production. Due to such public orientation, higher education systems in continental Europe are overwhelmingly public and heavily subsidized by the governmental budget. In general, "the institutional governance structure of HEIs is organized according to national or regional regulations. In most countries, the regulations delineate the institutional-level governance bodies and their respective institutions" constitution or statutes, which usually provide for the procedures of election for institutional governance bodies' (Eurydice, 2008, p. 27). National legal systems have provided detailed protocol and guidance in running the university, including organizational structure, personnel recruitment and promotion, admission policy and quotas, and financing and accounting procedure.

In spite of the detailed laws and regulations, "educational organizations [in continental Europe] were traditionally managed by academics, researchers, or experts according to collegiate-style management structures" (Eurydice, 2008, p. 33). Faculty, like Anglo-American model's academic senate, retains significantly influential power to decide internal issues (though the university maintains a close relationship with the state). Under this European pattern, collegiality enjoys great

space to discern or judge academic, teaching, learning, and examination matters. Owing to the statues, laws, and stable financial support, institutional autonomy and academic freedom are protected and secured. This pattern is closely related to the French or German tradition, under which the nation state plays a major role in university governance and management. Moreover, the Continental European model uses the nation state to set up a boundary or firewall in securing the university's independence and academic freedom through the protection of mandated laws.

5.4 Wider Backdrop of Higher Education Governance Reforms in Taiwan

The history of the Taiwanese path towards greater autonomy of universities over the past twenty years can be seen as an enduring task in fighting for academic freedom and institutional autonomy while resisting the invasion of political influences and market forces. Throughout the 1980s, the Taiwanese higher education system, like other East Asian counterparts, was subject to high political and governmental control with very limited autonomy in personnel, finance, and even curriculum. Bureaucratic and administrative procedures were widely applied to public and private HEIs. In such a limited and constrained context, the Taiwanese higher education governance anticipated a dramatic transformation.

Since the late 1980s, Taiwanese societies began to shift from an authoritative state to a democratic one. Along with the wide acceptance of democratic values and practices, political, social, and economic regimes have engaged wider participation and have gone through collective decision-making in the form of general voting. Like the judicial system, the higher education sector also calls for detaching from governmental control. One of main social grassroots movements for restructuring the nature of higher education is the democratizing university campus movement (Ho, 1990). In order to avoid inappropriate intervention from political parties and governments, proponents believe that it is necessary to liberalize and deregulate the university. At the same time, there was also a call for faculty governance (教授治校) with greater decision-making power at the hands of the faculty member with respect to teaching, research, and even internal management. On the other hand, another line of reform proposal aims to cut the link with the government entirely. In 1986, student demonstration insisted that the incorporation of national universities can be employed to secure university independence and academic freedom. As we have outlined before, being incorporated and independent, Anglo-American universities can enjoy their self-determination and self-management with the protection of BOD/T. The reform agenda, in form of incorporation, proposed by student protest reflects the then-political atmosphere and distrustful relationship between government and the university sector as a whole.

In addition to the political regime transformation at the national level, the higher education sector itself also faced a critical development–massification. Shifting from an elite system to a massified or even universal one, Taiwan has rapidly and substantially expanded the numbers of HEIs and student enrolment (Chan, 2015). With this differentiated and enlarged process, the higher education sector in general is becoming diverse and heterogeneous in relation to missions, functions, and objectives. This greater fragmentation, due to massification, tends to result in "loosely coupled governance" under which traditionally centralized control pattern reaches its limitation in terms of managerial efficiency and effectiveness. Instead, power decentralization to a lower unit such as the university is encouraged so as to address its daily operation, local needs, and institutional visions. Therefore, the massficiation of higher education in Taiwan since the 1990s plays a role as stimulus in driving the changes of governance pattern.

Following the similar footsteps of advanced entities in Europe and Asia, Taiwan has to transform its industries from labor-intensive economies to high technology, service orientation, and smart production. In an increasingly globalized market, a knowledge-based economy becomes the most desirable regime for the export-led island country. High value-added products and services are important to maintain its global competitiveness while compared to advanced economies and Asian countries. In further raising its overall efficiency and effectiveness, the Taiwanese economy requires highly educated workforce/human capital, better alignment between higher education and industry, and entrepreneurial education. If Taiwanese higher education aims to serve these changing demands, how this sector had been managed or controlled should be radically reformed in line with the growing developments of diverse and flexible economy. All of this implies a deregulated and liberal higher education sector that better serves these wider purposes.

5.5 Attempts for Incorporating Public Universities

A wide range of driving forces emerged to provoke governance reforms to Taiwanese higher education, particularly at the national level. Over the last two decades, several measures have been undertaken to devolve the procedural autonomy to individual university, such as admission systems and quotas; financial management; and personnel recruitment, evaluation, and promotion, as East Asian countries did. Relevant detailed analysis can be found by Chan (2010). Our focus here is on the attempts of incorporation of public universities in Taiwan, an important strategic move to deepen institutional autonomy in recent decades.

5.5.1 Earlier Proposal

The assertion for incorporation of public universities in Taiwan can be seen, to some extent, as borrowing the idea from the Anglo-American tradition that academic autonomy and freedom are free from external political invasion. In 1996, the Education Reform Council (1996), led by Nobel Prize Laureate Dr. Yuan T. Lee, was set up to consult with a wide range of stakeholders aiming to provide comprehensive educational visions and strategies for the future. Among the prescribed strategies for the higher education sector, the final consultation report stated the following:

> Public universities have to move towards corporate entity. The establishment of BOD/T can monitor the utilization of budget [and] review the direction of development and the appointment of presidents. As to the academic issues, academic senate composed of faculty is responsible for providing consultative opinions (summary, p. 16).

Examining this paragraph carefully, we can say that the proposed new governance structure is highly similar to that of Anglo-American universities. The report asserted that this new type of governance relationship attempts to deregulate the higher education sector at the national level. Within the institution, it also argued for greater power concentration in the hands of the president with the right to appoint the heads of the human resource department and accounting department. Moreover, greater financial autonomy and varied pay scale were suggested for the new internal governance regime. This influential consultation report has put forward a classical Anglo-American model for the future of Taiwanese higher education. However, this new governance model has never been implemented successfully and failed in every policy attempt.

5.5.2 Major Initiatives and Failures

Unlike its East Asian counterparts, Taiwan has been unsuccessful for incorporating its public universities since the late 1990s. Two major policy initiatives were created to carry out the incorporation of public universities. In 2004, a proposal was made to amend University Law by changing public universities' status into that of public corporations (行政法人). Incorporating universities has been one of the key options for increased institutional autonomy and improved efficiency and effectiveness, as argued by new public management. However, the pilot proposal for incorporation in Taiwan led to widely varied criticisms in 2004. Opponents believe that such a move may lead to greater privatization and commercialization of higher education and destroy the nature of public goods that the university should have, since an incorporated institution might not be motivated to protect the wider benefits of the public and favor the vested interests of small groups of people. Public resistance to incorporation, as Lee (2011) has noted, is primarily based on the following explicated fears:

> [T]he meaning of university autonomy is replaced by market vocabulary. The subjectivity of teachers is weakened and the concept of students will be distorted as customers. The implementation of curriculum and teaching is directed toward workplace employment and the freedom of research projects will be controlled more and more by evaluation schemes whose criteria are narrowly concentrated on utility or application (Lee, 2011).

These concerns trigger the fear of loss of institutional autonomy and academic freedom because of the invasion of market forces and the participation of layman in the governing boards (i.e., BOD/T). As a matter of fact, there has been an argument that funding flows shaped by the participation of different stakeholders delineates how public goods is defined, operated, and realized (de Boer et al., 2015). In the Anglo-American tradition, the design of an incorporated entity provides certain autonomous spaces or protected areas for universities so as to maintain their independence from political intervention and balance the power between the state and the university. Ironically, becoming an incorporated entity in Taiwan conversely is regarded as a potentially lethal threat to the foundation of university that cannot be accepted by academic faculty and civil servants. As a result of widespread criticisms, this initiative was immediately abandoned during the legislation process.

In order to ease the negative images of corporatization upon universities, Taiwan MOE produced a simplified version in 2010, named the *University Governance and Autonomy Pilot Program* (大學自主治理試辦方案), in collaboration with National Cheng Kung University, in an attempt to devolve more power to the university from MOE. The main strategy of this program is to set up a University Autonomous Governance Committee (UAGC) (自主治理委員會), highly similar to a BOD/T, to oversee the major missions, tasks, and function of the university. According to the draft design, this committee can receive some decision-making powers from MOE, and the University Affair Meeting (大學校務會議), which is the final decision-making unit in the current governance structure, has to transfer some powers to this new unit (upon their consent). Unfortunately, this pilot program was unable to gain sufficient support within the National Cheng Kung University (NCKU) due to serious concerns regarding the neoliberal incorporation and centralization of power (Chen, 2015). The opponents argue that the UGAC actually is a "Committee of Limited Company" that lacked public monitoring (公共節制), and they also insist that:

> [T]he introduction of market mechanism with financial autonomy so as to improve operational accountability and adjust organizational structure and faculty salary accordingly is against 'academic freedom' that is internationally recognized (Perng, 2012).

The general attitude of these opponents towards UGAC is completely negative. As the Student Union put it, NCKU is "Not For Sale". They are against the reform to the university governance and have great fears of power concentration in the UGAC, greater academic capitalism, and the possibility of being a financially autonomous entity (自負盈虧) (Newtalk, 2014). The policy initiative, in the eyes of opponents, is a pure process of privatization by centralizing power to a small group of people (i.e., UGAC) who will turn the nature of public universities into economic

and financial-driven institutions, subsequently stripping them of their academic integrity and freedom. Therefore, the good intention of transforming a university into a legally independent entity with greater decision-making power could be hazardous to the public goods and healthy academic development in the eye of opponents. In fact, this accusation goes against the assertions of the student demonstration in 1986 and the Education Reform Council in 1996, both of which argued that incorporation could secure academic independence and autonomy. Therefore, we would infer that Taiwanese universities still prefer the current governance culture and are deeply concerned with the potential disadvantages of these new initiatives.

5.6 Struggle with Political Influences, Academic Autonomy, and Market Forces

Rethinking the emergence of the Anglo-American model reminds us that it used to be a mature and effective protection free from political intervention and religious influence. The incorporated universities stand for independence, self-government, and internal decision-making. Although some invading forces impact this model, East Asian countries have been keen to accept it and cherish its strengths and advantages by making their public universities corporatized since the late 1990s. However, for those in the opposition camp, incorporation of public universities, as argued previously, might lead to the loss of institutional autonomy and academic freedom. These arguments are seemingly inconsistent with the traditional design of Anglo-American universities, where an incorporated entity enjoys greater autonomous space. If we examine this seemingly contradictory situation carefully, we can see that it is highly related to the prevalence of neoliberal market forces in higher education (Olssen & Peters, 2005). Opponents tend to regard the corporatized universities run by the market competition principle, resulting in the weakness of the collegial tradition (Tapper & Palfreyman, 2010).

In addition, power redistribution among different groups of stakeholders due to the governance reform has caused great concerns. For the past two decades, academic faculty members in Taiwan have gradually widened their participation in institutional operations. The proposed initiatives with respect to greater deregulation or incorporation, as criticized earlier, might lead to further power concentration in the senior leaders or UGAC. The new power flow indicates a centralization process within the institutional configuration, rather than a devolution of decision-making power to lower units or groups. Therefore, these reforms in university governance present a duality. Faculty members perceive incorporation as power recentralization for the senior leaders at the cost of collegial participation (though it is a decentralization process from the governmental perspective). For fear of greater administratization or bureaucratization within the university, internal members (such as faculty, researchers, staff, and students) tend to reject such policy

reforms. They are also deeply concerned with the greater use of market accountability by university presidents or VPs while empowered by the reforms.

In reviewing the classical triangle coordination in higher education as proposed by Clark (1983), the state, market, and academic oligarchy play their different roles. However, our analysis of the Taiwanese struggle in corporatization reveals a striking new scenario. Due to greater power devolution from the state or government, the BOD/T allegedly becomes the symbol of the invasion of market forces with the potential to destroy the collegial management or academic participation. Senior leaders such as presidents and VPs also allegedly stand on the side opposite the faculty. If these allegations retain certain validity in contemporary higher education, Clark's triangle of coordination requires substantial revision. At least a small group of people within the university, such as BOD/T members, presidents/VPs, and senior leaders, poses a threat or challenge to traditional academic oligarchy. However, this particular group seems to play different roles in different contexts and absolutely does not entirely belong to the state or market. Their peculiar roles in connection to the state, market, and academic oligarchy deserve further investigation to see how or whether they actually prohibit the development or operation of collegial participation.

5.7 Moving Towards Anglo-American Pattern or Staying with European Ideas?

As Chan (2010) have analyzed, Taiwan has substantially redefined its relationship between university and state since the 1990s. However, the incorporation of public university faces serious challenges and even setbacks. In principle, Taiwanese experiences in reforming university governance structure move towards both Anglo-American and Continental European directions. On the one hand, public universities in Taiwan have been encouraged to become corporatized as legal entities with more power devolution from government to university. This is a typical governance configuration of the Anglo-American pattern. However, this transformation has been suspended with the fear of greater neoliberal invasion and political intervention through the governing bodies; i.e., BOD/T. On the other hand, it seems that a wide range of university stakeholders firmly stresses the importance of collegial management and participation decision-making in Taiwan. Such governance spirit actually is strongly upheld by European universities through the mandated statutes, laws, and regulations. Therefore, we would argue that Taiwanese universities are more inclined to accept the national or governmental protection of university autonomy and academic freedom like its European counterparts.

The obvious defeat of incorporation suggests that public universities in Taiwan would like to "dance with" national mechanisms rather than be subject to timely management of governing bodies or senior managers. In a sense, they choose to detach from the governmental control partially but still wish to be protected so as to

retain their autonomy and freedom with fixed rules and regulations. Such preference reflects the mentality of adopting Continental European tradition where national standards prevail. In summarizing the evolving process of governance reform in Taiwanese higher education, it was originally driven by the intention to become autonomous and independent from the government. However, thus far it has led to rejection of the notion of institutional corporatization and embracing the protection of the nation state. This ambivalence signifies the competing patterns of governance structure between Anglo-American and Continental European ideas in Taiwan particularly. However, the contest of these two patterns will continue for a while, as there is a rising need in greater pursuit of managerial efficiency and accountability. It is expected that incorporation of public university, as in other Asian countries, shall come back to the policy agenda.

5.8 Conclusions

Although the incorporated university is based on a very mature model in Anglo-American societies and has gained support in other East Asian countries, the promotion and implementation of this concept and practice are extremely difficult in Taiwan. Taiwanese universities seem to prefer the current governance culture and are deeply concerned with the potential disadvantages of new initiatives. The continuous engagement of national mandates and statues in securing public nature of university further suggests that a corporatized entity is not entirely acceptable in Taiwan. Our study has shown that the supportive role of nation state in Continental European pattern seems to be able to ease the further erosion of "publicness" and "collegiality" within the university campus.

However, Taiwan, as a competitive state in pursuit of better national competitiveness in the globalized world, might still be forced to consider greater decentralization of decision-making power to individual university. The newly released White Paper on Talent Nurture, produced by Ministry of Education, mentions that Taiwanese universities still require more autonomy and flexibility in effectively transforming current governance structure (Ministry of Education, 2013). This new development highlights the fact that deregulation and power decentralization are still high on the policy agenda in the coming years. Such trend indicates that university could be empowered further by the central government. Nevertheless, such move might continue to cause serious misalignment between the needs of maintaining publicness of university and pursuing greater efficiency and accountability.

In terms of the East Asian trend, Taiwan is part of this grand transformation in terms of governance reforms. However, a view of the dominance of the Anglo-American model as a homogenizing process across this region indicates that Taiwan is one of the major higher education systems resisting such institutional

mimicking. However, it seems that this trend (corporatization) will continue for a while, as it continues to gain from the intensified global competition, greater public accountability, and diverse educational needs.

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Chapter 6
The Evolution of Corporatisation of Public Universities in Malaysia

Chang Da Wan and Sirat Morshidi

Abstract This chapter charts the evolving concept of 'corporatisation' of public universities in Malaysia grounded in the political-economic scenarios of the nation over time. All public universities since their establishments have been incorporated as semiautonomous public statutory bodies with the intention of separating public universities from government bureaucracy. However, in the mid-1990s, with the influences of internationalisation and neoliberalism that brought about the concept of New Public Management, public universities in Malaysia were being corporatised in line with the spirit of corporatism and were expected to transform and operate as business organisations. Following the introduction of the National Higher Education Strategic Plan 2007–2020, the concept of corporatisation has once again been rebranded under the banner of autonomy.

6.1 Introduction

On 1 January 1998, Universiti Malaya (UM), a public university and the oldest in Malaysia was corporatised. Three months later, four other public universities followed suit. They were Universiti Sains Malaysia (USM), Universiti Putra Malaysia (UPM), Universiti Kebangsaan Malaysia (UKM) and Universiti Teknologi Malaysia (UTM). However, while the corporatisation exercise that took place in 1998 was officially known as corporatisation of public universities, we argue that the concept of corporatisation has been ever-present within the setup of public universities in Malaysia. The concept of corporatisation has existed since the founding of these public universities, but what had changed was the way in which

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we understood and operationalised the concept of corporatisation in the public higher education sector.

This chapter examines the evolution of the concept of corporatisation of public universities in Malaysia. This entails exploring the chronological developments of the state–university relationship, the legal framework of higher education, political and economic environment of Malaysia as well as external forces of influence. As a way to understand the chronological developments, we mapped historical data concerning political and economic situations against key events in Malaysian higher education. Figure 6.1 illustrates the key events in chronological order that directly and indirectly shape the higher education in Malaysia, alongside GDP growth (in constant local currency) between 1967 and 2015, and the percentage of votes received by the ruling party which forms the federal government in national elections and selected state elections.

6.2 Higher Education of Malaysia

The Carr-Saunders Commission on University Education Report in 1948 recommended the establishment of a university for Malaya. This led to the establishment of the University of Malaya in Singapore through a merger of two colleges—the King Edward VII College of Medicine and Raffles College. In 1959, an autonomous campus of the university was set up in Kuala Lumpur, and by 1961, the two campuses in Singapore and Kuala Lumpur became the University of Singapore and University of Malaya, respectively. Several years later, the Higher Education Planning Committee for Malaysia in 1967 recommended the establishment of more public universities for this newly formed nation, and this led to the establishment of four public universities between 1969 and early 1970s. However, as a result of the May 13 1969s racial riot as well as universities in the late 1960s and early 1970s becoming seedbeds of political activism, the Universities and University Colleges Act 1971 (UUCA) (Act 30) was formulated, which inevitably changed the relationship between the state and universities. Several more public universities were established in the 1980s and 1990s.

Mid-1990s marked another major milestone of higher education in Malaysia. A series of legislative reforms related to higher education was introduced or revised; most notably the introduction of the Private Higher Education Institutions Act (PHEIA) (Act 555) in 1996, which officially recognised private higher education institutions in Malaysia. In addition, the corporatisation of public universities also took place in 1998, and several university colleges were established in the late 1990s and early 2000s and these institutions were upgraded to become full-fledged universities by mid-2000s.

The establishment of the Ministry of Higher Education in 2004, the merger with the Ministry of Education in 2013 and the subsequent reestablishment of the Ministry of Higher Education in 2015 were among the key events that in some ways contributed to the changing concept of corporatisation of universities in Malaysia.

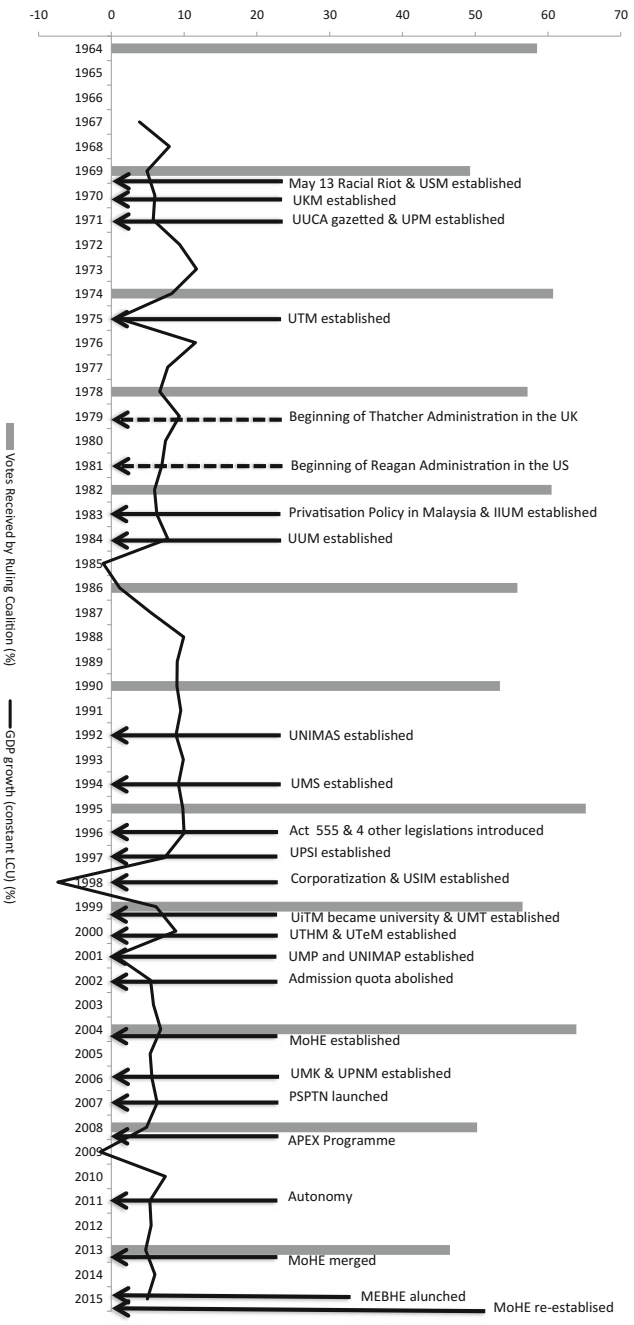

Fig. 6.1 Key events relating to higher education, GDP growth and votes received by the ruling Government, 1964–2015. *Source* Adapted from World Bank (2016) and Election Commission of Malaysia (no date) with inputs from authors

Importantly, the establishment, merger and re-establishment of ministries have contributed to the development of the National Higher Education Strategic Plan 2007–2020 (NHESP) as well as the Malaysia Education Blueprint (Higher Education) 2015–2025 (MEBHE), where these national documents have further re-shaped and re-defined the concept of corporatisation of public universities in this country.

To date, as reported in the MEBHE, there are 20 public and 70 private universities, 33 public polytechnics, 34 private university colleges, 91 public community colleges, and 410 private colleges. A total of 560,000 students are in public universities, 485,000 students in private higher education institutions, and 90,000 and 22,000 students in polytechnics and community colleges, respectively (MOE, 2015).

6.3 Three Stages of Governance Development

6.3.1 Wave 1: Public Universities as Federal Statutory Bodies

The concept of corporatisation has been entrenched at the beginning when these universities were established. Public universities in Malaysia are Federal Statutory Bodies (FSB). In legal terms, FSB are public entities that have partial autonomy in decision-making with the exception of matters relating to public budget and expenditure. In addition, activities of FSB are under the monitor and control of a ministry. However, there is a fundamental difference between a public and a governmental entity, for example, the former can retain the remains of an annual allocation from the state within the organisation but not the case with a government agency. In the case of public universities, they are currently FSBs under the jurisdiction of the Minister of Higher Education. The General Circular on FSB stipulates that the Minister has the authority and responsibility to monitor FSBs, appoint the members of the Board of Directors as well as the Chief Executive (PMD, 1998).

The status of public universities as FSBs in itself has been a process of incorporation. Let us use the case of Universiti Sains Malaysia (USM) to illustrate the point. USM is the first public university to be established after the formation of Malaysia as UM was established in Singapore by the British prior to the independence of Malaya and formation of Malaysia. However, both UM and USM are similar to a large extent with their own constitution and very much modelled after a British university. As Khoo (2005) outlined for the case of UM, "Under the Constitution of the University, its Authorities were: The Court, The Council, The Senate, The Faculties, The Guild of Graduates, The Boards of Studies, The Boards of Selection and the Board of Student Welfare" (p. 48), whereby the Court is the highest governing body, the Council is the executive body and the Senate is the

highest governing body on academic matters. Similarly, USM also have the same governing structure, with the exception of the fact that instead of faculties to delineate academic programmes by disciplinary units in UM, USM has a school system that was intended to promote flexibility and interdisciplinarity in its academic programme. In 1969, USM began as Universiti Pulau Pinang (University of Penang) before being renamed as Universiti Sains Malaysia in 1971. Article 3 (1) of Section 1 of the Constitution of the Universiti Sains Malaysia states:

1. (1) The Universiti Sains Malaysia is the same body corporate established and incorporated under the University at Pulau Pinang (Incorporation) Order 1971 [*P.U. (A) 383/1971*] and the Constitution of the Universiti Sains Malaysia [*P.U. (A) 107/1998*]. (USM, n. d., p. 92)

The Article in the Constitution of USM clearly outlines the status of the university as an incorporated body and the corporatisation process is legally enforced by the University at Pulau Pinang 1971 (Incorporation) Order. From a legal viewpoint, an incorporated body is a public-funded entity that has been given a certain amount of autonomy. The UUCA 1971 further reiterated the status of public universities as incorporated bodies, whereby Article 6 of the Act outlined the establishment and incorporation processes of a public university.

In addition to the General Circular on FSB, universities are also legally governed by the Statutory Bodies (Discipline and Surcharge) Act 2000 (Act 605). For instance, although academic and support staffs in public universities may seem to enjoy similar benefits like other civil servants in governmental ministries and departments, staff members of the university are essentially public servants of the university. Hence, public universities are partially autonomous to make decisions such as who to hire and promote, as long as these decisions are made within the larger framework of the public service.

Hence, the concept of incorporation has existed since the establishment of the first public university in Malaysia, but in a different form from the corporatisation exercise that was carried out in 1998, which will be discussed in the next section. The early concept of corporatisation was intended to differentiate a public university as a public entity from being a mere governmental agency. This concept of corporatisation, or to be more precise, incorporation, aimed to provide partial autonomy to public universities to make some decisions on internal and academic matters, yet matters of public budget and expenditure remained with the state. At the same time, this arrangement has enabled the state through the Minister of Education, and later the Minister of Higher Education, to maintain some forms of control and monitoring on these public institutions.

The concept of incorporation of public universities as FSBs began at arguably the most tumultuous period of Malaysia's political and social development. The May 13s racial riot in 1969 has resulted in an expansion of the role of state under the New Economic Policy (NEP) to achieve a double-pronged objective of poverty eradication and restructuring of society. Subsequently, the role of the state expanded to involve greater political and bureaucratic control over planning and

intervention, and shifted the development policy from laissez faire to greater state intervention in public sector resource allocation, ownership and control of business enterprises (Jomo & Wee, 2014). In terms of higher education, the influence of NEP motivated the introduction of an ethnic quota for all academic programmes in public universities and also the introduction of UUCA 1971 (with an amendment in 1974) that has contributed to the loss of university's academic autonomy (Morshidi, 2010). The higher education policy and legislation further amplified the expanding role of the state in the development of Malaysia.

Economically, the period after the introduction of NEP was followed by rapid economic growth due to labour-intensive, export-oriented industrialisation and public sector expansion (Jomo & Wee, 2014). However, due to the unsustainable growth driven by export, the economy dipped into recession in the mid-1970s. The expansion of higher education in the 1970s coincided with the watershed of May 13s event as well as the economic downturn in the mid-1970s. Therefore, the expansion ended with only four established public universities. Over the next decade or so, the number of public universities remained at five.

6.3.2 Wave 2: Corporatisation with Neoliberal Influence

The term 'corporatisation' can be understood as a twofold process, whereby public institutions are transformed with neoliberal ideologies in order to justify the application of corporate business models (Douglass, 2016; Harvey, 2005). Furthermore, in a geographical sense, the second aspect of corporatisation is the opening up of local spaces to regional and global spaces, as well as from public to privatised public spaces. Importantly, this concept of corporatisation when applied in the context of higher education transforms public universities into corporate and business-like entities. Neoliberal ideology and influences penetrated higher education and introduced new public management with emphasis on efficiency, accountability and becoming performance-driven (Giroux, 2014). The emergence of this concept of corporatisation can be associated with the development of neoliberal ideologies advocated by Prime Minister Thatcher in the United Kingdom and President Reagan in the United States (Harvey, 2005), and their ascension to public offices signalled the beginning of neoliberalism as indicated in Fig. 6.1.

Neoliberalism began to influence public policy in Malaysia since the late 1970s and early 1980s. By 1983, Malaysia launched its privatisation policy of transferring public entities to private corporations (EPU, n.d.; Nambiar, 2009). For instance, the state-owned National Electricity Board was privatised and turned into a public-listed corporation. Similarly, postal service, sewerage, public transportation and the national airline were privatised in the 1980s (Tan, 2008). The beginning of the privatisation policy in Malaysia has been motivated by economic slowdown in the late 1970s, and the need for such a policy became more pressing when commodity export prices declined, demand for exports of manufactured goods especially electronics weakened, and foreign and domestic private investments dropped

in the early to mid-1980s (Jomo & Wee, 2014). Although the economic situation in Malaysia gradually did improve from 1986 onwards, the privatisation policy continued and even intensified from the late-1980s to 1990s. Importantly, the privatisation policy in Malaysia underlined the influence of neoliberal ideologies in public policy, including higher education policy.

It is interesting to observe the political situation in Malaysia leading up to the privatisation policy. Prime Minister Mahathir assumed office in mid-1981; he also became the president of the main political party in the ruling coalition. The new administration almost immediately prepared to seek a fresh mandate from the people. In order to secure a strong electoral mandate, the government adopted counter-cyclical fiscal policies that increased public sector consumption, investment and employment (Jomo & Wee, 2014). The general election in 1982 saw the ruling coalition gained almost 61% of the votes from 72% of registered voters. However, the strong electoral mandate was followed by austerity drive, reduction of public spending and reducing job creation.

While the period of the 1980s was filled with the ups and downs economically, this period was relatively quiet for higher education development in Malaysia. With the exception of establishing the International Islamic University of Malaysia and Universiti Utara Malaysia, there was no significant development. Although it was quiet on the higher education front, the 1980s was also an exciting period for the political landscape of Malaysia. Partly influenced by the economic situation, the electoral mandate for the ruling coalition in the 1986 election dropped to 56%. Soon after the general election, the ruling party—United Malays National Organisation (UMNO) was suspended due to internal political dispute that further escalated to the 1988 Malaysian constitutional and judicial crisis and the removal of the Lord President of the Supreme Court. The leadership of Prime Minister Mahathir was challenged internally and led to a split within the political party. In the 1990 General Election, the ruling coalition only managed to garner 53% of the votes, albeit maintaining a two-thirds of seats in the Lower House of Parliament. This result, up to that point in time, was the second lowest electoral mandate given to the ruling coalition since the 1969 General Election.

The early 1990s witnessed the establishment of two public universities in the state of Sarawak and Sabah. The establishment of these two universities was arguably the only major development in higher education for more than a decade between 1984 and 1997, and this development has strong relations to the political landscape in the two states. Sarawak and Sabah are two states in Malaysia which have their state elections at a different time from the federal ones. In the state of Sarawak, the university was established almost immediately after the election in 1991. The 1991 election was a crucial indicator to the leadership of the Chief Minister, whereby he was challenged by his uncle who was a former Chief Minister in the previous 1987 election that was famously known as the 'Ming Court Affair'. Hence, the establishment of Universiti Malaysia Sarawak (UNIMAS) can be seen as a development to endorse the greater mandate given to the ruling coalition in the state and its Chief Minister by the federal government. Similarly, the political situation in the state of Sabah in the early 1990s was volatile. A day before the

polling of the 1990 Sabah state election, the incumbent ruling party withdrew from the ruling coalition. Despite that, the ruling party in Sabah garnered 70% of the seats. The 1994 Sabah state was a controversial election whereby the incumbent Chief Minister who was re-elected had to resign due to the defection of state assemblymen from the ruling party in the state to the ruling coalition at the Federal level. It is within such a context that Universiti Malaysia Sabah (UMS) was established as a promise from the Federal government prior to the state election.

In addition to the colourful political context in the late-1980s to mid-1990s, this was a booming period in Malaysia economically. The GDP growth has remained constant with an average of 9% growth since 1988 and reaching the height of 10% in 1996. Yet, the percentages of government expenditure on education as of GDP during the boom of the mid-1990s were lower than previous decades at a range between 4 and 5%, reaching its lowest at 4.3% in 1995 (World Bank, 2016). This was the political and economic landscapes in Malaysia leading towards the most significant point in the historical development of higher education in Malaysia

The height of the second wave of development was 1996, beginning with the passing of several major pieces of legislation related to higher education. These legislations included the Private Higher Education Institutions Act 1996 (Act 555), National Council on Higher Education Act 1996, Education Act 1996, National Accreditation Board Act 1996, and National Higher Education Fund Corporation Act 1997. In addition, the Universities and University Colleges Act (UUCA) was also amended in 1996 to lay the path for the corporatisation of public universities in 1998.

Importantly, the major higher education developments in this period have underlining influence of neoliberalism, more specifically New Public Management (NPM) model. NPM expresses an element of autonomy, markbetisation and quality control (Morshidi, 2010; Sporn, 2005). The most explicit example of this ideology in the context of Malaysian higher education is the corporatisation of public universities with the aim to turn these public entities into business-like corporation. Hence, with the amendments to UUCA, the corporatisation of public universities resulted in the university court being abolished, the university council replaced with a board of directors and the size of the senate reduced from about 300 to 40 (Lee, 2004; also see Lee's chapter in this book). Alongside governance restructuring of public universities, these institutions as corporatised entities were expected to adopt the culture of corporate managerialism driven by the principles of accountability, efficiency and productivity, to diversify their sources of revenue, and to raise a portion of its operation cost with the intention to reduce the percentage of allocation from the state. The goal was to reduce the allocation of the state to only 60% by 2005 (Lee, 2004). Moreover, the corporatisation plan also entailed an increment of the salary of academic and administrative staff by 17.5%. However, due to the economic recession, the financial aspect of corporatisation remained unchanged and the only change that took place was on the governing structure. The changing governance structure of public universities, where it had become leaner and concentrated at the authority and decision making level, can be seen as a prerequisite that enables public universities to be more efficient and productive. Thus, this

change in public universities driven by the ideology of neoliberalism and NPM has undermined the collegiality and nature of academe.

Moreover, as stated earlier that corporatisation under the influence of neoliberalism also entailed a blurring of public and private spaces, the 1998 corporatisation exercise of public universities in Malaysia illustrated this point. The corporatisation exercise led to initiatives among these public institutions to venture into the private higher education sector, such as offering offshore and twinning programmes with other local private higher education institutions, as well as setting up a consortium among public universities to establish an open private university. Public universities also took the opportunity to set up holding companies to manage, generate and diversified their sources of revenue. Hence, the expansion of spaces beyond the focus on local and domestic has further widened the perspective of public universities to be mindful of the regional and global developments of higher education beyond Malaysia.

Yet, at the same time, the introduction of Act 555 and the National Higher Education Fund Corporation Act 1997 represented another strand of development in Malaysian higher education driven by neoliberal ideology. In order to increase access into higher education, but at the same time not to burden the state, the state chose to recognise private higher education institutions. The National Higher Education Fund Corporation (more commonly known as PTPTN) has been a key feature that supported the development of private higher education sector (Tham, 2011; Wan, Abdul Razak, & Lim, 2015). Prior to the Act 555, private higher education in Malaysia has begun since the late-1980s as the economic recession in the mid-1980s had made it untenable for many Malaysian students to pursue higher education abroad. For example, Sunway College began 'twinning programme' with Western Michigan University (WMU) in 1987 where some academics from WMU came to Sunway College to teach the first 2 years, and students subsequently completed their studies for the final 2 years in WMU (Roland, 2012). Furthermore, due to the influence of neoliberalism, higher education in Australia and the UK began to charge tuition fees for international students in 1992 and 1994, respectively. Yet, at the same time, as secondary education became more democratised, the demand for higher education has intensified, and with the ethnic quota still in place within public universities, the number of Malaysians going abroad for higher education continues to increase.

Thus, Act 555 was introduced with several intentions. First, by recognising private higher education institutions, this initiative has enabled the state to curb the outflow of monies. Particularly when the economy was performing, the outflow of local currency in exchange for foreign currency was not good for the economy. Interestingly, the establishment of private universities under Act 555 has to be a ministerial invitation, but in order to align with the requirement of WTO-GATTs, this section was removed in the 2014s amendment as to provide equal treatment of applications to establish higher education institutions in Malaysia. Second, in addition to the outflow of monies, there has also been an outflow of talents that contributed to a situation of brain drain. As these Malaysian students went abroad to pursue higher education, and many of them were non-*Bumiputera* due to the ethnic

quota in public universities, the outflow of talents became a permanent feature where after the completion of their studies, these students tend to continue working and settle down abroad. The then Prime Minister Mahathir recently rationalised that the recognition of private higher education institutions in 1996 was intended to help the non-*Bumiputera* to access higher education, without jeopardising the existing ethnic quota in public universities (Mahathir, Personal communication between Tun Dr. Mahathir Mohamed and Dr. Abdul Razak Ahmad on July 19, 2016.) Third, apart from non-*Bumiputera* students going to the developed countries like the UK, Australia and US, there was also a significant number of students from religious schools going to other Islamic countries to pursue higher education. Countries such as Egypt, Jordan, Indonesia, and to a lesser extent Saudi Arabia and Yemen, have remained a popular destination. Hence, the recognition of private higher education institutions, which included religious colleges managed and run by the Islamic authorities of various States, can also be seen as a way to curb the outflow of monies and talents while concurrently putting in place some forms of control to ensure adherence to the religious doctrine of Islam in Malaysia. The establishment of the Universiti Sains Islam Malaysia (USIM) in 1997, which is a public university that required proficiency of Arabic as an entry criterion, further reiterated the third intention of the state to provide a local alternative to students from the religious schools.

In sum, the corporatisation of public universities is one of the defining events of Malaysian higher education that exemplifies the influence of neoliberal ideology. This influence began from the economic recession in the mid-1980s and continued into the late-1990s, whereby there was an obvious retreat of the state from higher education. Investment into higher education in this period of time was done selectively for political and religious purposes, such as the establishment of the three public universities. The overall development of higher education in Malaysia also has become more market-driven under the influence of neoliberalism.

6.3.3 Wave 3: A Shift from Domestic to Global

Although the development in the second wave has been influenced externally by globalisation, internationalisation and elements of neoliberalism, the significant shift from being domestically focused to having a global outlook in higher education only took place with the launching of the National Higher Education Strategic Plan (2007–2020) (NHESP). Importantly, it is the new global outlook which has redefined the status of universities with the concept of autonomy.

However, before dwelling into the discussion on autonomy as another form of evolution to 'corporatisation', it is imperative to examine the context of Malaysian higher education leading up to the crafting of NHESP. Following the series of legislation changes, corporatisation of public universities and recognition of private higher education institutions, Malaysia went into the worst recession. The economic situation was bad to the extent that Malaysian students abroad sponsored by the

government were called back and had to continue their studies in local institutions. This period also coincided with political uncertainty following the fallout between the Prime Minister and his deputy leading to the sacking of the latter. Yet, at the turn of the millennia, Malaysian higher education experienced a small wave of expansion. Beginning with the upgrading of MARA Institute of Technology to become *Universiti Teknologi MARA* (UiTM) in 1999, five other public universities were upgraded to the status of a university from a university college. The increase of public universities in the early 2000s was followed by a key event—the abolishment of ethnic quota for admission into public universities. Meritocratic criteria based on academic performance of students were practiced. The abolishment of ethnic quota has been the defining and final policy on higher education under the leadership of Prime Minister Mahathir.

The General Election 2004 marked a new beginning for the political landscape of Malaysia under Prime Minister Badawi. In the new Cabinet line up after the election, the Ministry of Higher Education (MoHE) was created to become an independent ministry. This arrangement underlines the emphasis and importance placed on the higher education sector. Interestingly, the year 2004 also coincided with the announcement of the World University Rankings by Times Higher Education where two Malaysian public universities were listed among the top 200 universities in the world. This has further attracted the attention of policymakers and the Malaysian public on the performance of Malaysian universities in the global stage.

The establishment of MoHE was subsequently followed by the setting up of the Committee to Study, Review and Make Recommendations concerning the Development and Direction of Higher Education in Malaysia. This committee was tasked to examine Malaysian higher education in relations to regional and international development (see MOHE, 2006). The report of this committee, alongside with a study report jointly undertaken by the Economic Planning Unit of Malaysia and the World Bank, became important inputs to the drafting of NHESP (see World Bank, 2007). The NHESP has been instrumental in outlining the vision for Malaysia "to produce human capital with the first class mentality and to establish Malaysia as an international hub of higher educational excellence" (MOHE, 2007b, p. 12).

The global outlook has clearly become an essential part of NHESP. One of the seven strategic thrusts was devoted to intensifying internationalisation. In addition, Malaysian universities were targeted to become among the top-ranked institutions regionally and globally, and centres of excellence were intended to become world-class. More specifically, one to two universities were earmarked to become APEX universities that paved the ways towards excellence, to be measured by the positions in global university rankings. Universiti Sains Malaysia was selected in 2008 to be part of the Accelerated Programme for Excellence (APEX) with the hope for the university to become an apex university. As to strengthen Malaysian universities, NHESP outlines strategies to:

- consolidate the governance of universities by enhancing the effectiveness, dynamism and integrity of the management and delivery services;
- provide a mechanism for public universities to generate income from various sources, and support efforts by private higher education institutions to optimise their resources and raise the efficiency of their management. (MOHE, 2007b, p. 103).

One of the major objectives of strengthening universities is to ensure that the governance of universities is efficient, effective and transparent towards attaining autonomy, and to ensure universities are capable of generating income through competitive bidding of various sources of funding. It is outlined that the aim is for Focused and Comprehensive Universities to generate 35 and 15% of their own annual operating and development expenditures, respectively, and Research Universities to generate 45 and 25%, respectively (MOHE, 2007b, p. 105).

In brief, the strengthening of universities underlined by NHESP continued the 'corporatisation' efforts of 1998 guided by the principles, influences and ideology of neoliberalism and NPM. However, what has changed from the 1998 corporatisation exercise is the use of the term 'autonomy' and the aspiration for Malaysian universities to compete globally. In other words, autonomy can be regarded as the continuation of corporatisation but with a shift from local to global.

Notwithstanding the change in outlook, it is important to highlight the similar economic situation between the corporatisation exercise and NHESP. When corporatisation was launched in 1998, Malaysia was in the midst of its worst economic recession. Yet, likewise, the economic situation in Malaysia began to go into recession at about the same time as the launching of NHESP in 2007, where percentage of expenditure on tertiary education as of percentage of government expenditure on education dropped from 36.1% in 2006 to 33.0% in 2007 (World Bank, 2016) Similarly, the percentage of government expenditure on education as of GDP also declined from 4.5% in 2006 to 4.4% in 2007 and further to 4.0% in 2008. Hence, there is strong economic imperative for NHESP to once again re-emphasise the concept of corporatisation under the banner of autonomy, where the support from the state, especially financial support, is expected to reduce and universities are expected to become more efficient and effective like corporate entities.

The NHESP was launched together with the first phase of the Action Plan. Recognising the objectives for universities to become more dynamic, competitive and resilient in a changing landscape, attract and retain the best talents, and produce graduates who can acquire and apply their knowledge to the current needs, the Action Plan outlines that "the Government recognises that a greater level of autonomy and accountability is needed for universities to pursue these objectives" (MOHE, 2007a, p. 21). The Action Plan further acknowledged that the amendment of transforming a university council into a board of directors under the corporatisation exercise in 1998 has not yet fulfilled the intended purposes; it was claimed that the board continued to function like a council and has neither the status nor authority to act like a corporate board envisioned under corporatisation. Therefore,

the focus of NHESP and the first phase Action Plan aimed to provide a clearer definition of the responsibilities of board of directors, top management and senate of public universities, enhance accountability of board of directors, as well as increased self-governance of public universities through boards' supervision for leadership, performance and funding. The operationalisation of the first action plan has also seen the development of the autonomous implementation readiness instrument for public universities—namely, the Code of University Good Governance (CUGG), the University Good Governance Index (UGGI) and the Guide for Preparing and Conducting an Audit to determine the readiness for autonomy (MOHE, 2011b). Crucially, the Prime Minister in presenting the Tenth Malaysia Plan in Parliament on 10 June 2010 reiterated the commitment of the government to grant autonomy to public universities for these institutions to compete with the best universities globally.

The second phase of Action Plan adopted the concept of Critical Agenda Project and governance became one of the CAPs. The objective of this CAP was to:

- strengthen the governance of public universities to the level on par with those of world-renowned universities;
- upgrade the management of public universities to ensure they are run effectively and at the highest level of integrity in order to create a conducive environment for learning; and
- encourage public universities to move toward an autonomous system of governance that includes the governance of finance and wealth generation, human resources and academic administration. (MOHE, 2011b, p. 19).

The aim of the second phase was to use the readiness instruments to determine whether a public university was ready to be granted autonomous status. Autonomy is categorised further into institutional, finance, human resources and academic (see MOHE, 2011a). Using these instruments, five of the oldest public universities in the country were given autonomous status, where the then Minister of Higher Education went on to explain that this status should be a catalyst for these universities to be more innovative and competitive in becoming institutes of excellence as they will not be tied down by government rules or processes (Priya, 2012). By 2014, a total of 12 public universities have received the status, as reported in the Malaysia Education Blueprint (Higher Education) 2015–2025 (MEBHE). To date, 17 of 20 public universities are autonomous, with the exception of Universiti Sultan Zainal Abidin, Universiti Malaysia Kelantan and Universiti Pertahanan Nasional Malaysia.

The concept of autonomy also needs to be examined within MEBHE as well as the current contexts of higher education, socio-politically and economically. The MEBHE introduced the notion of 'empowered governance' by re-emphasising the definition of the roles and decision rights of stakeholders, as well as re-iterating a balance between autonomy and accountability. The practices proposed to address the balancing act to include redefining new performance contracts, strengthen quality assurance framework and develop best practice frameworks for institutional

governance. The latest strategic document—MEBHE—also re-highlighted the example of the adoption of corporate practices used to regulate corporate enterprise through the *Green Book: Enhancing Board Effectiveness by the Putrajaya Commission on Government-Linked Companies*, in which the first phase Action Plan had highlighted. To operationalise MEBHE, the University Transformation Programme Green Book was launched several months after the MEBHE. The university's green book focuses entirely on the board of directors of public universities.

Yet, the sole focus on the board of directors in the context of autonomy in public universities has disregarded the larger ecosystem in which these institutions operate. It has been argued that without significant amendment to the structure and legislative frameworks, more specifically in terms of finance, human resources and institutional governance and management, the granting of autonomous status to public universities may not bring about significant change in these institutions (Asimiran & Hussin, 2012; Fauziah & Ng, 2015; Wan & Abdul Razak, 2015). For example, while the board of directors are entrusted to oversee university finances and fundraising, public universities with the autonomous status have constraints in terms of income generating activities, procurement and making a decision on allocation of funds and research grants (MOHE, 2015). While the intention was for public universities not to be tied down by government rules and processes, however, as long as these institutions receive public monies, governmental procedures in terms of public budget and expenditure will apply. Likewise, although public universities are FSBs, corporatised entities and now autonomous institutions, the framework which governs human resource has remained identical to the framework which is currently being used by the civil service in terms of salary scale, promotion criteria and procedures. The Statutory Bodies (Discipline and Surcharge) Act 2000 (Act 605) provides the legal framework for universities to take disciplinary actions on staff and they can be terminated after due process has been exhausted. The Government has further issued a circular—Pekeliling Perkhidmatan Bil. 7/2015—which introduced exit policy for underperforming in civil service. Thus, public universities have to first put in place processes and procedures before the exit policy can be implemented.

Interestingly, the launching of the MEBHE, once again, coincided with another economic downturn. By September 2015, the Malaysian Ringgit depreciated by 26% against the US Dollar over the last 12 months, as well as 17 and 20% against Euro and Japanese Yen. As Malaysia is an oil exporting economy, the drop in oil prices in the late 2015 has resulted in the government recalibrating the 2016 Budget. However, even prior to the recalibration, allocation for higher education in 2016 Budget has been significantly slashed, whereby allocation to public universities was reduced by 17% on average across the 20 public institutions, as well as a reduction of between 15 and 25% for the National Higher Education Fund Corporation which is the agency for the management of student loan. In brief, the current economic situation is at a bearish phase and the economic circumstances will continue to have a significant role in shaping developing of higher education in Malaysia.

6.4 Conclusion

Incorporation, corporatisation and autonomy are differing concepts that were introduced in Malaysian higher education over the last five decades or so (see Table 6.1). Although there are differences across these three concepts, importantly, they also share fundamental similarities that concern the relationship between public universities and the state. More specifically, it concerns the relationship vis-à-vis the levels of independence these institutions could obtain from the state. Beginning from the semi-autonomous concept of incorporating public universities as federal statutory bodies, the aim of this concept was for public universities to become public entities separate from the bureaucracy of civil service, with the exception of public budget and expenditure.

However, with the influence of neoliberalism that carried with it initiatives such as the New Public Management, the independence of public universities took a different turn in the form of corporatisation. In part, corporatisation has been motivated by economic circumstances in the 1980s and 1990s, as well as the socio-political developments. Yet, the concept also fizzled out and never fully materialised due to the economic situation that followed the corporatisation of public universities, as well as the emergence of the private higher education sector in Malaysia.

With an increased focus and emphasis on the role of higher education for economic development, coupled with the growing prominence of university rankings in the discourse of higher education and the establishment of the Ministry of Higher Education, the concept of corporatisation evolved into autonomy. The concept of autonomy, albeit driven by neoliberalism ideology and principles, is a more global concept and underlined a shift in terms of higher education in Malaysia from being parochial to global.

Table 6.1 Evolving concept of corporatisation of public universities in Malaysia

	Wave 1: Incorporation	Wave 2: Corporatisation	Wave 3: Autonomy
Description	Public universities as FSBs; a public entity separate from public service	Public universities as corporatisation	Public universities as autonomous institutions, but remaining as FSBs
Relationship with the state	Semi-autonomous except in public budget and expenditure	Expected to become independent financially from the state, but did not materialise	Autonomous entities that are independent of the state; include institutional, academic, financial and human resource autonomy
Factors of influence	Detach university from civil service but maintaining it as a public institution	New Public Management of governing public institutions with the ideology of neoliberalism	Continue to be driven by neoliberalism and performance indicators toward gaining global prominence

In spite of these differing concepts, public universities in Malaysia continue to be federal statutory bodies with the increasing influence of corporate practices and managerialism that aspire to compete with the best universities in the world. The future of these institutions, apart from the challenging socio-political and economic environment of the country as well as the regional and global developments, also depends strongly on how these fundamental tensions in the identities and structures of public universities have evolved following incorporation, corporatisation and now autonomy.

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Part II
Institutional and Cultural Changes Under Neoliberalism

Chapter 7
Changes in Governance and Finance at Japanese National Universities After Incorporation

Kazunori Shima

Abstract This chapter discusses the changes in the relationships between government and universities, and between presidents and faculty members, since the incorporation of Japanese national universities in 2004. The paper focuses on the changing nature of the two-level governance system, which is reinforced by the expansion of competitive initiative funding systems in Japanese higher education. Four types of data are analyzed, including official government reports and institutional data from two surveys conducted by the Center for National University Finance and Management. In addition, a case study investigates governance practices, in depth, at an incorporated research university, based on document analysis and interviews with a principal member of the university's Research Planning Committee and other faculty members. The paper argues that the influence of Ministry of Education, Culture, Sports, Science, and Technology on national universities (both presidents and faculty members) has grown as result of its control over the universities' "Midterm Targets and Plan" documents and its "carrot-and-stick funding" approach.

7.1 Background and Purpose

In today's knowledge society and globalized economy, research universities have become crucial to a country's success. Japan's national universities serve as the country's primary research universities. According to Shima (2011), national universities received around 70% of the most basic research funds, known as Grants-in-Aid for Scientific Research (Kaken-Hi) in Japan. For this reason, national universities are expected to be highly productive and responsive to society according to the Future Image of Higher Education by the Ministry of Education,

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Culture, Sports, Science, and Technology (hereafter, MEXT) (2005). However, government financial problems can have a significant effect on the productivity of national universities. The Toyama Plan, published in 2001 during Prime Minister Junichirou Koizumi's term, stated that MEXT would "boldly accelerate the realignment and/or integration of national universities," "encourage national universities to introduce private company-style management procedures," and "introduce competitive principles to universities using third-party evaluations." After intensive discussions, the national universities became incorporated in 2004. These changes were in line with worldwide neo-liberalist reform trends (OECD, 2004). Following are the specific reasons for Japanese national university incorporation according to the Study Team Concerning the Transformation of National Universities into Independent Administrative Corporations in its *A New Image of National University Corporations* (2002, March 26): (1) to develop universities with individuality and internationally competitive education and research, (2) to stress accountability to the public and society and to introduce the principle of competition, and (3) to realize dynamic and strategic administration by clarifying management responsibility.

Under these circumstances, in order to enhance university accountability, a Midterm Targets and Plan (hereafter MTP) scheme was introduced. Second, to ensure responsive and strategic university management, the governing power of the president was strengthened by the National University Corporation Act. Third, to promote international competitiveness and to introduce the principle of competition, the government increased funding for competitive funds. However, due to governmental budget constraints, MEXT began to decrease its basic stream of university funding (called *Uneihikoufukin*) beginning in 2005.

This paper clarifies the changes in national university governance at two levels: between MEXT and the university and between the presidents and the faculty members (academic staff of schools or departments (*gakubu*). It also explains the effect of financial changes (i.e., the increase in competitive funds and the decrease in basic funds: "carrot-and-stick funding") on the two levels of governance.

7.2 Previous Studies

Osaki (2011) related details of the discussion over incorporating national universities and examined two key characteristics of the incorporation from an international perspective: (1) the massive amount of governing power granted to university presidents, and (2) the MTP scheme, based on the Act on General Rules for Independent Administrative Agency. Oba (2005, 2014) examined changes in the governance of national universities after the 2004 incorporation, focusing primarily on legal and institutional aspects. However, these studies rarely clarified the actual changes in national university governance nor examined the impact of alteration of

government funding streams, which has significantly affected both levels of governance reviewed in the present paper based on original survey data.

Shima (2007) and RIHE (2007a) partially explored these changes. They found that the discretion of national universities reached its highest point just after the incorporation, as MEXT's influence on the universities was reduced. They further indicated that the president gained greater power over many aspects of university governance while the faculty members lost power. These two studies elucidate what happened immediately after incorporation, which was consistent with MEXT's stated intentions. However, these studies did not go deep into how and why the governance changes occurred, nor paid much attention to the financial issues involved; moreover, no similar studies have examined the current situation, more than ten years after the incorporation. This chapter clarifies these points and explores recent changes, particularly with respect to the impact of university financing. Mizuta (2015) described the changes in governance of universities, including public and private ones, at the national level, and Yamamoto (2015) discussed them at the institutional level. However, these studies did not much examine issues of governance and finance in relation to each other and did not include recent survey analysis, which I introduce in later sections.

7.3 Framework and Data

7.3.1 Framework and Contents

The framework of this research is shown in Fig. 7.1. First, I clearly distinguish the two levels of governance: between MEXT and the university (president or board of directors) and between the presidents and the faculty members. Board of directors is composed of a president and directors, which is based on National University Corporation Act, Article 10. Second, I focus on not only governance but also finance, because financing has such a strong influence on governance. In addition, a case discussed will give readers a clearer sense of the actual situation. I selected Hiroshima University as the case because of its position among Japan's national universities.

Hiroshima University is not among the seven former imperial universities (The University of Tokyo, Kyoto University, Tohoku University, Kyushu University, Hokkaido University, Osaka University, and Nagoya University), which are prestigious universities established before World War II and larger in size of faculty, number of students, and budgets than other national universities. Hiroshima University is struggling to pursue world-class status. As a result, its response to the availability of competitive initiative funds is a good example of how universities have adapted to the expectations placed on them by MEXT. Finally, I discuss university presidents' perception on the future directions in governance and finance.

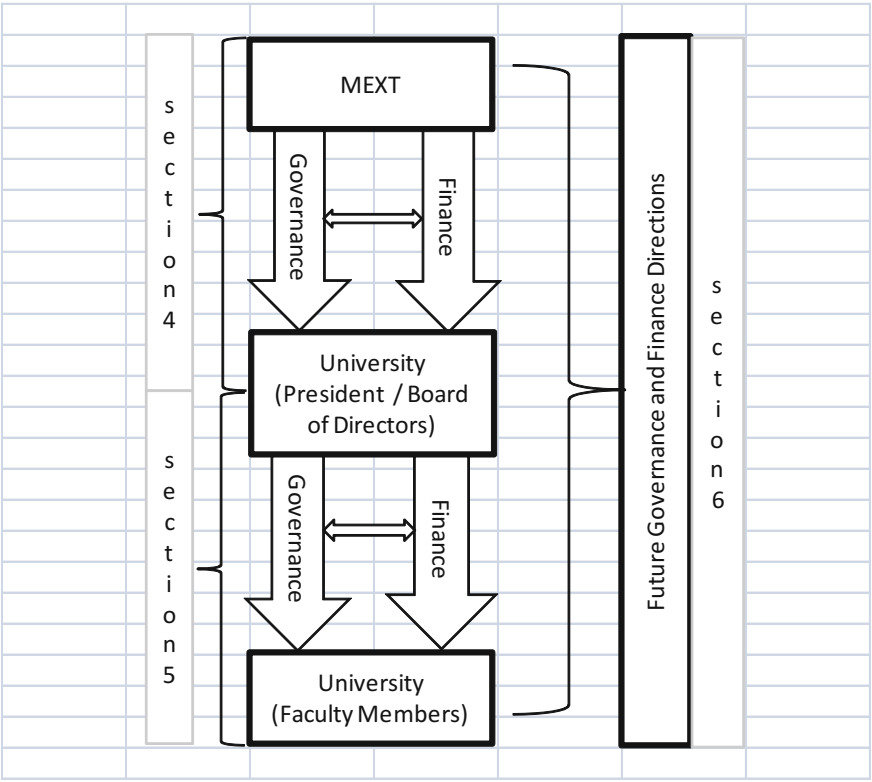

Fig. 7.1 Two levels of university governance and finance

7.3.2 Data

This research is based on data from four data sources: (1) governmental policy reports, (2) surveys conducted by the Center for National University Finance and Management (CNUFM), (3) published materials drafted by Hiroshima University's Research Planning Committee which discusses future directions and critical issues regarding Hiroshima University's research activity and is directed by the research vice presidents as part of the Program for Promoting the Enhancement of Research Universities (PPERU) of Hiroshima University, and (4) in-depth interview data with semi-structured from a principal member of the Research Planning Committee and four faculty members at the case University.

Four CNUFM surveys have been administered to all national university presidents since 2003. The first survey was completed just before the incorporation. In this paper, I use data from the second and fourth surveys to clarify the changes in governance and finance after incorporation. The second survey was conducted in

2006 and the fourth was conducted in 2014. The respective response rates were 96.6 and 97.7%, so these two surveys represent nearly the complete population of all national university presidents, and thus, provide highly reliable data.

7.4 Relationship Between MEXT and University Governance and Finance

I have already introduced the three stated purposes of incorporation of national universities and the steps taken to achieve these purposes. First, to promote accountability, the MTP scheme was implemented. Second, to encourage dynamic and strategic university management, the governing power of university presidents was strengthened. Third, consistent with the principle of competition, the availability of competitive funding was expanded at the national and institutional levels. In addition, fourth, an important premise of incorporation was outlined by the Study Team Concerning the Transformation of National Universities into Independent Administrative Corporations ("New Images of National University Corporation," March 26, 2002), namely that "the autonomy of the university should be respected as an academic institution and university discretion should be expanded." In addition, a supplemental resolution of the National University Corporation Act stated, based on the constitution's assurance of academic freedom and the idea of university autonomy, that national universities should be permitted to expand their research and education activities in accordance with their historical role. This supplemental resolution was demanded by university representatives, including presidents and faculty members. I will discuss each of these four elements in sections below.

7.4.1 Governance

The MTP (which has a 6-year time frame) is a key incorporation scheme whose targets are determined by MEXT: "MEXT decides the six-year targets each national university should accomplish and shares them with the national university" (National University Corporation Act, Article 30). Subsequently, "National universities must develop a midterm plan based on MEXT midterm targets and must receive its approval from MEXT" (National University Corporation Act, Article 31). This National University Corporation Act was based on the Act on General Rules for Independent Administrative Agency, which was promulgated in 1999, and many articles were borrowed directly from it. In reality, MEXT does not set the targets; rather, national universities develop their own targets and MEXT essentially rubber-stamps the midterm plans based on the principle of university autonomy.

Nevertheless, these rules do seem to have a symbolic meaning with regard to the changes in the relationship between MEXT and the national universities.

In addition, the MTP scheme, as stated in the National University Corporation Act, gives MEXT the authority to indirectly affect university operations, but only by stipulating what types of targets and plans must be included, not what to do or how to achieve the targets. MEXT stipulated the items to be covered in the MTP, such as (1) the basic purpose of a university, (2) the basic structure of its education and research organization, (3) approaches for improvement in quality of education and research, (4) how university management will be improved and made more efficient, and (5) how university finance will be improved. In addition, the MTP results are evaluated by the National University Corporation Evaluation Committee, and MEXT relies on this evaluation in making basic funds allocation decisions. Since this arrangement can gradually affect the funding levels, universities must carefully and precisely execute the MTP.

7.4.2 Finance

Before incorporation, government support to national universities consisted primarily of a budget line-item providing basic funds. There were also some streams of competitive funding, such as the Grants-in-Aid for Scientific Research (Kaken-Hi), 21st Century Center of Excellence (COE) program, and Good Practice (GP) Program. After incorporation, MEXT basic funding of national universities took the form of block grants, which have been reduced by 1–1.6% every year since 2005. During the first MTP period (2004–2009), except in 2004, the government's block grants for universities were reduced by 1% every year. In addition, the block grants for university hospitals were reduced by 2% every year, causing national universities with university hospitals to face a severe financial situation. During the second MTP (2010–2015), the block grants for national universities without university hospitals were reduced by 1% every year, and those for national universities with university hospitals were reduced by 1.6% every year. As a result, the ratio of competitive funding to basic funds has been increasing (Shima, 2009) where he covered all the national universities. Universities are expected to pursue competitive funds to ensure a sufficient flow of revenues.

In 2013, MEXT unveiled its National University Reform Plan, which was met with surprise by leaders of the national universities. Konyuba (2014) discussed the political changes before and after the National University Reform Plan. According to him, the influence of the Central Education Council which answers to the minister of MEXT (composed of fewer than 30 persons) and previously had a strong impact on educational policies has decreased significantly. On the other hand, the influence of the policy conference, which the minister of MEXT established for discussion of policy issues, was strengthened under the Abe government. Konyuba (2014) showed that the Central Education Council basically discussed the issues which these policy meetings are set. It proposed a future division of national

universities into three categories: world-class, national-class, and regional-class. Based on this reform plan, four new types of competitive funds were introduced to guide each university toward pursuing participation in one of these three categories. These new types differed from previous competitive funds in their purpose and scope. The previous funding sources, such as the Grants-in-Aid for Scientific Research (Kaken-Hi) awarded to promote specific research by a particular faculty members or research group, were designed to assist departments within universities; the new ones, which I call competitive initiative funds, were targeted at universities as a whole. They include the following:

(1) PPERU 2013, which aimed to strengthen world-class research universities. MEXT selected 19 universities to participate in PPERU, 17 of which (89.5%) were national universities. MEXT allocated approximately $1.6 million to $3.2 million per year to each university for 10 years. These selected universities are Hokkaido University, Tohoku University, University of Tsukuba, The University of Tokyo, Tokyo Medical and Dental University, Tokyo Institute of Technology, The University of Electro-Communications, Nagoya University, Toyohashi University of Technology, Kyoto University, Osaka University, Kobe University, Okayama University, Hiroshima University, Kyushu University, Kumamoto University, and Nara Institute of Science and Technology.
(2) Top Global University Project (TG) 2014, designed to support world-class universities as they aimed to achieve "globalization" in research and education. MEXT selected 13 Type A universities (those seeking to earn a ranking in the top 100 worldwide), of which 11 or 84.6% were national universities, and allocated about $4.1 million per year to each university for 10 years. MEXT also selected 24 Type B universities (i.e., universities that promote globalization) and allocated up to $2.4 million per year to each one for 10 years; 10 of these were national universities. These selected national universities are: Type A (Hokkaido University, Tohoku University, University of Tsukuba, The University of Tokyo, Tokyo Medical and Dental University, Tokyo Institute of Technology, Nagoya University, Kyoto University, Osaka University, Hiroshima University, and Kyushu University) and Type B (Chiba University, Tokyo University of Foreign Studies, Tokyo University of the Arts, Nagaoka University of Technology, Kanazawa University, Toyohashi University of Technology, Kyoto Institute of Technology, Nara Institute of Science and Technology, Okayama University, and Kumamoto University).
(3) The Acceleration Program for University Education Rebuilding (AP) 2014 supports universities that engage in advanced education reform. MEXT selected 39 universities (including 11 or 28.2% national universities) and allocated between $146,000 and $227,000 per year to each of them for 5 years. The national universities selected are: The University of Tokushima, Yokohama National University, Utsunomiya University, Kanazawa University, Yamaguchi University, Nagasaki University, Ochanomizu University, Okayama University, Chiba University, Tokyo University of Agriculture and Technology, and Ehime University.

(4) The Center of Community (COC) Project 2013 supports universities that "serve their communities." MEXT selected 75 universities (of which 28 or 37.3% were national universities) and allocated up to 975,000 dollars per year to each university for 5 years.

The breakdown of universities selected for each grant category suggests that almost all universities identified as potentially world-class in research and teaching are national universities, whereas public and private universities are generally viewed as institutions that provide education and service to society.

Table 7.1 identifies all national universities that contain at least three schools (i.e., humanities, social science, natural science and engineering, and medical science) and categorizes them into six university types, based on Yoshida's (2002) classification of national universities by historical background and the types of schools. In terms of

Table 7.1 University types and allocation of competitive initiative funds

	Comprehensive Universities		PPERU	TG	AP	COC	3Types
Large, old, high in prestige	Former Imperial University	hokkaido univ	○	A			World Class University
		tohoku univ	○	A			
		tokyo univ	○	A			
		nagoya univ	○	A			
		kyoto univ	○	A		○	
		osaka univ	○	A			
		kyushu univ	○	A			
	Pre-war University Ⅰ	university of tsukuba	○	A			
		kobe univ	○				
		hiroshima univ	○	A		○	
↑	Pre-war University Ⅱ	chiba univ		B	○	○	National Class University
↑		niigata univ					
↑		kanazawa univ		B	○	○	
		okayama univ	○	B	○		
		nagasaki univ			○		
		kumamoto univ	○	B			
	Post-war University Ⅰ	gunma univ					Regional Class University
		shinshu univ				○	
		university of toyama					
		gifu univ				○	
		shimane univ				○	
		yamaguchi univ			○		
		kagawa univ				○	
		ehime univ			○		
		saga univ					
		oita univ					
		kagoshima univ					
↓		university of ryukyus				○	
↓	Post-war University Ⅱ	hirosaki univ					
↓		akita univ				○	
		yamagata univ				○	
		university of fukui				○	
		university of yamanashi					
		mie univ					
		tottori univ				○	
		the university of tokushima			○		
		kochi univ				○	
		university of miyazaki				○	
Small, new, low in prestige	Post-war University Ⅲ	iwate univ				○	
		fukushima univ				○	
		ibaraki univ					
		utsunomiya univ			○	○	
		saitama univ					
		ochanomizu univ			○		
		yokohama national univ			○		
		shizuoka univ					
		shiga univ					
		nara woman's univ					
		wakayama univ					

these categories, the former imperial universities were established before World War II and are comprehensive universities with all four types of schools; they represent the most prestigious university group. Those in the categories of pre-war university I and II were also established before World War II and are comprehensive universities with all four types of schools, but the budgets and the number of faculty members at the institutions in group I are larger than those in group II. Institutions in the category called post-war university I are comprehensive universities with all four types of schools, but were established after World War II. Post-war university II and III institutions were also established after World War II, but have only three school types; the universities in post-war group III have no medical school. In general, the higher university types are more prestigious, older, and larger.

Comparing Yoshida's (2002) classification of national universities and the results of the allocation of competitive initiative funds, one can perceive a tacit but significant message from MEXT. It is that the former imperial university and pre-war university I categories are expected to become world-class universities with support from the abovementioned competitive initiative funds, whereas the post-war universities are expected to serve their community and focus on education (i.e., becoming regional-class universities) and those classified as pre-war university II are on the boundary (i.e., national-class universities). In other words, the government's higher education financing policy has reinforced the classification of national universities, which has been implicit for years without ever being declared officially. Whatever the case, each university needs to accept these funding implications, even if it might prefer to pursue a different future direction. Although all national universities were free to apply for PPERU or TG, the expected number of universities to be selected was previously announced in the application process. Moreover, universities requesting funds from these programs must submit objective data on their achievements in research or teaching. This process substantially reduced the chances of other universities seeking world-class universities.

In fact, based on the "Survey on the Management and Finance of National Universities (University President Version)" conducted in 2014, 89.2% of national university presidents said that MEXT's governing power over the national universities was growing in comparison to the situation immediately after incorporation. Furthermore, in the same survey, 90.5% of national university presidents said that the major competitive initiative funds (PPERU, SG, COC, and AP) had increased MEXT's governing power over the national universities. I examined the different responses among the university types using ANOVA, but there were no statistical differences.

7.4.3 The Case of Hiroshima University: University Governance and Finance

I will now examine the impact of competitive initiative fund grants on a specific university, selected for this chapter. In terms of the PPERU, Hiroshima University (or its president) has declared that it plans to rank in the top 100 universities worldwide, even though it was not even made the top 400 (Times Higher Education

World University Rankings 2013–2014). In addition, the university declared that it would double the number of articles from its faculty members on the Thomson Reuters Web of Science database. Hiroshima University did not make a concerted effort to attract top-notch academic staff from other top universities; it is trying to support the limited number of academic staff who are productive in citations or number of articles based on the Web of Science database by offering University Research Administrator (URA) supports at least until September 2015. But it unfortunately could not offer substantial support to its academic staff, in general, except for describing the PPERU goals. In relation to the TG, it stated that it would triple its total number of articles published. When we compare these goals with those of the University of Tokyo, which indicated that it would increase its number of articles by 50% over 10 years, we can see that they are extremely ambitious. Regardless of whether or not the presidents or board of directors believes that the goals are achievable, Hiroshima University must do what MEXT expects it to do in order to receive PPERU support. In fact, the above goals were developed by the university's institutional research team, which conducted benchmarking research on the number of articles produced by the world's top 100 universities.

7.5 Relationship Between the Presidents and Faculty Members

7.5.1 Governance and Finance

National university presidents represent their national university corporation, govern university corporate business, and must discuss important issues with directors (National University Corporation Act, Article 11). These important issues are MTP, annual plan, budget, and establishment or abolishment of a school or department, etc. This means that the president is the final decision maker at the university. Therefore, according to the law, the faculty members cannot block the president's decisions, though the president may consult the faculty members in advance (indeed, a president who does not consult the faculty members may find it quite difficult to govern them). Shima (2007) based on the analysis of the second set of CNUFM survey data noted that in terms of deciding the national university's annual plan and the internal resource allocation of the university budget, 95.2 and 97.6% of the presidents, respectively, thought that their power had become greater after that of incorporation. These changes of presidents' influence on the decision making slightly differ across different types of affairs.

Shima and Watanabe (2010) examined the changes in internal resource allocation over two periods (Fig. 7.2) based on the data from the second and third CNUFM surveys, which covered 96.6 and 100% of national universities. The

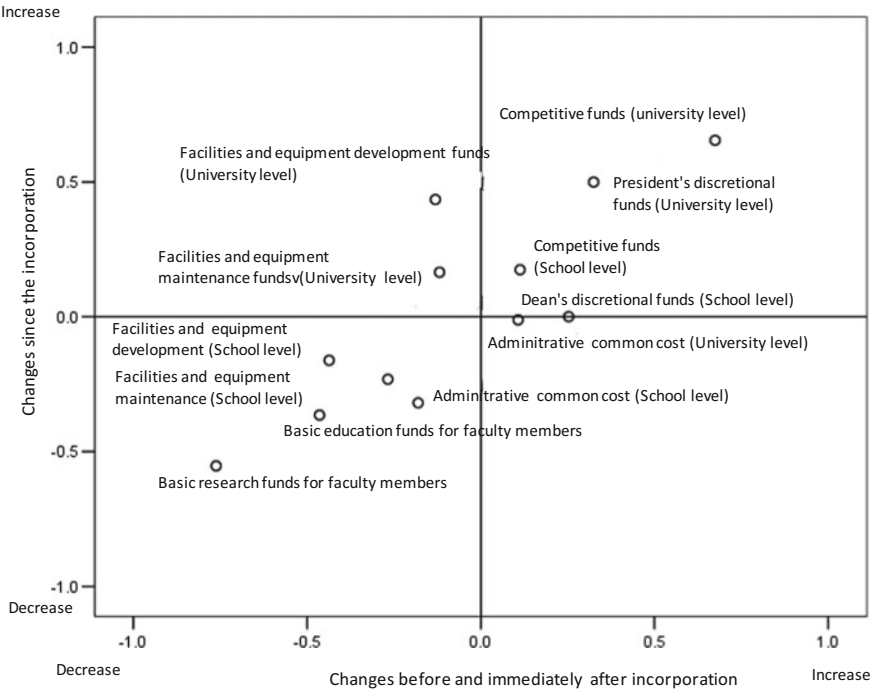

Fig. 7.2 Changes in internal resource allocation. *Source* Shima and Watanabe (2010, p. 147)

x-axis shows the changes in the internal resource allocation immediately after incorporation (i.e., in 2005); the y-axis shows the changes in internal resource allocation during the 3 subsequent years, or between 2005 and 2008. In Fig. 7.2, "1" means a high increase, "0.5" represents medium increase, "0" means no changes, "−0.5" means medium decrease, and "−1" means a high decrease. The scores represent the average for each funding across all national universities.

Therefore, the types of funds located in the first quadrant of the figure were increasing in both periods. Figure 7.2 shows that competitive funds and the president's discretionary funds have been increasing since incorporation. On the other hand, basic education and research funds for individual faculty members have been decreasing. When I interviewed one faculty member at a post-war II university, he indicated that he had experienced a decrease from around $3,200 to $400 per year in basic education and research funds for individual faculty members, and that it was difficult even to make copies of class materials on such a reduced budget.

The above-described changes in internal resource allocations were not directly implemented by the government, but as I noted, there are targets and plans about improvements of university finance that MEXT asks national universities to clarify in their MTP. Past evaluations of the MTP indicate that expansions of competitive funding and of the presidents' discretionary funds are viewed positively by the National University Corporation Evaluation Committee. It can be deduced that the

MTP scheme and the related evaluation program indirectly but unmistakably affect the presidents' decisions about internal resource allocations.

While these competitive funds (university or school level) and presidents' discretionary funds are used partially to secure competitive initiative funds (national level) or to support projects already receiving competitive initiative funds, basic education and research funds for individual faculty members have decreased. Before incorporation, based on the line-item budgeting process, the amount of money allocated to each department was essentially fixed, and competitive and discretionary funds represented a relatively small proportion of total internal resource allocation.

Once the university has been granted MEXT competitive initiative funds, its president or board of directors appears to have the authority to compel faculty members to execute the terms of the MEXT contract. In other words, it seems that once a contract has been awarded, faculty members are forced into compliance. Of course, the president or board of directors also has the funds to hire new staff (most of them being fixed-term employees) to implement the MEXT requirements, and the board can offer incentives to the faculty members who face a decrease in their basic education and research funds.

7.5.2 The Case University: President–Faculty Members Relations

I interviewed one principal member of Hiroshima University's Research Planning Committee and four faculty members about PPERU on October 2015 and March 2016. The faculty members were not even aware that before the determination of the PPERU grant, the president had announced its intention to make Hiroshima to be a top 100 university and double the number of published articles. Most faculty members felt that these goals were unrealistic. Faculty member A said, "I think it is impossible to accomplish these aims while personal expenses have been reduced." Faculty member B stated, "I feel that these goals are unrealistic because there are no concrete steps in place to achieve them." Faculty member C agreed that the goals were too challenging without concrete procedures. However, the faculty members have no ability to adjust the goals. In fact, the principal member of Hiroshima University's Research Planning Committee admitted that the person thought it was very difficult to make Hiroshima a top-100 university and double the number of published articles.

Some faculty members have complained about the situation; others have said that they would ignore these goals if possible. Faculty member C added, "Faculty members will be exhausted by these overly challenging aims without realistic procedures to pursue them." Faculty member D said "there were several meetings in which the presidents or board of directors explained about university reforms, but what was attempted was just to present the possible discontents among faculty

members." Faculty member B admitted not being concerned about the grandiose goals. If a president promotes university reform but utterly ignores the faculty members' concerns, that president will have trouble winning faculty votes in the next presidential election. Faculty member A guessed that the faculty would not vote for a president who proceeded with university reforms while ignoring the staff's concerns. In fact, there already exist several cases in which presidents who were very eager to achieve reform failed to win election for a second term (Sakimoto, 2005). In general, however, the faculty members seem to have become acclimated to the increased bureaucracy that has come with this type of double top-down governance. Faculty member C said, "I feel accustomed to these radical university reforms."

7.6 Future Governance and Finance Directions Desired by the Presidents

Drawing on the 2014 survey of national university presidents, I will briefly clarify their desires in terms of governance and finance.

First, with regard to their evaluation of the national university corporation system, which basically determines the governance structure of national universities, only 3.6% of national university presidents wanted to abolish the system and create a new one. Another 16.7% felt that significant system change was needed, whereas 72.6% believed that only small changes were needed.

In terms of finance, 91.6% of national university presidents said that MEXT should stop the annual decrease in block grants. Similarly, 79.3% of national university presidents said that under the present financial scheme, universities may experience severe financial problems in the future. In addition, 92.8% of the presidents felt that MEXT should expand the block grants rather than the competitive initiative funds.

7.7 Conclusions and Implications

This chapter discussed four major findings and implications for the incorporation of national universities in Japan. First, one of the premises of incorporation was that the "autonomy of the university should be respected as an academic institution and university discretion should be expanded" according to the *New Images of New National University Corporation* by the Research Committee on the Incorporation of National Universities (2002, March 26). However, in reality, the governing power of MEXT over national universities has grown as a result of MEXT's control over the MTP and its carrot-and-stick funding schemes. In fact, MEXT is using this structure to determine the fundamental identity of national universities—whether they are to be a world-class university or regional class university serving their

community and focusing on education. Second, through the changes in governance and finance implemented at the university level, the governing power of the president is stronger than it was before incorporation. The faculty members feel constrained by the presidents' requirements, as the presidents are now effectively the faculty members' direct boss rather than a colleague. This sense of constraint is especially true for the requirements that accompany the competitive initiative funds. Third, based on the above points, it appears that MEXT can exert control indirectly over the universities and their faculty members by pressuring the presidents, to whom they gave power and responsibility through incorporation. Thanks to the MTP and the carrot-and-stick funding schemes, the presidents have in effect become middle-level managers for MEXT. MEXT's policies have divided the members of previously united university teams into two groups, with one faction supporting MEXT's actions and the other opposing them. Fourth, as a result, the responsiveness of universities to MEXT (or the governmental power behind MEXT), whose role was to represent the perceived needs of society, has dramatically improved, consistent with one of the aims of incorporation.

If MEXT's policy and its application of double top-down governance and carrot-and-stick funding are wrong-headed or inappropriate, what will happen? Presidents should not blindly say "yes" to MEXT and act subserviently as its middle-level managers, but should focus on their own understanding of the future of global higher education and create their own visions for their university's future tenaciously. They should integrate MEXT's policy within their university's vision smartly rather than letting MEXT make each university's priorities subordinate to those of MEXT through these governance and finance mechanisms, even though this is very tough.

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Chapter 8
Incorporation of a National University in Korea: The Changes at Seoul National University

Jung Cheol Shin

Abstract This chapter discusses the changes that the incorporation of a national university brings by examining the changes at Seoul National University, the leading research university in Korea. The legal status of the university was changed from a regular national university to a incorporated university in 2012. Regular national universities are considered a government organization, and their personnel, finance, and organizational structure are tightly controlled by central government. But the incorporated national universities have a relatively flexible management free from tight government control. This chapter focuses on how the formal structural change was institutionalized at Seoul National University and the effect of the legal status change on the university since 2012.

8.1 Introduction

The national universities were established as government organizations and the legal status of the national universities was not changed until the establishments of science and engineering focused universities such as the Korea Advanced Institute of Science and Technology (KAIST). The KAIST was established as the first incorporated national university in 1978. Since then, four other science and engineering focused universities and one arts focused university have been established as an incorporated university. Compared to the specific discipline-focused universities, Seoul National University (hereafter, 'SNU') is the first incorporated university among the comprehensive national universities. This shifted its legal status from a regular national university to an incorporated national university in 2012, with flexibility in its organizational structure, finance and personnel affairs. Since then, Incheon National University became an incorporated university in 2013.

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The incorporated national universities are free of government control in their organizational structure, finance, and personnel affairs. All the national universities are closely controlled by government in their administration such as hiring faculty, administrative organization, budget items, etc. However, the Korean government set out from the late 1980s to transform the national university to an incorporated one to provide administrative flexibility and build up globally competitive universities (Presidential Commission on Education Reform, 1987). However, administrative and academic staff were very negative about the initiatives because they feared their job security was endangered, government funding would be reduced, and student tuition rise (Rhee, 2007; SNU, 2012). Because of this resistance, the Korean government stepped back from a policy intending to incorporate all national universities to a voluntary-based policy in 2005, so that an individual university could be incorporated depending on its own decision (Li, 2010).

Seoul National University volunteered to become an incorporated university after 25 years of discussions starting in 1987 when the university developed a long-term master plan (1987–2001) (SNU, 1987). However, the decision was accompanied by serious debates between faculty and administrative staff as well as students (Park, 2013). Despite the special law for incorporating Seoul National University passed at the National Assembly in December 2010, the disputes between proponents and opponents continued and the follow up processes for incorporation were suspended several times. After a year of preparations for incorporation, the university officially changed its legal status from a regular national university to an incorporated national university in 2012. The incorporation status changed its relationship with the government as well as its management approach within the university.

This chapter overviews the characteristics of the incorporation process of the case university and highlights governance practices and academic culture that has emerged at the university since the incorporation in 2012.

8.2 Paths to the Incorporation of the Case University

As a national university, SNU administration is bounded by the same legal regulations and guidelines as other government organizations. For example, national universities must follow legal guides and regulations in relation to organizational structures, hiring and promotion of faculty members, hiring administrative staff, and salary setting for their academics. In addition, funding and facility management was also regulated by government. One serious problem of these regulations is that the standards for the regulations are based on ‘average’ universities, so that competitive universities struggle with the average standards (Shin et al., 2007). This situation is detrimental for top tier universities seeking to be globally competitive. The SNU proposed incorporation of its legal status in order to compete with globally competitive research universities when it developed its long-term plan in 1987 (SNU, 1987).

The SNU planning committee believes that an incorporated university provides better autonomy and accountability through flexible management (SNU, 1987). University leaders' major jobs were responsive to the government's policy initiative rather than taking proactive decisions for building up its capacity as a global competitor. The committee believed that SNU's strategic goals might not be accomplished without self-governance in administration and management. As an alternative to the national university structure, the committee proposed establishing new governance structure where a 'board of trustees' are in charge of decision-making and the university has the authority to hire academic and administrative staff, develop its own organizational structure, and use of funding in a flexible manner. This governance structure is similar to that of a private university where the board of trustees is the final decision maker and the president is the director of the executive office.

In their study on government regulation in Korean higher education, Shin and Park (2007) found that the national university is highly regulated by various control mechanism. If SNU were to be incorporated and hold a status similar to the private university, then SNU could have considerable flexibility from the control mechanism. In addition, SNU could have authority to restructure its own administrative organizations such as building new administrative offices for international exchange programs, research support office, etc. The governance reforms could support SNU in becoming a competitive global university. In addition, SNU also needed additional resources to build up its capacity as a competitive research university. A serious dilemma was how to enhance institutional autonomy with more public funding. It was not easy for the government to provide more public funding with less regulation because public funding comes with regulations.

When SNU proposed incorporation in 1987, policy makers were not sure about the public value and accountability of the university; on the other hand, when the Korean government proposed the incorporation of a national university in 2007, the university wondered if public funding might be decreased. Because of the lack of mutual trust between the government and the university, the incorporation debates continued for a long time. It took about 25 years from the time the SNU proposed the idea in 1987 to its incorporation in 2012. Similarly, it took about three decades for a Japanese university to be incorporated after the Central Education Commission proposed incorporation in 1971 (Murasawa, 2002). The following discussion briefly overviews how the idea of incorporation has been developed as a policy and how both SNU and the government (mainly the Ministry of Education) have increased their mutual trust during last two decades.

At the national policy level, the first proposal was the Report of the Presidential Council on Education Reform to the Korean President in 1987. The report recommended Korean President to incorporate the national university for granting universities decision-making authority and financial flexibility (Presidential Commission on Education Reform, 1987). This idea is closely related to the incorporation idea suggested in the Long-Term Development Plan of SNU in 1987. Arguably, the SNU initiated the incorporation idea first and the committee adopted it because the SNU president was a core member on the sub-committee for Higher Education in the

Presidential Council on Education Reform. In addition, the Minister of Education was a SNU faculty member at that time. However, there were strong objections from faculty members and the initiative was suspended until the comprehensive education reform of 1995 which is called the *5.31 Education Reform*. The reform committees proposed a voluntary-based incorporation of the national university in its report (Presidential Commission on Education Reform, 1997).

SNU did not respond to the proposal because it encountered strong objections from faculty members until the mid-2000s when two national assembly members proposed a special law for incorporation (Rhee, 2007). SNU organized a task force team in 2004 in responses to the legal proposals and external pressures to governance changes (SNU Task Force for Incorporation, 2004). As well as internal political pressure, strong external pressure came from the incorporation of the Japanese national universities in 2004. In addition, the Presidential Commission on Education Reform during the Roh Moo-Hyun Administration decided the incorporation of the national universities should be a core higher education reform (Presidential Commission on Education Reform, 2005). With these environmental pressures, SNU began to respond to the external pressures to develop a plan for incorporation.

The turning point for the incorporation discussion was SNU's long-term planning in 2007 when SNU organized the Committees for Long-Term Development Plan. The incorporation sub-committee was under the umbrella of the Long-Term Planning Committee and developed the detailed proposal for incorporation (SNU, 2007). In the meantime, MOE also released a policy proposal for incorporating SNU in March 2007. However, SNU responded negatively to the MOE's proposal. Instead, it organized the Committee for Incorporation in Oct. 2008 to develop its official plan for incorporation (SNU Committee for Incorporation, 2009). The final plan was prepared by the committee and approved by the faculty senate; the proposal was then submitted to the Ministry of Education in July 2009 and slightly revised through policy discussion with other ministries (e.g., Ministry of Finance and Planning) in December 2009. The revised version was passed by the National Assembly as a special law entitled 'Special Law for Establishment and Operation of the Incorporated Seoul National University' (hereafter, 'special law') in December 2010.

Continuous dialog between policy makers and SNU over the last two and half decades opened up common ground for incorporation. This takes longer than other policy initiatives because of the strong belief in the national university as a national institution. In addition, there are some practical concerns among faculty, administrative staff, and students (Park, 2013). Administrative and academic staff worried about job security and that government funding might be decreased and tuition increased to make up the funding shortages. In addition, faculty members and students are concerned that pure academic disciplines might weakened after incorporation (SNU, 2012). Incorporation was not possible without responding to these concerns. For example, the special law secured the positions of the administrative and academic staff by giving job security and guaranteeing their pension and retirement arrangements. In addition, additional provisions of the law aimed to protect pure disciplines.

In developing the incorporation plan, the Japanese experiences provide insights about how to minimize problems in the process. SNU leaders and Incorporation Committee members worked closely with Japanese university leaders to minimize potential risks. For example, SNU hosted the Vice-President of the University of Tokyo and faculty members who were involved in the Japanese incorporation process. In addition, committee members frequently visited Japanese universities to collect information and to learn from their experiences. The MOE was also very supportive to ensure the reform was aligned with best practices for other national universities. Although the legal status of SNU was changed from a regular national university to one with a flexible governance structure, issues around incorporation means there is still unfinished business among faculty members (Chun, 2014).

8.3 Formal and Structural Changes

This section describes the changes in governance structures and its administration and management mainly focusing on personnel and finance after the incorporation in 2012.

8.3.1 Governance and Organizational Structure

Governance and organizational structure changed significantly with incorporation. The top decision-making body is the board of trustees in SNU, and it replaces MOE's role with the trustees as the final decision makers. In reality, however, the policy intentions of the government are well represented in the board of trustees because the Vice-Minister of Education and Vice-Minister of Strategy and Finance are core members among the 15 trustees. The board represents both university insiders and outsiders: a minimum of four members are inside members (President, two Vice-presidents, and one elected member). Among the 11 major tasks listed by the special law, the core role of the trustees is to select the university president. They meet less than 10 times a year—five times in 2012 and 12 times in 2014. Interestingly, there are no trustee members from business which is quite different from the US.

One major change of the changed structure is weakening the role of university senate in favor of the trustees. Before incorporation, the university senate's functioned similar to the board of trustees under the Higher Education Law, so that the university senate had the final decision authority on some issues listed in the Higher Education Law. Under incorporation, however, final decision-making power is given to the board of trustees and the legal status of the university senate is similar to that of a council under the President although the senate is independent from the

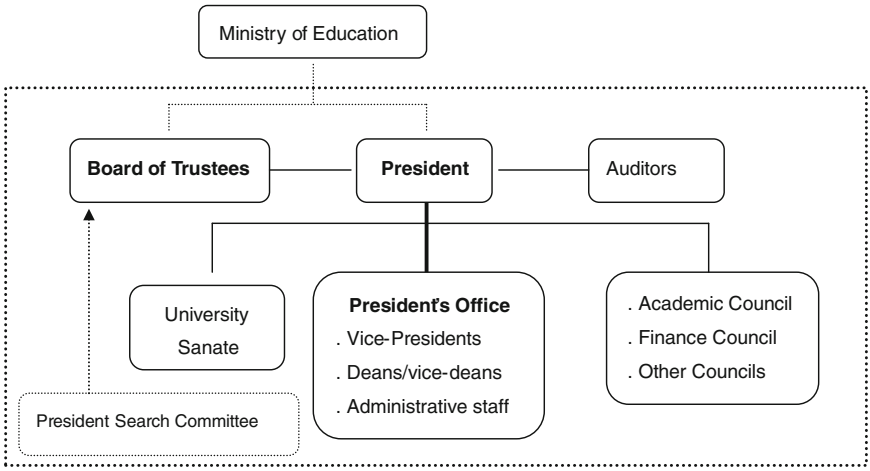

Fig. 8.1 Changes of governance after incorporation

President's control. Senate members complain that SNU President pays less attention to the senate's voices now because that they are no longer the final decision-making body. The changes of governance are represented in Fig. 8.1.

Under incorporation, the university president is empowered. The SNU president is supported by three vice-presidents (Vice-president for Academic Affairs, Vice-president for Research, and Vice-president for Planning), who are also supported by deans and associate deans at the president's office in each area of administrative work, e.g., academic affairs, student affairs, research, planning, etc. However, the president's power may or may not be stronger than before because power depends on other factors as well as legal authority. Institutional culture is especially critical in the exercise of presidential power in a comprehensive research university because of the tradition of academic freedom and academic self-governance. The SNU president is supported by two major councils under his/her control, according to the special law—Academic Council, and Finance Council—while the university senate is functioning as an independent council to SNU president. The "Academic Council" is similar to "Education and Research Council" and Finance Council is to Administrative Council in Japanese national universities.

Formerly, university presidents were elected by faculty vote though Korean President has legal power to appoint all national university presidents. With incorporation, the appointment system was changed. First of all, faculty voting was abandoned though there is a channel to represent faculty voices in the search process. The search committee invites candidates from inside and outside of the university. The committee then makes a short list based on its evaluation of each candidate's plan for university management, and recommend three candidates to the board of trustees. However, the trustees is not bound by the ranking within the short list when compiling the final list; instead, the trustees has authority to pick one from the short list. This is big change because in the past the candidate who received the

highest number of faculty votes was automatically recommended to the Korean President through the Minister of Education.

These changes provide the trustees with much greater power. However, if the trustees select a candidate from the lower end of the list, the appointed president may not be regarded as truly legitimate. For example, former SNU president (July 2014–July 2018) was not ranked first when the search committee recommended three names to the trustees. Consequently, the SNU Faculty Association, a voluntary organization among the regular faculty members, raised the issue of legitimacy when the president was appointed in July 2014. Legitimacy is always a barrier when making decisions on sensitive institutional issues and it often leads to an unfavorable environment for the president despite the amount of power granted to the president by the special law.

With the governance changes, the relationship between government and SNU has been changed considerably. One the one hand, SNU has much more institutional autonomy; and on the other hand, it is expected to demonstrate its accountability to the public. For example, the special law requests SNU to develop a 4-year management plan and to submit an annual plan to the government (Ministry of Education) who evaluate it and take into account the evaluation results in its budget allocation. This mechanism is similar to incorporated national university practice in Japan (Oba, 2007). After the reform, the Government reduced its direct involvement in the university and instead monitored accountability through evaluation and annual reporting. Funding is a critical lever to control the university in this process. These core characteristics are seen in Japan also, under the neoliberal governance in higher education (Asonuma, 2002; Oba, 2007).

8.3.2 Personnel

The incorporation has changed the legal status of faculty members and administrative staff from the status of a civil servant to an SNU staff, so that SNU has authority to hire faculty members and administrative staff without legal regulations. The biggest change is the quota of the faculty and staff members, previously tightly controlled by government. Now SNU is free from quota control and can hire faculty and staff members according to its own budget. However, SNU is careful not to increase the number of faculty and staff members because of the salary burden. For example, SNU president tends to be conservative in relation to increasing staff because as shown in Table 8.1 the number of faculty and staff members at SNU is relatively higher than other universities.

After incorporation, however, SNU became aggressive in seeking to attract foreign faculty, especially top-class researchers (Nobel laureate, Fields medalist, etc.). SNU hired four outstanding faculty members in 2015 and two more in 2016 (SNU, 2016). These faculty members are paid much higher salaries than other faculty members. They are not full time at SNU and most of them hold faculty positions abroad as well. They deliver special lectures, involved in research with SNU colleagues, and consult to the

Table 8.1 Numbers of administrative and academic staff in selected five universities (2015)

		SNU	Yonsei	Korea	Sungkyunkwan	Hanyang
Administrative staff	Sub-total	1,116	747	748	458	669
Academic staff	Full-time tenure track	1,805	1,447	1,147	1,191	922
	Others	2,047	1,930	1,980	758	1,959
	Sub-total	3,852	3,377	3,127	1,949	2,881
Student	Undergraduate	21,068	25,989	27,092	26,327	21,207
	Graduate	10,192	7,344	5,483	5,055	4,460
	Sub-total	31,260	33,333	32,575	31,382	25,667

Notes
(1) Data are from the National Higher Education Data Provision Service (Daehakalimi)
(2) Faculty 'full-time tenure track' is full professor, associate professor, and assistant professor
(3) Faculty 'others' is other than full-time tenure track (contract based researchers, lectures, etc.)

university administration. However, some of them have left earlier than specified in their contract because the academic culture at SNU and social environment in Korea are very different from their home countries. As well as 'star' faculty members, SNU aggressively hires foreign faculty to enhance the international status of the university.

In addition, SNU hired new administrative staff to replace retired staff after incorporation. During the last 4 years, SNU has hired over 100 new administrative staff, most of whom are highly qualified. Some worked for highly competitive private companies, or other public agencies. Their main motivations in accepting a job at SNU are job security and a favorable work environment although SNU pays them a lower salary than their previous jobs. It is questionable however whether the new hires are outperforming those they replaced who were civil servants. In reality, most administrative jobs are routine because professional development for the administrative staff are not yet in place. A serious issue is how to motivate the competent staff and develop professional job descriptions for them (Jung & Shin, 2015). Without this level of professional support, it is not easy to become a globally competitive research university.

Compared to the changes for administrative staff, SNU has not changed its way of hiring academic staff. Human resource management relies primarily on vacancies from retirements and there is little strategic consideration given to hiring new faculty for promising fields of study. This strength in this method of academic employment is that it maintains the current academic fields, but the weakness is not being able to lead new academic research.

8.3.3 Finance

One characteristic of incorporation is that article 30 of the special law guarantees an increase in public funding to SNU over the interest rate each fiscal year. In the

incorporation discussions between SNU and the government, faculty members were concerned that government would seek to corporatize SNU in order to reduce its annual funding. Article 30 was a compromise between SNU and the government. It is the major accomplishment of SNU in the negotiations because incorporation generally leads to downsizing of public funding, as shown in the Japanese case (Oba, 2007). In point of fact, the SNU case is an outlier in Korea because there is no guaranteed funding in the budgeting for the public sector. This represents how successfully SNU leveraged the government's strong desire to incorporate SNU in its negotiation processes.

The government endowment has been continuously increasing by 2016 since the incorporation of 2012 as shown in Table 8.2. However, the endowment was decreased slightly in 2017 which might be a sign that obtaining government endowment is an issue for the incorporated SNU in the future. Another point to note is that most funding comes as a block grant, so that the university has flexibility in deciding the allocation of its budget money. Most of the increased public funding has been used for special projects. For example, the salary increase was only 3.5% while the budget for projects increased by 10.1% in the 2016 fiscal year compared to 2015. However, SNU spends much higher proportion of its budget on salaries (39% in 2016) compared with its peers in Japan. For example, the University of Tokyo which is the leading research university in Japan spent 32% of the total expenditure on salaries in 2017 and Tohoku University which is ranked third spends about 29% of expenditure for salaries in 2016.

In the beginning of the incorporation discussions, the government believed SNU would considerably increase faculty salaries to improve their work environments; however, salary increases have remained stable in relation to non-corporatized national universities (SNU Faculty Association, 2013). The increased funding does not seem to have been invested in teaching and research. Hong (2015) found that SNU increased its budget for student aid and community service-related activities. This is because external perspectives are influential on the budgeting process at the National Assembly. On the other hand, Hong (2015) found that SNU did not increase its teaching and research budgets which implies that SNU uses much share of its budget to other than its basic functions–teaching and research. Once SNU

Table 8.2 Changes of revenues after incorporation (Unit: hundred million Korean Won)

	2012	2013	2014	2015	2016	2017
Government endowment	310,261	369,783	408,346	437,300	455,188	452,688
Student tuition	184,935	184,312	185,049	188,980	190,395	189,941
University development fund	129,382	146,281	161,280	185,061	174,892	185,911

Notes

(1) Data sources: SNU Fact Book of each year

(2) University development fund is the revenue of SNU development foundation

began to use its budget to other than teaching and research, SNU might not easily downsize these budget items.

A final point to mention is that SNU combined several different accounts into a single account through incorporation. Most Korean national universities had two major sources of student's contributions—one is tuition fees and the second is "parents' contribution" which is called the contribution from "School Supporting Association" (Rhee, 2007). The parents' contribution provides flexible funding resources because an individual university could use the funding as they wished. On the other hand, an individual university could not use student tuition directly because the tuition is held in the national treasury. The share of parents' contribution is much higher than the share of tuition in most national universities. However, national universities were suffering from a shortage of public funding when in 2014 the Constitution Court judged the parents' contribution to be unconstitutional. The incorporated SNU by comparison does not have this issue because all students' contributions are integrated into one account.

In general, SNU has been successful in obtaining stable public funding as a result of incorporation. In addition, the university uses the funding in more flexible ways compared to other national universities.

8.4 Governance Practice, Academic Culture, and Challenges

This section overviews the internal changes from decision-making practices at the incorporated university, teaching and research practices, and cultural change. The section also proposes some challenges facing SNU after incorporation.

8.4.1 Governance and Decision-making

The structural changes may or may not accompany changes in decision-making practices as Rhee (2007) argued. The incorporated SNU adopted a top-heavy decision-making structure to empower the university president. However, decision-making practices are little changed since incorporation. SNU has a bottom-heavy decision-making tradition where faculty members at department level have considerable power. Each department and each college has a faculty meeting in which regular tenure track faculty members participate. In this structure, decision-making is conservative, with new agendas rarely developed by upper level decision-making bodies. "Tradition and custom" are core principles and most decision-making agendas are responsive to external demands rather being than proactive. Under this governance practice, innovative decision-making is not possible although incorporation was designed to change this. The special law granted top decision-making

authority to the board of trustees and president. These changes in formal governance structure do not automatically bring changes in the decision-making practices at college and department levels.

Incorporation has changed the formal governance structure, but not in relation to institutional governance and management. Such change is not easy without changes in tradition and custom that have become institutionalized among the academics. Kim (2016) who compared the perception of Japanese and Korean academics on governance concluded that structural changes were not yet internalized within academia in Korea and Japan. She suggests that the real changes in decision-making at the incorporated university might take longer than policy makers expect. This conclusion might be true for a research-focused university where managerial efforts are not a core factor in seeking institutional competitiveness. Along similar lines, Wilkesmann (2013) finds that effective governance in German higher education differ between teaching-focused institutions and research-focused institutions. If this argument is true in Korea, managerial efficiency through incorporation might be more fruitful for non-research universities rather than research-focused ones.

8.4.2 Institutional Flexibility and Teaching and Research

Incorporation was originally designed to enhance institutional competitiveness through flexible administration and management. However, it is uncertain whether these administrative changes lead to changes in teaching and research. The government was previously deeply involved in administration, but not much in academic affairs (Shin et al., 2007). Because of that, incorporation might not bring changes to teaching and research. SNU could have designed its incorporation plan with considerable consideration given to teaching and learning, but it focused on administrative that would cause minimal problems (Hong, 2015) and tried its best to maintain existing bureaucratic administrative systems in the incorporated university.

The apparent misalignment was caused by two things. First, the discourse around incorporation focused on political dynamics between different groups–faculty members, administrative staff with civil servant status, and another group of administrative staff without civil servant status (Hong, 2015). Many of them were concerned about job security and salary (Park, 2013). Second, the top institutional leaders did not have much idea about the quality of administrative service. In my discussion with a faculty member who had moved from a private university, he mentioned that he used to work on one-third of office paper works for research granting when he was in a competitive private research university in Korea. This implies that faculty members spend a large share of their time on office paper work when they bring in external research funding. Now that SNU is incorporated, if it fails to improve the quality of its administrative service, the governance change might lose the logical and practical basis on which it was instituted.

In a survey conducted by the faculty association in 2012, most academics replied that their teaching and research environment had not improved following incorporation (SNU Faculty Association, 2013). Although it is premature to evaluate the effects of incorporation on teaching and research activities, the SNU administration does not much pay attention on how to improve the quality of administrative service provided to teaching and research. For example, SNU actively recruits foreign scholars and foreign students to enhance its global status. However, the administrative service provided to the foreign academics and foreign students is also little improved (SNU Office of International Faculty Liaison, 2013). Unsurprisingly, some talented foreign academics left SNU after a short stay.

8.4.3 Academic Culture

SNU has a conservative senior-oriented academic culture. Without changes to this academic culture, it will not be easy to enhance SNU's global status. Although SNU tries to aggressively hire star faculty and foreign faculty, many of those hired struggle to fit into the closed and seniority-based academic culture which remains a major challenge in SNU and is unlikely to change in the near future (e.g., Gress & Ilon, 2009). In this seniority-based culture, junior academics with innovative ideas are not much encouraged. Shin et al. (2015) studied how stifling the closed seniority-based culture is for junior academics in a case university. Most junior academics, especially in arts and humanities and social sciences, have a heavy administrative work load as well as teaching and research activities. A large proportion of the junior academics experience a feeling of 'burn out' from their heavy workload.

In such an academic culture, a meritocratic reward system accompanies sensitive political controversies between faculty members. Many senior faculty members are opposed to the policy initiatives. Readers are reminded that there is a single salary scheme which is based on seniority which equates to years of teaching. The only consideration given to faculty performance is a merit-based incentive which is paid at the end of each fiscal year. However, the incentive scheme is based on equally sharing the merits as much as possible. Because of this mentality, the gap in incentive salary between high and low performers is minimal. For example, in the College of Education at SNU in 2015, the average difference in annual income between the highest productive faculty members and the lowest is less than 3% in total annual salary (SNU College of Education, 2016).

This relates to widespread paternalism in Korean academia. SNU's faculty assessment for promotion and tenure is also relatively less rigid compared to competitive Western universities. Although SNU has well-developed formal procedures and requirements as in the West, these requirements are still lag behind (SNU Faculty Association, 2015). There are two perspectives on evaluation for tenure—one is 'selectivity' and the other one is 'exclusion'. Selectivity provides tenure status to those academics who are research-productive, while the other

approach is to exclude academics who do not meet given criteria. SNU uses the exclusion approach with most candidates passing the tenure assessment and only tiny numbers of failing to obtain tenure. Although the tenure process is becoming more rigid, the tendency is to provide tenure to most who meet the criteria which in most cases relates to the number of publications.

Another dimension is the entrepreneurial culture on campus. Faculty members saw incorporation as a sign of privatization and wondered what SNU might emphasize to bringing external resources. However, to date in 2016 SNU has successfully obtained resources from the government. SNU studied various ways to increase its revenues in addition to public funding and student tuition, but realized that revenue sources such as patents and external donations would not provide significant income (SNU Faculty Association, 2015). The academic culture is not focused on entrepreneurial activities compared with Western or Japanese universities where public funding for general education is has declined each year since incorporation (Oba, 2007).

In addition, entrepreneurialism was not emphasized in the incorporation process. Instead, the special law protected pure and foundational academic fields such as arts and humanities, natural sciences, and social sciences by providing more resources to these areas. These pure fields are considered core majors within the university, and are highly represented at the decision-making of the president's office where core members are mainly from these disciplines.

8.4.4 Challenges to the Incorporated SNU

SNU was relatively successful in acquiring resources from government during the incorporation process. The university also attracted talented foreign academics, and highly competitive administrative staff. However, it is questionable whether these changes have improved teaching and research. In addition, these formal changes do not bring changes in internal decision-making practices and academic culture. This conclusion agrees with the view that formal structural changes do not bring changes in practices as policy noncompliance theory explains (Coombs, 1980). This conclusion is disappointing to policy makers and institutional leaders. However, the conclusion is a natural outcome of the incorporation discourses at SNU which spent most of its time in political debates rather than developing plans to upgrade its systems and competitiveness.

At this point, there are various challenges that SNU could consider to produce better outcomes through the governance changes. This section proposes four major challenges:

First, SNU is encouraged to develop a new vision. Administrative activities should be aligned to the newly set vision and goals. In 2013, SNU organized a special committee—the Future Education Planning Committee—to develop its vision and goals, and action plans (SNU, 2013). However, it is unclear whether these were shared with faculty members and newly appointed president and his staff.

Second, SNU needs to improve the quality of administrative service through increased institutional autonomy and managerial flexibility. Many faculty members perceive there has been no substantial change in administrative service since incorporation (SNU Faculty Association, 2015). Ideas for developing administrative service could be developed from comparative studies with globally competitive universities, and with Korean private universities that have strong management systems. For that, administrative systems which are based on former bureaucratic system should be substantially reformed. A starting point is to review the current administrative system from a zero base.

Third, SNU should develop strategies to transform its conservative and closed academic culture to a flexible and open one. Global competitiveness is not accomplished without culture changes. Current academic culture is based on seniority and academic merit is rarely involved in salary or reward schemes. One critical component of a world class university is attracting talented human resources (Salmi, 2009). World class universities are aggressively seeking to attract top level scholars from the global market by paying high salaries and incentives. In a similar line, SNU tries to hire first class scholars (Nobel laureate class scholars) from abroad by paying higher salaries and offering a favorable work environment. However, SNU does not act to attract domestic scholars or to motivate its own scholars. Without establishing merit-based systems, it is not easy to attract talented academics and maintain them.

Fourth, SNU is recommended to develop the leadership skills of senior managers. The leadership ability of the university president is critical for institutional innovation. This requires the university president to function as a manager rather than 'the first among equals' which is a long tradition in the Humboldtian university. However, SNU faculty members still feel strongly attached to this traditional ideal. This is why professors perceive the president as their representative rather than as the manager of the university. In addition, senior managers (the president's staff including vice-presidents) serve in their administrative positions for two years at the most. In this context, leadership training for senior managers is hardly possible. One recommendation is to develop a senior manager's track separate from regular faculty positions, so that the senior manager's career is developed as a professional position.

8.5 Concluding Remarks

Policy makers tend to have a strong belief that formal structural change brings change in decision-making practices which can lead to institutional efficiency. However, this belief may or may not be true because the university as a social institution changes slowly and decision-making practices are primarily based on internal rules embedded in its tradition and culture (Chun, 2014; Rhee, 2007). Without change in the tradition and culture, the formal changes may not bring real

changes. The SNU case shows that formal changes, especially at the top management level, may not bring much change at the department or college level. Without internal and cultural change, especially at the lower level, decision-making practices will not be easily changed. In addition, the internal and cultural changes might be slower in a 'research focused' and 'comprehensive' universities than in a 'teaching focused' and 'science and engineering' focused universities.

The research-focused universities have relatively longer histories than teaching-focused universities, and tend to rely more on individual academics than managers because academics' individual performance is a core factor of institutional productivity. For the reason, academic freedom and collegiality tradition is well represented in a research-focused university. On the other hand, a teaching-focused university has a relatively shorter history and institutional effectiveness relies more on the managerial capacity of senior academics (Shin, 2014). In addition, senior managers, especially the president, may find it more difficult to show strong leadership in comprehensive universities than in a science and engineering focused university. Knowing how to coordinate different perspectives in a university is a core factor in management while it is relatively easier for those in science and engineering focused universities.

It is therefore not surprising that the power of senior managers is relatively weak and decision-making practices have not changed noticeably at SNU. If the SNU president practices strong decision-making, this may not be a good sign for SNU because institutional performance does not equate to managerial performance in a comprehensive and research-focused university. As we see in most globally competitive universities, academics rather than presidents are empowered. This is because the quality of research depends on academics' competency rather than managerial competency (Shin, 2014). While some policy makers point to some small science and engineering-focused universities as success stories of strong leadership, such stories are not common. For example, the KAIST invited well-known Novel Laureate Robert B. Laughlin and his successor Prof. Nam-Pyo Suh also well-known engineer from MIT in the USA, but both experiments were not much successful because of the gaps in academic culture between the USA and Korea.

Although there are a lot of challenges facing Korean national universities, these challenges are not easily addressed through governance reforms. A policy issue might be how to motivate academics to address these challenges in a research-focused university, rather than simply empowering senior managers. Academics' collective wisdom might lead to better solutions to these challenges than simply relying on one person (the president). Finally, the government is encouraged to apply different policy strategies for different types of universities depending on each one's functional role in Korean society. Strong managerial roles might work in teaching-focused national universities, but not in research-focused ones. The contingency between managerial leadership and institutional mission might be a good research topic to study in the future.

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Chapter 9
The Neoliberalism Reform Under the Legacy of Planed Economy: The Peking University Case

Wenqin Shen and Wanhua Ma

Abstract Based on policy documents and interviews, this chapter analyzes Peking University's governance structure and reform in the context of the changing relationship between the government and university and the new policy instruments (for example, world-class universities building policy and double excellence policy). After 1998, Chinese central government used more and more competitive projects to fund top elite universities. Universities in turn established corresponding administrative centers to communicate with the central government. In that process, the case university gets more and more funding, but the authority relationships between different groups within the university changes. The university-level leaders and middle-level administrators become more powerful and the university academic senate is just a "Rubber Stamp". Faculty governance at the university level is weak. Under the policy rhetoric of building a world-class university, the western tenure system has been selectively adopted since 2014 which emphasizes the rule of "up or out". At a school and department level, academic oligarchs in the senate share their power with deans. Based on this observation, this chapter will analyze the implication and limitation of the concept of neoliberalism in the context of Chinese higher education.

9.1 Introduction

Since the 1990s, the university governance has undergone profound changes, one of which is the increasing influence of neoliberalism thought. According to David Harvey, Neoliberalism, first of all, is a theory of political economy that emphasizes the protection of private property rights, free market, and free trade (Harvey, 2005).

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Neoliberalism reform, marked by decentralization, marketization, deregulation, and privatization, has become a global trend in the field of higher education since the 1990s (Hyatt, Shear, & Wright, 2015), exerting great influence on higher education in most countries.

The United Kingdom has experienced the greatest impact from neoliberalism. In 2004, the UK passed the *Higher Education Act* that treated universities as corporations providing education services to customers, viewed as competitors. The government also believes that marketization is the only way to tackle the financial crises universities are facing (Wright, 2004). The introduction of new management skills and culture (audit culture) is also an expression of neoliberalism in UK higher education. The introduction of evaluation and accountability systems into teaching and research is a specific example (Shore & Wright, 1999). In New Zealand, neoliberalism also exerted deep influence (Shore, 2010). Even America, a country boasting academic autonomy and freedom, has also experienced practical influence from neoliberalism with the proliferation of academic capitalism being the classical demonstration (Hermanowicz, 2015). The German professors have great power in university governance traditionally. However, the enhancement of the management level weakens professors' power (Shin, 2014). In East Asian countries such as Korea and Japan, scholars also think that neoliberalism has had major impact on university reforms (Yokoyama, 2008).

Greater China is no exception. From the perspective of the macro-political economy, the trend towards neoliberalism also found expression in contemporary China according to the *A Brief History of Neoliberalism* of Harvey (2005). Yang Rui points out that the advance of the marketization and decentralization reform brought fundamental changes to the management and finance of China's higher education which is experiencing increasing influence from the logic of neoliberal economy (Yang, 2010). According to Prof. Mok, Neoliberalism impacts China's higher education in the following two ways: the first is to develop higher education in a marketizing manner, such as charging higher tuition and developing non-governmental higher education and Sino-foreign cooperative educational institutions (Mok & Lo, 2007). The second is that the government adopts pro-competition policy instruments to facilitate university development and improve university rankings (Mok, 2010).

In the field of university governance, one of the remarkable emerging features and a consequence of neoliberalism is managerialism, new managerialism, and new public management (Austin & Jones, 2016). According to de Boer, Enders, and Schimank (2005), new public management mainly consists of the following principles: instead of intervening in the university directly, the government should be responsible for setting targets; the mechanism of the market can be used to improve efficiency and reduce expenses; the focus of the government should shift from resource investment to performance evaluation; outstanding management personnel should be hired; universities should compete for resources; leadership should be strengthened; and stakeholders should participate in the making of the university's long-term strategies. Other scholars contemplate the influence of Neoliberalism upon university governance from the perspective of the de-professionalization of

university faculty members (Olssen & Peters, 2005). They believe that Neoliberalism leads to the de-professionalization of university faculty for the following three reasons: first is the shift from a flat collegial structure of individual professional control to a hierarchical model in which top management asserts more control and specifies job requirements; second is the growing intrusion of management upon the decision of class content and workload, limiting the autonomy of professional faculty; third is that university faculty are facing more marketization pressure to obtain research funding from outside resources with less autonomy in their professionalism.

There has been much research on the influence of neoliberalism on China's higher education at a macro-level but little about its influence on university governance especially comparing it with trends in the West. This chapter analyzes this problem using Peking University as a case study. As qualitative research, our data source included interviews and policy texts. Our interviewees consisted of one current vice president, one former president, seven deans or associate deans, and ten faculty members. The five deans came from the College of Engineering, School of Mathematical Sciences, Department of History, College of Chemistry, and School of Economics. The interviews were semi-structured, seeking their perceptions about university governance and their level of personal participation. Besides interview materials, we have collected policy texts on governance in different periods of case university to understand the basic structure and historical changes of governance.

9.2 Reforms on a Macro-Level in the Chinese Higher Education System

According to the new institutionalism theory, organizational behavior and governance are influenced by the macro-system surroundings, with the most intimate one being the relationship between the university and government. Knowing how to deal with the government is essential for the development of the university. It is widely believed that the poor relationship with the government, or the excessive intervention of the government, in higher education is the biggest obstacle facing China's higher education development.

In the early years of Mao's China, the central government managed the universities in a thorough and meticulous way. One illustration was the thirteenth rule and seventeenth rule of the *Provisional Regulations for Higher Education Universities* passed by the Ministry of Education in 1950, which states that "universities and colleges should report their teaching plans and syllabuses to the Ministry of Education" and that "the faculty members in universities and colleges be categorized as professors, associate professors, lecturers, and teaching assistants, who should be hired by the president or deans and be reported to the Ministry of Education."

China underwent great economic reforms in the early 1980s. With the deepening of the reform, the traditional higher education system was no longer suitable for the requirements of economy. In 1985, the Communist Party issued the *Decision of the Central Committee of the Communist Party on Education System Reform*, marking the beginning of the decentralization reform and allowing more autonomy of universities in terms of academic program development, international cooperation, and fee utilization. The Tiananmen Square Incident in 1989 resulted in the strengthening of the Party's control over universities. Following Deng Xiaoping's southern tour, the market economy reform began, advocating a loose political environment. In 1992, State Education Commission pointed out explicitly in one document that colleges and universities under State Education Commission were educational entities directly managed by the Commission with the status of a legal person. In 1993, the document *Outline for Education Reform and Development* tried to endow the universities with autonomy, and said "legislation should be formulated to provide a clear definition of universities' rights and obligations, making universities the real legal entity that can provide education services to society autonomously". This suggestion was confirmed in the *Education Law* published in 1995 and *Higher Education Law* published in 1998, while the latter stipulated that "the universities obtain the right of legal personality since the day of authorization and the president is the legal representative of the university."

The *Education Law* in 1995 and *Higher Education Law* in 1998 endowed the universities with the right to become a legal person in theory. According to Huang (2006), the major concern for the Chinese government in giving universities the status of legal person was to ease the burden of the government and to solve the financial problems of higher education through marketization. In consistency with neoliberalism marketization reform in the West, Chinese universities began to regard tuition as a major source of income. From 1990 to 2001, the percentage of tuition and fees in the income of Chinese universities increased from 1 to 24.7% (Huang, 2006). In 1993, the *Outline for Education Reform and Development* officially proposed reforming the way the state took full responsibilities for student's higher education and that student tuition should be charged incrementally. Following this, cost-sharing, cost-recovery, and other educational economy ideas were introduced, providing the basis for introducing policies that allowed charging. In this way higher education became a personal investment instead of a public good.

From 1995 to 1998, the Chinese government initiated the 211 Project and 985 Project to propel the building of research universities, and introduce project management into higher education. From that point, Chinese universities received financial investment from the government in the form of projects. Project-based funding, which is different from regular fund allocation, is granted given periods through competition. Project management strengthened the government's control of universities on a macro-level definitely.

After the 1990s, the Government introduces an evaluation system to manage higher education. At the beginning of 1994, the State Education Commission began to evaluate the undergraduate teaching of non-vocational higher education

institutions. In 2002, the Ministry of Education officially issued the *Evaluation Scheme for Undergraduate Teaching of General Higher Education Institutions* and in 2003 established the teaching evaluation system in a 5-year cycle. Simultaneously, the government established the corresponding evaluation system for the postgraduate education and universities' research activities. In 2002, the Ministry of Education initiated the first round of China Discipline Ranking (CDR). This differed from the UK's Research Assessment Exercise system as the performance indicators of the China Discipline Ranking included not only the measurement of academic research, but also the student–staff ratio, teaching quality, student exchange, and other teaching quality measurements. Four rounds of ranking have been conducted thus far, exerting greater government influence on the higher education system. Evaluation cements the government's authority, and provides a crucial tool to supervise higher education quality.

At the same time, the world ranking of universities commenced and attracted the attention of the universities and the national government. In 2003, Shanghai Jiaotong University published its first World University Rankings (Liu, 2015). From that point, it has become increasingly important to the government to promote university rankings. Their response has been to adopt competitive tools to stimulate the development of universities.

The key university development projects (985 Project and 211 Project), evaluation of undergraduate teaching, introduction of discipline rankings and world university rankings, all served as political tools for the government to control higher education. Although universities obtained independent legal authority, "the state's role as a regulator and overall service coordinator has been strengthened rather than weakened under the policy of decentralization" (Mok, 2001: 213).

The universities' autonomy increased in the academic domains. Traditionally, changing academic programs was difficult and the China Discipline List (CDL) issued by the government had to be followed, meaning that disciplines not in the list would not be approved with the certificate of degree. From 2012, some universities were allowed to autonomously set up second-level disciplines that were not in the list. In addition, the Ministry of Education released some control to universities, so that they do not need government approval. In October 2012, the Ministry allowed individual universities to establish, cancel, or adjust their postgraduate schools. Other items requiring administrative approval such as those involving national key disciplines and running overseas education institutions were also abolished. Currently, there are still 24 items requiring administrative approval with the power controlled by the Ministry of Education. In 2014, the Department began to speed up the reform, expanding the autonomy of some pilot universities including the Peking University and Tsinghua University. The Ministry promised to give some power to these two universities, but some power was retained by the Finance Department and National Development and Reform Commission.

Many of the actions initiated by the Ministry of Education seemed aimed at strengthening the organizational capability and autonomy of universities. For example, universities were expected to formulate the university statute and 5-year plan to guide the university development in a more reasonable fashion. In reality,

the Ministry of Education did not loosen its control. The statute had to be reviewed and published by the ministry, the 5-year plan had to be approved by the ministry, and unlike in western countries, university presidents and Party secretaries were appointed by the Ministry.

9.3 History and Organizational Culture of the Case University

Founded in 1898, Peking University is one of the oldest universities and was the first national university in China. Peking University boasts the tradition of Collegial Model of Government. Even in the Republican period, Peking University established the principle of "university governed by the president, academic decisions made by professors, and errands charged by the staff".

The reform and opening up ignited further development Peking University. During the 1980s, Peking University was still regarded as one of the top universities in China, but to a large extent it was a teaching-focused one. In 1989, Peking University published 716 articles in Chinese journals, and 234 in international ones. This research output was small compared to leading world-class universities. In the 1990s, the government realized that scientific research conducted mainly by the Chinese Academy of Sciences was insufficient. This led to more investment in university research. In 1998, with the occasion of the centenary, the 985 Project started in Peking University. From that point on, Peking University received a considerable investment.

In 1999, Peking University began to reform its management structure, establishing its faculty bodies and reducing the number of functional departments from 40 to 20. On April 3, 2000, Beijing Medical University officially merged with Peking University. In 2001, Peking University set up the postgraduate school in Shenzhen, beginning to establish the university in different locations. The College of Engineering started in 2005. Peking University initiated the structure reform in 2015 to establish six faculties and endow them with more administrative functions. For example, the Law School, Graduate School of Education, Department of Sociology, School of Journalism and Communication, and School of Government belong to the Faculty of Social Sciences. To 2016, there are 15,000 undergraduate students, 25,000 postgraduate students, six faculty bodies, and 34 schools and colleges in Peking University.

When analyzing university governance, organizational culture cannot be ignored. By saying university culture, we mean the values and beliefs embraced by all members and created over the university's history and passed on through words or symbols (Sporn, 1996). The organizational culture of a university has a great impact on the decision-making process and governance of the university (Tierney, 1988). In terms of organizational culture, Peking University promotes the mission of "Scholarship first and intellectual freedom" (*Xue shu Zhishang, Sixiang Ziyou*).

As one vice president said in the interview: "I think there are two cultures in a university, an academic one and an administrative one. The academic culture of Peking University encourages freedom and inclusiveness of thoughts while the administrative culture boasts flexibility. As an organization, order and efficiency are essential to administration. Peking University experiences a huge impact from academic culture, which is in conflict with order and efficiency. In a place that put scholarship first like Peking University, the academic culture always defeats the administrative culture" (from an interview with a vice president, 2014). We will discuss the profound influence of the tradition of freedom and inclusiveness of thoughts on the governance in the next section.

9.4 Governance Reform Under Neoliberalism of the Case University

9.4.1 Core Leadership and Its Administrative Departments

Currently, the university leadership consists of the president, the Party secretary, three vice secretaries, and six vice presidents. According to *Higher Education Law*, Chinese universities are adopting "the president-in-charge system under the leadership of the Party community". However, the fact that the president is the legal representative of the university may easily induce the power conflict between the president and the Party secretary. In the case university, the benign academic tradition of the university leads to an explicit division of power between the president and the Party secretary, therefore avoiding such conflicts. Generally speaking, each vice president and each vice secretary have their own field to charge. For instance, the growing frequency of international exchange affairs leads to the new position of a vice president in charge of international affairs. Therefore, the leadership illustrates a feature of "decentralized power" and the power of the president is limited (from an interview of a vice president, May of 2014).

The senior leaders decide on the major events through the regular meetings held at the president's office and the joint meeting with the Party commission and administration which possesses greater power. The main participants of the meeting are the Party secretary, the president, vice presidents, and vice secretaries, who form the highest decision-making authority. The allotment of the 985 Project's scientific research fund and establishment of new academic institutions are decided by the joint meeting of Party and administration. The academic board, as the authority in academic affairs, is the consulting agency across the whole university for academic affairs.

In the UK and some European countries, one of the most significant instances of the impact of neoliberalism on university governance is the nature of leadership and involvement of outsiders in decision-making (Dearlove, 2002). In Peking University, where the power of the leadership is always strong, this trend did not

appear for historical reasons. On the contrary, the focus of one ongoing reform is to delegate the authority of personnel administration and financial affairs to colleges and schools. For example, in the 1980s the faculty being promoted to professor had to undergo an oral defence before the university's academic board. Since the 1990s, the expanding of faculty members meant the university could no longer undertake this level of practical supervision. This authority was delegated instead to different departments, while in theory the university retained the power of veto in formal examinations. However, the delegation of power increased the burden on schools and colleges. One vice dean from the School of Physics pointed out in the interview that: "Our burden is heavier after the power delegation, almost exceeding our handling ability. Great changes happened in the past decade and many affairs related to the postgraduate school are emerging. From the administrative staff to faculty members, everyone is facing greater pressure. It is a paradox. How to give play to the faculty's autonomy and reasonably assign administrative resource is the problem" (from an interview of a vice dean of the School of Physics, December of 2015).

The case university followed similar tracks as the Western universities. For example, Chinese universities are paying more attention to getting endowments from society and the market. Another similarity is the expansion of the university and the decentralization of its functions which make governance ever more complicated. That has led to an increase in the number of administrative agencies and staff. Peking University has 31 administrative agencies and 21 associate departments with the largest number of staff in the finance department, educational administrative department, and international cooperation department.

9.4.2 Faculty Members' Participation in University Governance

In Peking University, faculty members can participate in governance through agencies such as the Academic Board (university-level and school-level), Academic Degree Evaluation Committee (university-level and school-level), Representative Congress of Faculty Members (University level), and the Faculty Meeting (school-level).

People disagree as to whether the university's Academic Board is a decision agency or a consulting agency. A former president pointed out in an interview that the academic board should be a consulting agency. The Board provides advice to the leadership (the president, secretary, and vice presidents), president's office, and Joint Committee of Party Members, while the final decision should be left to the latter (from the interview of a former president, 2012).

In reality, the function of the Academic Board is limited, falling far behind that of the Faculty Senate of the universities in the US (Anderson, 2007). Some interviewers thought that the Board was no more than a "symbol". Since 1998, several

major academic decisions, including the establishment of the Yuanpei School, Academy of Advanced Interdisciplinary Studies, Advanced Technology Institute, and College of Engineering, have been made without the consultation of the Academic Board, based on our interviews with some members of the Board. The basic function of the Board is to approve faculty hiring and promotions as recommended by schools and colleges.

Besides the Academic Board, general faculty members have few chances to take part in the university governance. At the university level, their participation is weak. "In that sense, Peking University is much better than other peers, for we can still attend the dean's meeting and veto things as we like. However, at the university level, decisions are not made by professors, instead, the administration departments take the lead in the whole process" (from the interview of a professor in the School of Mathematical Sciences, 2011).

There are two levels of academic board in Peking University. The function of the university's academic board is limited, but the academic boards of colleges function well, playing an essential role in faculty recruitment and evaluation. The college and school academic boards control such core powers as personnel affairs, demonstrating the characteristic of elitism with the academic power monopolized by a few professors, similar to the system of oligarchs in Germany.

In 2014, Peking University decided to establish the Yenching Academy to recruit overseas students to study Chinese classics. The academy was located on the Jingyuan Lawn, the only large lawn in Peking University, which, therefore, had a superior position and symbolic meaning for all students. The original plan attracted such controversy that many faculty and students took to social media to express their disagreement. Eventually the leadership was forced to talk with faculty and students representatives and abandoned the plan to build the Academy on the Jingyuan Lawn. The incident exposed the inability of the university to canvass the opinions of faculty and students, especially when the University is making decisions closely related to their interests. For a university the size of Peking University, shared governance is difficult to implement in practice. Just as a vice president pointed out in the interview: "The university is too large that the pan-democracy will incur with every faculty member's participation, which is the paradox between culture and management" (from an interview of a vice president, 2014). Therefore, some features of shared governance exist in the governance of Peking University at college and school-level. However, the academic governance also displays strong elitism and exclusiveness at this level.

9.4.3 The Relationship Between Faculty Members and Administration

The relationship between faculty and the administration is crucial in university governance. In Western universities, the increase of the administrative staff's power

and the corresponding decrease in faculty autonomy are regarded as the primary effect is of Neoliberalism (Olssen & Peters, 2005). In the case study of Peking University, we can observe that a similar trend emerges in the power of the administrative staff, and is restricted by the college and school's culture. Compared with other universities, Peking University faculty have higher positions and certain administrative functions have to be carried out by professors, meaning that the administrative staff have less important roles, ensuring that the academic power is controlled by scholars. Of the 21 administrative leaders in Peking University, 13 are professors, accounting for 62% of the total. In the administrative departments, the leaders of the Graduate School, Office of Educational Administration, Office of Social Sciences, and Publicity Department are professors. However, project management and different national policy programs such as "985 projects" and discipline rankings enhance the power of different administrative departments who have the power to allocate funds, make recruitment quota plans, decide other substantive matters and exploit resources. Musselin's research on French universities shows that the evaluation based on peers has great legitimacy and university administrative personnel can use these evaluations to enhance their authority (Musselin, 2014). The Chinese government's evaluations function in a similar way, which become the university's governance tools that strengthen the authority of the administration.

Among the powers held by administrative staff, the power to allocate funds and resources are of most significance. In the UK, the influence of neoliberalism in resource allocation is that the colleges and schools with outstanding performance evaluation are "rewarded", while those with poor ones are "punished" (Shore & Wright, 1999). A similar situation occurs in Chinese universities. In the case university, the allocation of university funds is on the same basis, which is to say that the colleges and schools with higher rankings get more investment while those with lower rankings have difficulty in securing funds. Using the allocation of the 985 Project fund as an example, most of which is distributed to the disciplines that are thought to be internationally competitive, especially the life sciences, mathematics, chemistry, and physics. This in turn widens the gap between colleges. The pressure to improve its university ranking and become a world-class university has had a major impact on Peking University, leading it to formulate a series of reforms in recent years with the intention of introducing a competitive mechanism and enhancing evaluation of faculty.

9.4.4 Finance and Entrepreneurial Activities

Finance is a very important part of university governance. At Peking University, the Department of Finance is one of the largest departments and also occupies the largest office space. Peking University is one of wealthiest universities in China. In 2016, the University's budget reached 15.3 billion yuan, second only to Tsinghua University and Zhejiang University.

Neoliberalism reform, marked by marketization and privatization, led to the undersupply of social welfare. In many countries, universities raise tuition fees to make up for the lack of public investment. However, with the large investment of the government, Peking University did not need to increase tuition. In fact, the Ministry of Education forbids Peking University increasing its tuition fees so that it remains affordable for talented students regardless of their socioeconomic backgrounds. In 1999, the annual tuition for Peking University undergraduates was 3800 RMB. By 2015 it had only increased 32% to 5000 RMB. This rate of increase was less than the increase in resident income at the same time. From 1999 to 2011, the per capita disposable income of urban residents increased from 5854 RMB to 21,810 RMB with the growth rate of 272.6%, while the per capita disposable income of urban residents increased from 2210 RMB to 6977 RMB at a growth rate of 215.7% (National Bureau of Statistics, 2012). From this we could argue that the impact of neoliberalism on the tuition policy of the case university is comparatively small.

Because of the low tuition fees and other factors, government funding is insufficient for PKU to build a world-class university. Before the launch of 985 projects in 1998, the revenue of Peking University was not high. To increase revenue, the university had to establish companies, to attract endowment funds, and provide for-profit training courses, etc. In 1983, Peking University established the Science and Technology Development Department which is responsible for technology transfer, patents and other relevant activities. But incomes from technology transfer and patents are small compared to the total revenue of the university. In 2015, Peking University sold 26 patents and received 25 million yuan (S&T Development Centre of Ministry of Education, 2015). In 1986, Peking University established Founder Group Limited. By 2016, Founder Group has developed into a large company with 35,000 employees. Founder group submitted part of its revenue to Peking University annually (although not much compared to its total income).

After Deng Xiaoping's southern tour in 1992, the market economy reform commenced. Many people became wealthy during this process but the salary of university teachers did not increase correspondingly. Some faculty members even left Peking University for business. Some departments, such as the Department of Chemistry, set up small companies to generate income during this period. In 1995, in an attempt to learn from the United States, Peking University established an education fund to extend financial sourcing to alumni and social endowments. In 2015, alumni and social endowments reached 670 million, which accounted for 15.8% of the government financial allotment (4.23 billion), thus making Peking University the one with the highest endowments.

In addition, since faculty members' salaries are relatively low, some schools and departments generate revenues through training activities and use these revenues to distribute bonuses to teachers. At the university level, the salaries of faculty members are basically uniform, but the incomes of teachers in different disciplines vary greatly due to the different income generating ability of different departments. In this sense, Peking University is not immune to marketization and entrepreneurial

activities, but we should also keep in mind that the funding from the government is increasing.

9.4.5 *The Ongoing Reforms and Their Influence on University Governance*

One of the major reforms that are implemented in Peking University is the structure reform. In 2016, Peking University established the Faculty of Science, Faculty of Engineering, Faculty of Humanities, Faculty of Social Sciences, Faculty of Economics and Management, and Faculty of Medicine, aimed at introducing competitive mechanisms within different colleges and schools. As a result of the reform, students are able to freely change majors within the faculty. For example, the School of Journalism and Communication, the Law School, and the Department of Sociology belong to the Faculty of Social Sciences and students of these schools can change their majors from one to another. From the perspective of university administration, faculty members have to pay more attention to teaching quality so that the students will not transfer to other schools or colleges.

For the faculty, the most impactful reform that impacts is the personnel system reform. In 2004, the university planned a radical overhaul of its faculty appointment and promotion policies (Yang, 2009), although many people recognized the need to change, the personnel reform did not receive full support from the faculty. In 2005, Peking University began to implement the tenure track reform in the Center of Advanced Interdisciplinary Studies. From 2014, all newly recruited faculty were managed under the tenure track system, thus creating two faculty groups of tenure track (the new system) and non-tenure track (the old system). In June of 2016, the number of faculty in the new system was 360, accounting for 13.9% of the 2585 faculty in the whole university. Generally speaking, those in the new system have higher income, but also face more demanding evaluation standards. For example, to get tenure, they have to publish in top international journals and receive positive feedback from international experts in tenure review. Since 2016, the personnel reform has been officially operating and it requires the non-tenure-track faculty to be included in the tenure track system in the next few years. The merging of the two systems is supposed to be achieved in five to 10 years. After 2017, the current associate professors who are not in the tenure track group have to be included in the tenure-track position to apply for full professorship.

The new personnel system means the majority of faculty members no longer enjoy the security of tenure. The main reason for the reform is that Peking University intends to enhance its global ranking in a short time frame. According to institutionalism theory, the development of an organization is limited by the institutional environment, and it will be nested by the environment. Especially in China, universities' development path has been deeply influenced by the government. Peking University's personnel system reform is also motivated by the

government's policy of building world-class universities. The Chinese government cared about and recognized the rankings published by Shanghai Jiaotong University and The Times. As for the discipline rankings, the lack of league tables leads to the fact that many universities use the ISI standard, which means the top 1% or 1‰ of the disciplines are the first level ones. Both the university ranking and discipline ranking is largely dependent on the faculty members' research output, especially those categorized as the top international research papers. As a result, we can predict that research paper publication will become increasingly emphasis in future faculty assessment.

From what we have discussed above, various types of reforms are more likely to put faculty into a competitive environment. There is a diminishing willingness among faculty to participate in university governance. Under the influence of global trends, Peking University started to reform the Academic Board in 2012 to encourage faculty to participate in decision-making processes similar to their colleagues in Western universities.

9.4.6 Legacy of a Planned Economy in University Governance

The planned economy has been implemented since the founding of New China in 1949. This model has had major influence on university governance. For example, the system required that established majors must match job posts. After 1991 however, China was steadily establishing a market economy, in which the thoughts of the new liberalism began to exert influence on higher education. Tuition fees were charged and non-governmental universities were established, aiming at facilitating competition among universities. However, by so far, the legacy of a planned economy can be seen everywhere in the field of university governance. The government decides how many undergraduates, postgraduates, and doctoral candidates can be enrolled. This is especially true for the quota of doctoral candidates since it is a scarce resource. In the case university, because of the increase in scientific research funds, Peking University's intention to increase the enrollment of doctoral candidates was limited by government policy. Moreover, the legacy of danwei system (Bray, 2005; Zhao, 1998) is playing an important role in the management of retired faculty members. In western countries, retired faculty is unlikely to retain close ties with the universities they once served. However, in the case university, faculty can still enjoy benefits after they retire, including housing support and descendants' education. The Office of Retirement Affairs exists in Peking University to serve the retired staff. According to the office's statistics, the number of retired staff was 5499 at the end of 2015.

9.5 Conclusion and Discussion

Taking the case university as an example, it is clear that neoliberalism has had considerable effect on university governance. In the case university, the professional autonomy of faculty has decreased and they are facing increasing evaluation pressure from outside, as described by Ball (2012). Besides, low level of faculty participation is still a problem in university governance. They can only participate at the college- or school-level. By contrast, the powers of the administrative staff are on the rise. From the introduction of Project 985 in 1998, the government has intensified the universities' dependence through various funding projects or programs. In addition, some administrative agencies have been established inside the university to allocate project resources. This has changed the authority relationship in the university and enhanced the power of the administrative departments, which aligns with Olssen and Peters's (2005) observations.

As the proportion of project management and competitive funds increases, the resource distribution tends to favor those colleges with good rankings, outstanding paper publication rates, and high performance, which are the reflection of good management of neoliberalism. However, many reforms of Chinese universities do not fully comply with neoliberalism. As mentioned above, the legacy of a planned economy can easily be seen in university governance.

In the UK, the main effect of the adoption of neoliberalism was to solve the universities' financial crises by market means (Wright, 2004). Peking University also used market means such as high-paying training courses and university-run enterprises to generate income. However, in China's case, marketization was not adopted to resolve all economic problems in the universities. Since the late 1990s, the Government has been increasing inputs into research universities. Peking University, as the case university, received sufficient funding. In the UK, one example of the application of principles of neoliberalism is to recruit oversea students to generate income (Nedeva, Boden, & Nugroho, 2012). As for the case university, the main incentive for overseas student recruitment is not to generate income but to promote the internationalization of the university while enhancing its international reputation. While rising tuition is a big problem in US (Ehrenberg, 2002), UK (Boliver, 2013), Korea (Shin & Kim, 2013) and other countries, there has been no substantial rise in the undergraduates' tuition fees at Peking University for the last two decades, while opportunities for scholarship have increased substantially. Unlike other countries, neoliberalism in China has not forced the Chinese government to loosen its control on higher education. Through the marketized methods, the state has eased the financial burden in the process of facilitating mass higher education, while not lessening control over higher education (Wang, 2010).

In conclusion, the tradition of welfare is playing an important role in the management of faculty. In addition, Peking University's reforms have been buffered by its historical legacy, especially influenced by the organizational culture originated from traditions. These are restrictive factors China has faced in neoliberal reform.

Like Japan, Korea, and some other Asian countries, China is also pressured by global convergence that universities should be independent legal entities passing their own statutes and having autonomous power. The reforms, initiated by the government, can be seen as a reaction to this global pressure. Scholars have noted that when the global model is adopted by other countries, it has been rewritten or translated by local practice (Schriewer, 2012). For example, the *Education Law* has endowed universities with the position of legal person since the early 1990s. According to the theory of corporations, universities should enjoy many rights when they are incorporated. However, Chinese universities do not fully enjoy their deserved powers, such as electing the superior administrative personnel (presidents and vice presidents) and deciding overall student numbers.

University governance style varies depending on the different university cultures. Henkel (2000), a higher education researcher from the UK, has pointed out that different universities have different cultural characteristics. Those with a lower academic reputation and fewer resources are more likely to be dominated by the management ethos.

In many Chinese universities, the power of the administrative group is stronger than that of the professors. Thus, conflicts always emerged between the two groups. In the case university, due to the long-standing respect for academics, the power of the administrative staff is not stronger than that of the scholars, as noted in the words of a vice president: "The academic culture always defeats the administrative culture". So, it is very important to watch how universities with different academic cultures respond to global trends. Neoliberalism contributes to a global trend, or a global model in some sense. However, China does not take in by all, and different universities adopt this model to different extent. In the case university, a strong academic culture and its top position in the Chinese higher education system helps it survive the negative impacts of neoliberalism.

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Chapter 10
Institutional Change in the Iron Cage: A Case Study in Taiwan

Chuo-Chun Hsieh

Abstract The chapter aims to contribute a deeper understanding of changes in governance at the organizational level within Taiwan's policy context, following the introduction of neoliberalism to Asian higher education systems. The study used a case study approach to analyze what really happened in university governance after the policy reforms, and the explanations were derived from sociological institutionalism. The results show that the government has applied several neoliberal policy instruments since embarking on higher education reforms. During the ongoing process of policy implementation, the fiscal incentives and market mechanisms formed an unbreakable institutional environment, an "iron cage", through which the technical environment of the case college was eventually transformed.

10.1 Introduction

During recent decades, many higher education systems witnessed profound transformations, including escalation of the system scale and expansion of interested parties and client groups. More stakeholders are involved in the decision-making process. The development of globalization, the knowledge economy, and the information and technology revolution have had a mixed effect on those changes in higher education systems. Although various approaches were adopted to address the new situation, "steering at a distance" was the common response of many governments. They developed policy initiatives and new governance strategies not only to adjust teaching programs and research work in higher education organizations, but also to restructure institutions at the supra-national, national, and organizational levels (Gornitzka, Kyvik, & Stensaker, 2005). Governments have been expected to change the form of management in the public sector. Aligned with

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new public management, neoliberal-related concepts and principles (such as marketization, privatization, decentralization, corporatization, and commodification) are particularly emphasized by governments, which advocate a free market economy and less bureaucracy. By creating laws, institutions, and the necessary conditions for markets (and quasi markets) to operate, a significant commitment is given to laissez-faire philosophy (Deem & Brehony, 2005; Olssen & Peters, 2005).

Affected by the trends of neoliberalism and the new public management, the role of governments also changed. Instead of being a service provider, they became more like a facilitator or regulator, concerned about the management of scarce resources rather than defending the public good and delivering public services. In short, people expect governments to operate in a less interventionist and centralized form in managing the public sector. To achieve that, market principles have been applied as a means of increasing deregulation and also forcing universities and colleges to demonstrate management efficiency, accountability, and organizational competitiveness in the global market. Asian higher education systems where strong state-control and the Confucian tradition feature heavily (Hawkins, 2010) within such policy context have experienced new forms of university governance. Policy instruments (such as contracts, vouchers, grants, privatization, or corporatization of national universities and so forth) are designed to increase institutional autonomy, enhance the provision of higher education and even to create open (or quasi-open) markets. In the process of implementation, those policy initiatives and measures have been employed as a disciplinary mechanism for transforming organizational behavior (Mok, 2008, 2010; Mok & Welch, 2003).

The results of studies on higher education reform and the effects of neoliberal polices on universities have led to different viewpoint (Ferlie, Musselin, & Andresani, 2009; Mok, 2010). Taking Hong Kong and Taiwan for example, the policy initiatives launched by the HK government reflected the features of marketization, while in the case of Taiwan there was an emphasis on democratization (Lo & Tai, 2003). Mok (2006) argued that because of the gap between policy rhetoric and reality, it is worth paying attention to the policy implementation process. This chapter focuses on institutional reform in relation to university governance, with specific concern with the changing nature of institutional governance and management in the Taiwanese higher education system.

Similar to other Asian countries, Taiwan has introduced neoliberalism measures to transform the way the government delivers higher education. In particular, the notion of song-bang (i.e., deregulation) was prevalent in relation to Taiwan's education reform after martial law was revoked in 1987. The higher education system experienced the process of switching governance from a model of state-control to a state-supervised one (Tai, 2000), or from a centralized to a more market-oriented model (Mok, 2006). Diversification of education provision and institutional autonomy have been promoted in policy agendas in order to enable different interests and stakeholders to be involved both in university administration and in the national decision-making process. Looking to reshape the relationship between the Ministry of Education and the other key players in the higher education

system, the government revised the *University Law* in 1994. The reform was primarily based on the guidelines related to decentralization and deregulation (Mok, 2006). Governance authority was devolved from central government to the organizational level during the 1990s, and faculties were given substantial autonomy and had more freedom to choose. Although the performance-based initiatives that involved new managerialism and neoliberalism were continually implemented in the 1990s, it witnessed a move recently back to a centralized model of governance. Doubts about the neoliberalism reform have been raised, and the institutional autonomy that was deliberately nurtured gradually diminished in Taiwan's higher education system (Chan, 2010). This development seems barely in line with what has been observed in other Asian countries. According to Varghese and Martin (2014), in all the cases studied in Asian higher education systems authority has been centralized in the hands of university presidents/rectors, despite the fact that governance reform may cause different responses in terms of institutional autonomy. In addition, Mok (2010) found that Taiwan's universities have not become as fiscally focused or businesslike as those in other Asian countries that adopted neoliberalism. The inconsistent observations in relation to Taiwan's universities make the island-country an interesting case for further exploration.

Furthermore, new teacher professionalism, which reflects marketization, also became increasingly popular in Taiwan in the 1990s. Influenced by that, not only was teaching performance examined under accountability criteria, but also the teacher education system was reshaped to meet market and business doctrines and managerial requirements (Yang, Huang, & Huang, 2005). Within the policy context, the *Teacher Education Act* was enacted in 1994. Traditionally, teacher training courses in Taiwan used to be offered by three normal universities (special institutions for training secondary school teachers) and nine colleges of education (for kindergarten and primary school teachers). In accordance with the new regulations, the higher education institutions that have education-related departments/colleges or established teacher education centers are given express authority to deliver teacher training programs. In other words, in 1994 the teacher education market was opened to the universities which were previously forbidden to participate in teacher education.

This paper addresses the issue of what really happened in university governance after the neoliberal policy reforms were implemented in Taiwan. The study used a case study approach in order to collect rich data and provide a close observation. A teacher training college was chosen and the time period for the longitudinal analysis is 20 years from 1994 to 2015. The study case used to be specifically responsible for preparing future teachers of kindergartens and primary schools. It has been under extreme pressure to adjust its institutional governance and management, since the teacher education system opened the door to comprehensive universities. Document analysis was applied to relevant education policy texts, including laws, governmental papers, documents from official agencies and other stakeholders, and secondary academic literature. The structure of the article is as follows. First, the theories and perspectives underpinning the study analysis are

declared, followed by the description of neoliberal policy reforms in Taiwan's higher education system. Then, the governance changes and institutional responses in the case study college are explained and discussed. The paper closes with conclusions and implications.

10.2 Perspective and Theory

This study developed the analytical approach which stems from sociological institutionalism and aimed to picture the change of university governance in relation to institutional structures and practical activities.

10.2.1 Perspective of Sociological Institutionalism

Several different approaches to the analysis of institutional change can be identified in the studies of higher education. Adopting the one that aligned itself with sociological institutionalism, this paper concentrates on institutional changes at the organizational level and ignores variations at the individual level. According to DiMaggio and Powell (1991), institutional change is caused by external pressures and can lead one unit in an organizational field to resembling other units which are conditioned in the same institutional environment. Especially when ambiguous goals and poorly understood technologies are diffuse in the environment, the unit would be forced to model itself on other units that are perceived to be more successful or legitimate in the field. That is, when the default institutional response to uncertainty is a viable solution with little expense, the strategy of striving to imitate other organizations facing the same set of environmental conditions would cause mimetic isomorphism. Meyer, Ramirez, Frank, and Schofer (2007) argued that the phenomenon of educational systems and universities taking on increasingly similar forms around the world is proof of this tendency toward isomorphism. DiMaggio and Powell (1991) also argued that institutional changes can be related to coercive and normative isomorphism, which are caused by different situations related to legitimacy and professionalism respectively. The way in which institutional changes are made is associated with the organizational field, which is an institutionalized area constituted by regulatory agencies, consumers and the organizations that provide similar services. They are held together by shared beliefs and norms, as well as by laws and regulations. These elements structure the institutional environment, which constrains a given organization and others of its kind in this area including their behavior and interactions, resembling, in many ways, an iron cage.

10.2.2 Theory of University Governance

The classification framework applied to analyze university governance structures has two dimensions: one referring to decision-making procedures and the other associated with power distribution in an organization.

The first dimension is to classify the decision-making model of an organization into either of two ways: democracy or guardianship. (1) **Democracy** is, first and foremost, based on the principle of inclusion, and has been described as "government by all members of a community" (De Boer & Denters, 1999, p. 214). In the university context, the term democracy is used to express the belief that authority is shared by academic staff, non-academic staff and students, all of whom are allowed to participate in joint decision-making. Constituents in these groups elect those who are to govern the university, or who have the right to vote in elections to choose representatives who will handle the major decision-making related to the organization. (2) **Guardianship** is based on the assumption that "ordinary" people lack sufficient competence to govern themselves, and therefore governance should be carried out by those deemed to be "the most qualified members of a community" (De Boer & Denters, 1999, p. 214). Guardianship reflects the reality that not everyone is equipped with the expertise and knowledge required to govern. Governance power thus should be given to a minority of specially qualified individuals who possess superior knowledge and other desirable characteristics, such as moral rectitude, professional expertise, and managerial experience.

The second dimension is related to how decision-making power, which can be divided into legislative authority and executive authority, is distributed in an organization (De Boer & Denters, 1999). There are three types of horizontal power distribution. (1) **Monocentrism**, which can be conceptualized as concentration of power, and which involves a paramount authority possessed by a rector or equivalent office holder in the university context. This singular authority exercises both primary executive and legislative authority, whether appointed under a system of guardianship or democratically elected by the university. (2) **Separation** of powers represents a presidential government system, which is characterized by a considerable degree of independence existing between the legislative and executive branches. In the university context, a clear separation exists between the authority of the council of representatives or senate and that of the rector's office. While the council or senate and the rector can be either appointed or elected, they function fully independently for the most part, without being accountable to each other. (3) **Fusion** of governing powers is built on the fundamental premise of a parliamentary system, wherein the executive authority originates from the legislative authority, with the former branch of government being accountable to the latter. In the university context, the legislature (i.e., senate or council) is authorized to nominate or elect and dismiss executives (for example, rectors) and hold those office holders accountable. A rector can either remain or be precluded from sitting as a member of the council or senate (legislature) when he or she holds the executive office.

Powers can be seen as being distributed along a vertical axis as well, which spans different organizational strata in a university. This vertical distribution is illustrative of the extent to which systems can be said to be either centralized or decentralized (De Boer & Denters, 1999). (1) **Centralization** represents a system which has a single or multiple governing bodies occupying a place at the center of the university's chain of command. These bodies have the authority to carry out the totality of the decision-making for the whole organization. (2) **Decentralization**, on the other hand, presumes that the devolution of authority can benefit the organization owing to a high degree of flexibility and a heightened capacity to recognize and accommodate what might be called "localized" requirements and exigencies. It also requires central authorities be inherently "generalist" in nature. In the university context, high degree of inherent specialization within academic departments means that knowledge relevant to specific processes is spread unevenly, which requires a decentralization of decision-making powers. Furthermore, a decentralized governance system can reduce the administrative loading at the central level of the organization.

10.3 Neoliberal Policy Reform in Taiwan's Higher Education System (1994–2015)

In the 1990s, marketization was introduced into Taiwan's higher educational system, which previously had been highly uniform and closely controlled by the government. As a first step, the *University Act* was amended in 1994 with the addition of 32 new articles aimed at increasing the degree of flexibility and autonomy for universities. Until then, the universities had been highly bureaucratic and under the control of the Ministry of Education. In the same year, the *Teacher Education Act* replaced the *Normal Education Law* in a change aimed at diversifying the teacher education system. This opened the door to comprehensive universities establishing teacher education centers, education schools or education-related departments by giving them the authority to do so. Generally speaking, the government began to deregulate higher education through rebuilding the legal framework that governs the system. The key changes of the relevant laws and regulations can be broken down into the following categories. A summary of those differences shows in Table 10.1.

10.3.1 The Period of System Expansion: 1994–2000

Deregulation is one of the principles associated with neoliberal ideology, and in the higher education context universities should be perceived as more businesslike, emphasizing entrepreneurial management or consumer sovereignty (Bessant,

Table 10.1 Features of regulation changes regarding Taiwan's higher education reforms

Features of changes	Regulation changes	Years of changes
Increase institutional autonomy	Institutional involvement in presidential selection	1994–2000
	Institutional discretion to develop curricula and programs	
Give institutions greater flexibility	New institutional decision-making structure	
	Institutional discretion to select and recruit students	
Steer institutional operations through evaluations	Connections between evaluation results and public funding	2001–2015
Increase institutional responsibility	Institutional discretion to adjust organizational structure	
	One-stage presidential selection system	
Increase governmental power	Governmental formulation of evaluation procedures	
	A final say in the procedures of presidential selection	
	Governmental formulation of university mergers	

Source author's compilation

Robinson, & Ormerod, 2015). Based on such ideas, educational reforms would stress diversity and choice. Increasing operational freedom and flexibility becomes the primary objective for university governance (Ferlie, Musselin, & Andresani, 2009). In general, relevant changes imply less governmental interference and more autonomy for higher education institutions. There are two changes found in Taiwan's higher education system.

10.3.1.1 Changes Aiming to Increase Institutional Autonomy

In earlier times, Taiwan university autonomy was extremely limited. The Ministry of Education tightly controlled the appointment of presidents of public universities and the curriculum. From 1994, the government gradually returned autonomy to higher education institutions in relation to internal administration and curriculum.

Previously, the presidents of Taiwan's national universities were chosen and appointed directly by the Ministry of Education. The amendment of the *University Act* of 1994, Article 6, changed the relevant procedures such that the appointment process became a two-stage selection system, as follows: (1) The first stage: the university was to organize its own search committee for formulating the procedures and criteria for president selection, and accordingly two or three candidates for presidency would be picked; (2) The second stage: the Ministry of Education would

formulate the selection procedures and accordingly organize another selection committee to decide upon one as the president was picked. This change demonstrates the democratizing of organizational administration in national universities that had, until that point, been governed by centralized state regulation. It seems the breaking of the state's monopoly over the appointment of university presidents.

Other than presidential selection, higher education institutions were allowed discretion in developing curricula and programs. Individual faculties were entrusted with more responsibilities to run daily operations. Before 1997, the curricula and programs of teacher education had to be submitted to and approved by the Ministry of Education. However, the *Teacher Education Act* of 1997, Article 10, authorized teacher training colleges and normal universities to bestow their own seal of approval on the curricula they developed. Decision-making power in relation to curricula has devolved downward to individual institutions and this change led to an increased level of institutional autonomy granted by the government and the empowerment of university academics.

10.3.1.2 Changes Aimed at Giving Institutions Greater Flexibility in Terms of Governing Themselves

Relevant changes in regulations are twofold. The first is related to the institutional decision-making system. Before 1994, the president of a national university, as the Chief of the University Affairs Council, was officially in charge of all university affairs. After 1994, the University Affairs Council was designated as the highest decision-making agency. According to the legislation, the Council of a national university was to be made up of representatives comprising staff, students, and other relative members (*University Act* of 1994, Articles 6 and 13). The amended regulations allowed university executives and academics to manage themselves.

The second matter concerns discretion to select and recruit students. The *Act* was revised to enhance the autonomy of tertiary institutions and give them discretion to set their own standards and criteria for the selection of students and such recruitment. According to the *Teacher Education Act* of 1996, Article 6, teacher training colleges were allowed to recruit university graduates for teacher education programs.

10.3.2 The Period of Delegating More Executive Control: 2001–2015

University governance in line with neoliberalism and the new public management involves a focus on outputs as well as competition between education providers in the public sector (Bessant, Robinson & Ormerod, 2015). Accordingly, higher education reform should pay more attention to the measures of performance and

quality assurance mechanisms. Efficiency and value for money are deemed to be critical criteria for new forms of university management, and university governance would become more structured and monitored than in the past (Ferlie, Musselin, & Andresani, 2009). Following those ideas, performance may be more important than democracy. During the second period of Taiwan's development, the *Teacher Education Act* was amended with the inclusion of 26 new articles, and the *University Act* was likewise amended with 42 new articles. Those changes to the laws and regulations reflected the following features.

10.3.2.1 Steering of University Operations Through Institutional Evaluations

After the devolution of authority to the higher education institutions, the universities and their teachers were required to show their accountability to the state on behalf of taxpayers or payers (such as parents and students). In order to ensure accountability and control the quality of education delivered by national universities, the government not only introduced evaluation systems, involving external evaluation and peer evaluation by a singular national accreditation body for teacher education, but also linked evaluation results to funding allocation mechanisms (Hsieh, 2016).

After universities were given the authority to deliver teacher education, the market was effectively opened up, which led to the problem of an oversupply of qualified teachers. In order to deal with the situation the government started to link evaluation results for teacher education to eligibility for public funding for teacher education, as well as with the number of students that the universities are allowed to enroll. For example, if the teacher education center of a university received poor evaluation results, the institution would face serious consequences, such as closure. In addition, new regulations were made for controlling the quality of teacher education outputs; for example, the setting of an upper limit on the number of students a teacher education center could recruit, or the minimum requirements for entry to teacher education programs (*Regulations of Establishment of Teacher Education Centers in Universities* of 2002, Articles 5 and 12). Previous state regulations were replaced by market competition designed to improve the quality of education.

Out of similar considerations the *University Act* of 2005, Article 5, designated the Ministry of Education as being responsible for organizing an evaluation committee or, in the alternative, engaging the services of academic organizations or professional evaluators to conduct regular evaluations. In addition, the government was given the right to publish evaluation results as a reference for the allocation of educational subsidies from public funding, the adjustment of student enrolment numbers, and the rating of universities against institutional scales. However, in response to ongoing disputes over university evaluation procedures and associated regulations, the latest amendment to the *Act* in 2015 redacted the connection between evaluation results and funding allocation (*University Act* of 2015, Article 5).

10.3.2.2 Increasing Institutional Responsibility

Not only was decision-making power devolved but also the responsibility of universities to improve their effectiveness and efficiency. The changes were twofold. First, universities were given discretion to adjust their own organizational structure. With a view to ensuring their survival in the competitive global market, Taiwan's higher educational institutions have been under pressure to become more flexible in terms of their institutional operations. To that end, the government has given the universities permission to organize inter-university systems or research centers (*University Act* of 2005, Article 6) and to formulate merger plans (*University Act* of 2005 Article 7). Apart from the discretion to reshape their own institutional structures, the institutions are also allowed to adjust their staff structures by appointing deputies for university presidents and supervisors of colleges or departments (*University Act* of 2005 Articles 8, 13 and 14).

Second, for the election of university presidents, the procedures that were conducted in two stages during the period 1994–2005 were consolidated into one stage. Thus, national universities have been authorized to organize their own presidential selection committees to decide on a president, and the Ministry of Education would simply appoint the one chosen as the new president (*University Act* of 2005 Article 9).

10.3.2.3 Increasing Governmental Power

In contrast to the extension of institutional responsibility, governmental power was increased simultaneously. The changed matters related to the increase of official authority are threefold. The first is associated with the procedures of university evaluation. In order to enhance institutional performance and competitiveness, the government has not only offered universities more institutional autonomy, but has also simultaneously tightened its control by stipulating specific conditions and criteria for university evaluations. For example, the methods of institutional evaluation must be formulated by the Ministry of Education (*University Act* of 2005, Article 5).

The second regards presidential selection. Although the election of university presidents became a single stage, with each national university being entitled to organize its own presidential selection committee to decide among eligible candidates, the Ministry of Education maintains full authority over higher education (*University Act* of 2005, Article 3) and thus has the final say regarding regulations governing the organization, operation and other proceedings of such a presidential selection committee at a public university (*University Act* of 2005, Article 9).

The third is related to university mergers. In relation to university merger plans, at first, national universities were empowered to formulate merger plans, which were subject to approval by their own university affairs committee, whereupon such plans would be reported to the Ministry of Education for approval before implementation (*University Act* of 2005, Article 7). However, after 2012, the Ministry of

Education seized the initiative and codified its right to propose merger plans for national universities in situations where the government deems it necessary and expedient. After taking into account factors including the overall development of higher education, the distribution of educational resources, the geographic conditions of the relevant universities and other related issues, the Ministry of Education responsible for promulgating the types of administrative assistance will provide to the universities, the required content of a merger plan, the rights and duties of the relevant national universities, and other related matters. The merger plan would then be sent to the branch of government (i.e. the Executive Yuan) for approval, and the national universities relevant to the merger plan would be obliged to implement it accordingly after its approval by the central government organ (*University Act* of 2012, Article 7).

10.4 Governance Changes and Institutional Responses

The case study institution was a teacher training college. Along with other eight colleges of its kind and normal universities, the institution had been delivering teacher education in Taiwan under the exclusive purview they had enjoyed since the 1930s. This section describes the case study organization in terms of university governance and technical activities. Table 10.2 contains the summary of those changes.

10.4.1 The Period of System Expansion: 1994–2000

In 1994, the government enacted the *Teacher Education Act* and comprehensive universities were accordingly granted permission to establish education-related

Table 10.2 Changes in university governance and institutional responses

	Years 1994–2000	Years 2001–2015
University governance		
Decision-making model	Switch from GUARDIANSHIP to DEMOCRACY	Remain DEMOCRACY
Power distribution	Switch from MONOCENTRISM to SEPARATION	Remain SEPARATION
Institutional responses		
Reorganization of governance structures	Manifest	Inconspicuous
Adoption of new operational strategies	Inconspicuous	Manifest

Source author's compilation

departments, colleges and teacher education centers for delivering teacher education. The *Act* eliminated the case college's exclusive right to provide teacher training, whereupon market mechanisms became a decisive factor in the supply and demand of teachers, as well as for the viability of the teacher education system itself. Furthermore, the amended *Teacher Education Act* of 1997 also granted permission to the students of teacher training colleges to choose whether students would participate in teacher education programs. Due to these amendments, the advantage of attracting standout students, which the teacher training colleges had enjoyed for about 50 years over other higher education institutions, was completely taken away. After the case college lost its privileged position in Taiwan's higher educational market, it seemed only logical for the organization to make significant changes in order to increase its competitiveness students and funding against comprehensive universities. However, the study found that no substantial responses in relation to the organization's operational strategies were made before 2001. In fact, most of the reorganizations identified in the case college were caused by the revision of the 1994 *University Act* and primarily associated with the organization's governance structure.

The case college used to have the features of the guardianship model in relation to decision-making, given the fact that Taiwan's national universities and colleges were tightly controlled by the Ministry of Education in relation to selection, appointment and dismissal of the presidents. And this gave the president paramount authority over the organization. After the *University Act* was rewritten in 1994, the procedures of president selection in the case college switched from a one-stage to the two-stage system in 1994 and the decision-making model could be categorized as the other type, namely democracy. More specifically, in the first stage, a selection committee would be organized by the college itself and be constituted from among the organization's teachers, administrators and alumni, as well as unbiased members of society. According to the regulations, more than half of these members had to be teachers. The college was responsible for formulating the procedures and regulations relevant to the organizing of the committee. In the second stage, the Ministry of Education organized another committee, the members of which would decide upon one of the candidates that the college put forward as the president.

Apart from the procedures of decision-making, power distribution in the case college has also significant changed due to the enactment of the 1994 *University Act.* Prior to the year, the *Act* required university presidents to be responsible for the overall management of universities and the development of academic affairs, and presidents held both executive and legislative powers. The institutional powers in the case college were concentrated in the president's hands and can be categorized as conforming to the monocentrist model. However, that changed after the *University Act* was revised in 1994. In relation to legislative authority, the university affairs council of the case college was accordingly constituted by the president, deputy presidents, and representatives comprising teachers, academic and executive supervisors, as well as other representatives drawn from research personnel, staff, students and other related personnel. The purpose of the university affairs council was to discuss and make decisions about important academic and

organizational matters. The president would convene the council's meeting as the highest legislative authority. On the executive side, administrative meetings were chaired by the president to discuss important administrative affairs. The college's president served as both a leader of the executive branch and a member of the legislative agency (i.e. the university affairs council), and these governing bodies were still at the central level of the organization, with no observable sign of any actual power devolution. Despite the fact that the presidential selection procedures were reorganized and became a two-stage system, the revision of *University Act* of 1994 did not change the vertical distribution of powers in the case study college, which represented a presidential government system and remained the features of the centralization model. However, regarding the horizontal power distribution in the case college, the authority of the university affairs council and that of the president's office were divided after 1994 and showed separation of powers.

Those changes described above were all related to formal institutional structures, and little movement was evident in terms of technical strategies employed by or actual day-to-day work activities carried out in the case study organization. Meyer and Rowan (1977) claimed that organizational success depends on whether an organization can obtain the legitimacy and resources needed to survive, not on its productive efficiency. In the context of the case study institution, although the government made efforts to drastically reform the university system and regulations, this was, as a result of no need to comply with the imperative to make changes for facilitating efficient inter-coordination, simply following those government rules and incorporating them into its formal structures as a way of maximizing its organizational legitimacy. In other words, these changes barely affected the organization's operational methods and work activities whatsoever, as the institutional adoption of the regulations provided legitimacy rather than actually improving performance.

10.4.2 The Period of Delegating More Executive Control: 2001–2015

In stark contrast to what was observed in the earlier period, most of the changes found in the case college after 2001 were related to technical or management strategies rather than formal governance structures.

Regarding the governance structures in the case college, the decision-making process remained being typical of the democracy model, although the university president election became a one-stage process after 2005. The process involves a selection committee, organized by the university deciding on a presidential candidate, who will afterwards be appointed by the Ministry of Education as the new president. According to the *University Act* of 2005 Article 9, the selection committee must be constituted of representatives chosen by the university affairs council (2/5 of total membership), representatives comprising alumni and unbiased

members of society (2/5 of total membership) and representatives selected by the Ministry of Education or the local government (1/5 of total membership). Similarly, these changes in relation to horizontal power distribution reflect the qualities of the separation of powers and are essentially the same as in the previous period, with some modifications. The *University Act* of 2005 deleted Article 13 in the 1994 *University Act* which stated that the university affairs council represented the highest level decision-making agency. Instead, Article 8 in the *University Act* of 2005 stipulates that the president represents the university externally and is responsible for the overall management and administration of the university and the development of organizational affairs. This revision aimed to clarify the separation of responsibilities as between the president and the university affairs council. The university affairs council, in contrast to the president holding the executive office, represents the legislative authority of the university and is to be required to make decisions in relation to important academic and organizational affairs.

Unlike limited changes in relation to governance structures, the years after 2001 witnessed substantial institutional responses in terms of technical strategies made by the case organization. The case college made a couple of drastic moves to adopt new technical strategies in this period for strengthening its organizational competiveness. The first step was in 2004 when the case college, along with five other teacher training colleges, entered into an arrangement with the Ministry of Education. Based on the agreed terms, the government would grant those colleges with university status and an extra 2–3 billion dollars of public funding each year for upgrading their equipment and improving teaching quality; in return, the teacher training colleges, which were upgraded to national universities of education, had to cut in half the number of students they enrolled specifically for teacher education. This aimed to be completed in 3 years and was expected to have the effect of extending the range of the organization's tasks, rather than seeing the university continuing to limit itself to the delivery of teacher education. After the former teacher training college was granted university status, the pressure increased on the case study institution to bring about urgently needed transformations. In terms of population, the number of young people in Taiwan was already starting to plunge, a trend predicted to continue in the foreseeable future. In order to attract more prospective students, the case university merged with another national comprehensive university in 2008. The second move was also made with a view to obtain extra higher education resources that were promised by the government in the regulations known as the *Resource Integration and Transformation Development Plan for Public Universities*.

By means of making a deal with the Ministry of Education in exchange for being upgraded to university status as well as by merging with another national comprehensive university, the case organization was subsequently transformed to become a more effective organizational structure. The rationale for these institutional strategies was to increase the possibility of attracting qualified candidates to be its prospective students, and to enhance competitiveness by being allocated additional higher education resources from public funding. Seen from a sociological institutionalism's perspective, this can be perceived as a response to the

new-liberalist policy instruments that integrated market forces into higher education regulations and generated intense pressure on educational organizations, in terms of an impetus for both conformity and technical efficiency (Meyer & Rowan, 2006). At the beginning of the second period, the government developed quality assurance schemes for universities and also established connections between evaluation results and public funding later on. These new governmental regulations created a different institutional architecture as a means of persuasion for the national universities to follow the quality assurance procedures and merger plans devised by the government. In response, organizations would legitimate rationalized elements in their formal structures in order to maximize their legitimacy and increase their resources and survival capabilities (Meyer & Rowan, 1977). In the context of the case study college, the organization's technical environment was transformed due to the new governmental requirements in combination with new-liberalist policy instruments, which not only drove more demand for the organization to increase its technical efficiency but also tightened government control over the technical core of the organization (i.e. research, teaching, and learning).

10.5 Conclusions

The chapter described what changed in the case college in terms of university governance, after Taiwan's government introduced new public management and neoliberalism policy instruments in higher education system. The process of change can be divided into two periods.

The first is related to the years between 1994 and 2000. During this period, the higher education system embraced market mechanisms and relevant laws were revised to make the system more diverse. Under such circumstances, the decision-making model switched from guardianship to democracy, and a horizontal power distribution was transformed from monocentrism to the power of separation. By contrast, differences in relation to technical activities and management strategies were not as manifest as those in relation to institutional governance structures. According to sociological institutionalism, what occurred in the case college shows that the laws and policies functioned as powerful myths and the reforms as ceremonies. The organization adopted them ritually without real meaning or impact at the operational level. In other words, there were significant gaps between the formal institutional structures and actual work activities. The organization presents the loosely coupled institutional feature, buffering its formal structures from the uncertainties of technical activities in order to maintain ceremonial conformity.

The second period, unlike the development observed in the previous stage, saw significant differences associated with actual work activities and managerial strategies. The case organization was upgraded to university status in 2005 and merged with a comprehensive university in 2008, in response to the realization that competitiveness had become crucial to survival in the higher education market. Based on sociological institutionalism, these transitions were made under the

pressure exerted from the market forces that the government has deliberately deployed since the early 1990s. The technical core of the organization, such as normative and cognitive ideas about research and teaching, differed from the previous status due to the tightening control of government via neoliberal policy instruments (ex. regularly university evaluation and comparative grants). The fiscal incentives and market mechanisms formed a fresh institutional environment as a new iron cage, which constrained the organizational behavior in order to secure university accountability and create more competitiveness.

In sum, the development of the case college during the past two decades reflects the influence of neoliberalism reform in Taiwan's higher education system, which involved more institutional freedom and choice and consumer sovereignty, created more competition among universities, and focused on individual initiative and educational outputs. The fiscal incentives and market mechanisms formed an unbreakable institutional environment, as an iron cage, in which the technical environment of the case study college was eventually transformed. Despite the success in terms of institutional change, sociological institutionalism also reminds us the possibilities that isomorphism may be stimulated in the organizational field as a result of the coercive, normative, and mimetic processes. These government plans for upgrading and for mergers as well as evaluation procedures leave institutional diversity of higher education institutions facing an impossible outcome, which is to be achieved by the higher education reform launched in 1990s.

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Chapter 11
How a Century-Old Family-Like University Responds to the Neoliberal Agenda: The Case of National University of Tainan

Linda Li-chuan Chiang

Abstract The globalization talks form the neoliberal agenda in higher education. When the changing governance for responding to the neoliberal agenda is put into a context for examination, critical space is created for rethinking the role and meaning of higher education beyond being economized, marketized, and privatized, especially views from institutional practices in those unconventional cases. This belief supports this study by examining the National University of Tainan (NUTN), Taiwan, that experienced a transformation from a century-old family-like teacher education status to a comprehensive university, to show how the neoliberal agenda affects its institutional practices. The study adopted a documentary analysis for data collection. The main findings reveal that the neoliberal agenda had mixed impacts on the NUTN, surely more rhetoric than practices, due to its family-like organization culture favoring the collegiality. But the governance in the NUTN case reflects the collegiality-bound bureaucracy with greater accountability over the corporate practices. Thus, being forced to move out of the government monopoly, it is high time for NUTN to use the external neoliberal agenda wisely and strategically to make collegiality-bound bureaucracy governance model responsive to increasing external demands and changes.

11.1 Introduction

The globalization talks have been filled with neoliberalism and new public management, forming the neoliberal agenda, characterized primarily by applying the philosophies of the market to public sectors. Such discussion has also appeared in higher education. The market terminologies, such as, accountability, efficiency, and excellence, and strategies, such as, internal audit, quality assurance, performance pledges, management-by-objectives, and linking performance with outputs, are

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introduced and adopted in higher education policy and practices (Mok, 1999). Furthermore, with the emergence of the knowledge-based economy, universities' potential role in strengthening national competitiveness has been highly recognized (Duderstadt, 2000; Kerr, 1995). The external effects of universities attract governments, particularly those of emerging industrialized Asian countries, to embrace them and invest in them, instead of leaving universities in the hands of the market. University competitiveness, if not seen everywhere but at least in government policy statements, has become a buzz word. As the public funding for universities has declined, universities have been asked to be more accountable for how they use those resources and to respond to increasing external demands. Universities are required to do more with less, but at the same time to demonstrate their performativity. However, the dilemmas exist. On the one side, pursuing closer university-industry relation to attract funds from the market is emphasized. On the other, this trend may compromise the open character of the university and make the mode of governance of the university more closer to the private nature of the institution that may have detrimental effects to society at large (Romero, 2017).

Within the new economic imperative, building closer ties between higher education and industry as well as the job market has become a key issue and the major battleground between competing ideologies and interests. Under the neoliberal agenda, certain similar corporate practices and measures at the institutional level around the world have been observed by the scholars (e.g., Altbach, 2004; Christopher, 2014; Hou, 2011, 2012; Marginson, 2011; Mok, 2010; Shin & Harman, 2009). These practices and measures include (1) pursuing the status of world-class university and ranking; (2) adopting the internationalization strategies to strengthen the status of English as the medium of instruction and for publication in the international academic marketplace; (3) establishing greater new cooperation and partnership with the private sector; (4) generating more income from non-government sources and the market; and (5) pursuing regulatory evaluation and quality assurance. In addition to fitting into the corporate practices while also meeting the needs of multiple stakeholders, certain tensions have emerged from the structural, legalistic, and behavioral aspects in higher education. Mok (2002) observes that the shift from "government" to "governance" has been widely debated and a strong emergent theme in the Asia-Pacific. It happened not only in Japan, Korea, but also in Taiwan.

In Taiwan, two overarching trends emerged in the 1990s related to the development of higher education, democratization and massification, under which a new policy and management environment for higher education have developed. The revision of the University Act in 1994 legally granted universities greater autonomy than in past decades. The Interpretation No. 380 of the Council of Grand Justice in 1995 also formed a set of checks and balances on the Ministry of Education (MOE) and established the principle that those powers not granted by statutes to the MOE, fell within the scope of university autonomy. Strong external and internal demands for accountability and performativity created pressures on institutional governance and management. The changing context created a chance for individual universities to think about their governance. Under the assumption of having

greater autonomy and responding quickly to the external competitive environment, the incorporation of national universities has been promoted but remained controversial and unsettled since the 1990s. Under such a policy context, neoliberal values also have pervasive influence on teacher education in Taiwan, seeking an open market for teacher education programs.

The negative and controversial influences of the neoliberal agenda in not only higher education (e.g. Marginson, 2011; Mok, 1999) but also teacher education (e.g., Tang, 2015) have been well documented, but have yet to be complete since such external impositions on higher education institutions are more than a straightforward issue. The issue of how the neoliberal agenda at the macro level is mediated by institutional assets (e.g., historical status and organizational culture), circumstances (e.g., governance model), and conditions (e.g., financial situation and sense of survival), deserves further study. When the changing governance for responding to the neoliberal agenda is put into a context for examination, critical space is created for rethinking the role and meaning of higher education beyond being economized, marketized, and privatized, especially views from institutional practices in those unconventional cases. This study aims to present the National University of Tainan (NUTN) that experienced a transformation from a century-old family-like teacher education status to a comprehensive university, to show how the neoliberal agenda affects its institutional practices.

11.2 Literature Review

There are two parts in this section. The first part provides an overview of stronger managerial trend with dwindling collegiality in responding the rise of the neoliberal agenda. The second part reviews existing literature on Taiwan's higher education governance to identify the literature gap to justify the need for the case study.

11.2.1 Stronger Managerial Trend with Dwindling Collegiality

University governance is defined as the manner in which universities are organized and managed, including how they relate to governments and how authority is distributed and exercised (Harman, 1992). How governance within universities is conceptualized and operationalized is closely related "to changing organizational and symbolic arrangements within the host society" (Bargh, Scott, & Smith, 1996: 40). Thus, understanding university governance starts to pave the way for detection of the host society's expectations of, and its interactions with, its universities. The massification of higher education has made resources available to it appear limited. Although greater accountability for universities has not been derived from the

neoliberal agenda, it grew with the historical development and achievement of universities in the nineteenth century (Berdahl, 1993). Universities have been "asked to justify their activities and account for their use of resources and their performance, not only to external financial bodies but also to other influential groups in society" (Sizer, 1992: 1306). Furthermore, the market under the neoliberal agenda justifies greater accountability and expects a new mode of intervention instead of less interventionism from the state to play.

Under the neoliberal agenda, the market mechanism, adopted by governments, applies to higher education, a more selective resource allocation policy, and "buying" services from, rather than subsidizing, higher education. The corporate or managerial approach is assumed to be practiced at the institutional level. Universities are becoming a more commercial, more corporate, more technocratic, more utilitarian, more service-oriented industry as well as far more concerned with selling products to generate alternative sources of income. Corporate managerialism, accountability and privatization have been identified as three globalizing practices that have come to dominate higher education policy discourse in most nations across the world (Currie & Newson, 1998). Furthermore, deregulation and decentralization have played key roles in the Asian governments' efforts to restructure their higher education for competitiveness. The changing relationship between the government and the university has brought transformative changes in institutional governance.

Several main models of university governance—the collegial model, the bureaucratic model, corporate/ managerial model, and the political model, have been proposed. The collegial model is characterized by collective academic decision-making for common interests with a sense of academic community where the faculty is influential in self-governance and, also, implicitly, has little government interference (Tapper & Palfreyman, 1998). For the bureaucratic model, the rules and regulation systems are set for self-rule as it does in the public sector. It emphasizes features such as, stratifying power and legal-rational authority according to assumed function and ability (Becher & Kogan, 1992). The corporate/ managerial model places greater emphasis on "the efficient use of resources, performance measurement requiring a demonstrable contribution to the economy, and strengthening institutional management and the policy and planning role of individual institutions" (Christopher, 2014: 560). Albeit implicitly, a political model of university governance has also been observed by academics, such as Baldridge (1971). It is conceptualized as a political process in organizations marked by the presence of multiple stakeholders with competing, often contradictory, values, and interests regarding a range of university issues.

Individual governance models have their strengths and flaws as well as embodied values. The classic arguments for favoring the collegial model, but disfavoring the bureaucratic and managerial models, have been well discussed. The rise of a new regime of bureaucracy/ managerialism in university governance, as Bargh et al. (1996) reflects a lack of trust between the government and the university. The rise of the corporate reforms facing universities leads to stronger managerial trends with dwindling collegiality. However, the question as to how far

the collegial model, favored by academic freedom, an integral part of the university (Woodhouse, 2017), realizes the idea of university, deserves asking. As Clark (2001) reminds, the glories of collegiality in the good old days have disappeared as universities have grown enormously in terms of student population and knowledge production. If deeper thought is given to the question regarding which groups were continually excluded from the collegial model, the classic arguments previously mentioned would be hard to justify. Luke's study (1997) is worth reviewing, although her arguments focus on quality assurance and women in higher education. She observes that quality assurance brings in certain negative consequences and transforms the culture and management style of a regional university in Australia from being an informal and pastor model to one with open systems of accountability and performance targets. This governance change, however, brings about new opportunities for "other groups previously marginalised and silenced" (Luke, 1997: 433) to participate in university governance.

Interestingly, different observations about the governance mode might be made for the same system. For example, Bargh and her colleagues (1996) argue that governance culture in England shifts manifestly from a collegial and consensual one towards a managerial and business-led culture. But Tapper and Palfreyman (1998) found that a collegial tradition in the context of mass higher education "continues to flourish within particular layers or segments of an institution: within research teams, within departments, within faculties, and—of course—within colleges' (p. 157). In Australia, Currie and Newson (1998) identify corporate practices in university cases, and conclude the decline of collegiality. These practices include: (1) restructuring universities into larger divisions with the appointment of executive deans; (2) expecting executive leadership from the presidents/vice-chancellors, moving away from being "first among equals" or operating through consensual leadership; and (3) the stronger managerial governance widening the gap between management and academics as decision-making becomes more managerial. Thus, Currie and Newson (1998) call for greater debate regarding whether such stronger managerial governance is needed for the twenty first century universities. However, even though higher education has long been treated as a services industry in Australia, Christopher (2014) challenges the current myth that Australian public universities are practicing a corporate approach. He argues that what Australian public universities operate supports only pseudo-management, instead of corporate, culture, by identifying their current constraints on the structural and operational framework.

Thus, when the issue of university governance is seen as being related to the balance of power and in the context of new ideology in public service (Bargh et al., 1996), it becomes more subtle and complicated than its definitions and models imply. These so-called similar corporate practices do not appear in a vacuum; instead, the contexts and conditions in which they exist are worthy of further study, particularly empirical case study.

11.2.2 On Taiwan

A few studies and papers have examined governance changes in Taiwan (e.g., Chan & Lin, 2015; Hou, 2011, 2012; Mok, 2002). The enforcement of the revision of the University Act in 1994 led the central authority to release some decision-making powers to universities, particularly national ones. Mok (2002) observes the change "from nationalization to marketization" by examining the changing role of the state in provision, financing, and regulation in higher education reflecting how a new governance model has evolved in Taiwan. Before the explicit departure point in 1994, the system-wide bureaucratic and political authority took full responsibility for the development of universities. For decades, discipline-based and institutional-based authority in university governance had been weak until 1994.

Although the revised University Act in 1994 granted national universities greater autonomy, the ambiguous status of national universities in relationship with government remained unresolved (Chen, 2005). Whether the government would tackle the problem of the ambiguous status of national universities by granting them a legal corporation status has raised more serious concerns and debates. The Ministry of Education proposed the National University Governance and Autonomy Pilot Program in April 2014 to grant greater power and autonomy in terms of personnel, finance, and development plans for those participating universities. However, the Pilot Program was terminated in the same year. Supporters strongly argue that, unless the national universities are granted legal corporation status, it will be impossible to realize university autonomy and academic freedom. For opponents, university autonomy is also critical, but incorporating universities is not the only sufficient way to achieve it as the practice of public law in Taiwan remains too problematic to resolve any possible conflicts, occurring between the university and the government (Daun, 1997). At present, the pressures for granting legal corporation status to national universities seem to fall outside the policy priority since President Tsai Ing-wen took over her administration in 2016.

The governance of the national university mainly operates within the space given by the legal framework. One of main laws is the University Act. According to the Act revised in 1994, University Council was granted with decision-making powers on key university matters, such as development plans and budget, organizational procedure and key rules, and restructuring of academic and administrative units. However, the University Council does not equate to, and cannot be expected to function as, a governing body, acting as a buffer to protect their autonomy, or, as "two-way interpreters" between the university and its host society. To the contrary, its efficiency and effectiveness were openly challenged by academics and presidents who worry that this so-called "democratic" governance culture made the university more like a political entity, with struggle for individual interests and power. In the past, the political model was widely exercised through the government's bureaucracy mechanisms in appointing university presidents and curriculum control. Although such central political control retreated, the political model at the disciplinary and institutional levels was in operation, but easily disguised, in such a

so-called "democratic" governance culture. Facing the inefficiency and chaotic situation of the Council for a decade, the University Act was revised again in 2004 to strengthen the presidency's leadership and responsibility for the whole institution's internal resource allocation, setting up missions and strategic plans (Chen, 2005).

Nevertheless, the participatory academic governance by setting up diverse committees in which the representatives from the academics form the major group is profound and explicit. With regard to academic affairs, the collegial model has begun to appear with, for example, peer review in appointment and promotion of academic staff as well as the selection of department heads, faculty deans, and presidents. The membership among committees reflects the heavy involvement of academics in governing universities. In terms of administrative affairs, a team of senior managers who are also senior academics is led by the president. In theory, collegial collective governance is assumed to be more congenial to academic values than the bureaucratic/managerial governance model. However, the dangers caused by competing and contradictory interests among academics seem to become apparent, before any realization of academic freedom and university autonomy through the practice of that model comes true. This situation merely reflects, what Tapper and Palfreyman (1998) report, that the collegial collective governance "can create the false impression of a collegial world in which social harmony reigns and individual competitiveness is conspicuous by its absence" (pp. 147–148). More internal argument and controversy occurred in the process of institutional self-governance. Several university presidents interviewed as part of Chiang's study (2000) expressed their concern that any failure of institutional self-government can give a chance for external steering from the central to return.

At the same time, a new trial funding scheme, the National University Endowment Fund Establishment Act (NUEFEA), was introduced, remaining optional until 1998. Under the NUEFEA, the MOE provided only 80% of the total budget of national universities. National universities left out of full dependency on government funding, and were allowed to keep their revenues and the funds they raised. The percentage of which national universities generate their own income grows year by year. With pressures of financial autonomy, they have become more "market-oriented" (Mok, 2002). However, they started to experience limited discretion in using their own earned money, as their private counterparts have encountered. Their discretion over their "earned" income is limited by rigid accounting and auditing legislation and regulations. Regarding this, the NUEFEA scheme was amended on February 4, 2015.

Under such a policy context, neoliberal values also have pervasive influence on teacher education in Taiwan. Market-based teacher preparation and certification were introduced in 1994 when the Teacher Education Act was revised. The monopoly of normal universities and teacher education colleges was dismantled. With this trend, traditional elements of profession were replaced with market mechanism while introducing regulatory frameworks and periodical external evaluation by the government. The role of the state was not weakened but strengthened by controlling the number of student-teachers, disqualifying

student-teachers not up to standard as demonstrated by national assessments, and monitoring the performance by evaluation (e.g., Yang & Huang, 2016).

Facing global and international competition, the government set up several policy incentives and projects to upgrade the status of Taiwanese universities, such as the World-class Research University Project, Teaching Excellence Project, and incentives for the internationalization of higher education (Chan & Yang, 2017). However, under the new President Tsai's government, the preceding projects came to an end in 2017. But at the same time, a brand new national-wide project, titled the Higher Education Deep Root Plan, was proposed. Several major components in the new higher education plan include the innovation on teaching and learning, regional-bound internationalization, locality-engaged university development and social responsibility. To further increase regional and international competitiveness, the new government introduced the New Southbound Policy in 2016, hoping to build stronger trade, academic, and recruitment ties to key markets in Southeast and South Asia, making Taiwan less reliant on Mainland China. The Ministry of Education will work with and support Taiwanese universities to set up offshore programs or branch campuses throughout Southeast Asia and to further develop curricula and new program offerings to better match the regional needs. The MOE also announced a new incentive to guide universities to become more deeply involved with industry, community, and other universities in their location.

After the expansion of higher education, rationalizing the number of higher education institutions will be the next key task for the MOE. After years of declining birth rates, university enrollment in Taiwan started to fall in 2016, dropping to 250,000 from 310,000 in 2013 and 270,000 in 2015. The MOE projects that it will continue to fall by about 30% through the next decade (ICEF Monitor, 2016). A shrinking pool of college-aged students begins to have a clear negative effect on certain Taiwanese universities, particularly low-end entry requirement technical colleges and universities. Taiwan now has more universities than it needs. The MOE announced plans to close up to one third of its universities in the coming decade (ICEF Monitor, 2015).

According to Bleiklie and Kogan (2006), a macro analysis about the role of the state in higher education governance is not too meaningful and limited if its linked fine-grained analyses of changes at the institutional level are not taken into account. In this study, the changing nature of government regulatory control from central to decentralization is framing a new space of action for Taiwanese higher education institutions which have taken on a greater planning role in transmitting political intentions to academic processes and outcomes. The concept of institutional governance starts to attract attention. These recent developments in Taiwanese higher education reflect a similar global trend of decentralization in educational governance; however, the practices might tell a different story.

11.3 Data Collection and Analysis

The case study as a research strategy aims to focus on in-depth understanding of dynamics present within single settings (Eisenhardt, 1989). This study presents the NUTN case to show how the neoliberal agenda affects the practices at the institutional level. There are some rationales for selecting NUTN for this case study. First, NUTN underwent several status changes for upgrading purposes (see Table 11.1), and its century-old history of teacher education gave itself assets for it to be immune to the market.

However, this immunization to the market as well as family-like organizational culture challenged the NUTN's capacity to cope and be responsive to increasing external changes and demands. Second, when the NUTN was released from being under the full control of the central government, self-rule became a long learning journey of adjustment and negotiation and was also a lesson to learn how to step out of its comfort zone. Through this chapter, two main research questions are addressed.

1. What does NUTN change in its internal governance after transforming from a teacher education college to a comprehensive university?
2. In the process of transformation, to what extent is the NUTN, a century-old institution with family-like organizational culture, practicing the corporate/managerial approach to governance?

Table 11.1 Summary of NUTN background information

Development stage	Year	Institutional name	Educational level	Educational authority
1. Teacher education	1899	Tainan Normal School	High school	Under Japan colonization
	1946	Tainan Normal School	High school	Under Taiwan provincial government
	1962	Tainan Normal Junior College	Junior college	Under Taiwan provincial government
	1987	Tainan Normal College	College	Under Taiwan provincial government
	1991	National Tainan Normal College	College	Under Taiwan central government (MOE)
		Note: Key changes between 1991 and 2004 1. Externally: In 1994, open market for teacher education preparation, the revised University Act, and the implementation of NUEFEA 2. Internally: Drafting transformation proposals but debating about using 'Tainan Normal University' to keep its continuity of teacher education, or 'Tainan University' for a new start		
2. University	2004–present	National University of Tainan	University	Under Taiwan central government (MOE)

To address the research questions, the study adopted a documentary analysis for data collection as institutional documents have been a staple in qualitative research for many years and there has been an increase in the number of research reports in recent years (Bowen, 2009). Thus, documents used in this study serve the two main functions, as Bowen (2009) identifies. First, they can provide data on the context within which the NUTN operates, helping understand the historical roots of specific issues and the conditions that impinge upon the phenomena currently under investigation. Second, documents provide this study with "a means of tracking change and development" by comparing various drafts of a particular document to identify the changes and get a clear picture of how an organization or a program fared over time by examining periodic and final reports (Bowen, 2009: 30). Variety forms of documents were used for systematic evaluation in this study, including internal policies, regulations, and meeting resolutions and minutes. Appendix 11.1 presents a summary of 32 key NUTN documents from two stages of its development. One stage was the period from 1994 to 2004, when the NUTN faced the open market for teacher education and first time to be responsible for raising part of its own income. The other was the period from 2004 to present, when the NUTN was upgraded from a teacher education college to a comprehensive university.

The analytic procedure entails finding, selecting, evaluating, and synthesizing data contained in documents. A document analysis yields data from excerpts, quotations, or entire passages, organizing them into major themes by thematic analysis. This study underwent a careful and more focused re-reading and review of the data. Coding procedures were employed to make sense of the documentary data by (1) identifying recurrent themes regarding the neoliberal thinking and keywords such as external/internal demands, market, competition, performativity, employability, governance, autonomy versus accountability, excellence, and competitiveness, and (2) exploring the change between two stages of NUTN development.

11.4 Findings

There are four themes arising from the documentary analysis about the changes in NUTN governance case. They are: (1) moving away from a "given" position into a struggle for self-repositioning; (2) moving away from central external bureaucracy into collegiality-bound bureaucracy; (3) moving away from the monopoly into a development with growth scenario; and (4) using market elements as rhetorical more than practices. These themes are analyzed in the following subsections.

11.4.1 Moving Away from a "Given" Position into a Struggle for Self-repositioning

The NUTN, founded in 1899, was one of the oldest teacher education colleges in Taiwan. In 1994, it was faced with a major change when the government sought to replace the monopoly with an open market for teacher education programs. In 2004, without any mergers with other institutions, NUTN was transformed into a comprehensive university, benefitting from the political intention to set one national university in each city. At that time, the former Tainan County, merged into Tainan City in 2010, did not have any national university. This gave NUTN a chance to transform into a comprehensive university with the approval from the Tainan County to grant it a big land for new campus. However, to maintain the ecological sustainability of the new campus, NUTN was required to reduce the space for development. This changed its original proposal for moving the whole institution to the new campus (TEDoc8; UDoc8) but moving only some of its colleges. Issues, such as which colleges to move to the new campus, the operational costs for the new campus, and the constant questioning the necessity for expansion, caused many tensions and attracted attention within and outside the institution (UDoc5; UDoc6; UDoc10) as well as shook up its long-rooted family-like organization culture.

The NUTN's governance culture, as other national universities, changed with the Taiwanese government's policies on higher education, in accordance with neoliberal trends favoring a market economy, decentralization, and greater accountability. NUTN received clear signals that it should prepare for self-government. Being a teacher education institution for a century, NUTN developed in full compliance to the national goal to prepare the talents for future primary school teachers. Although it did have a simple list of key development objectives (2.5 pages in TEDoc1) and encouraged the staff to pay more attention to external radical changes and should change their compliance habits (TEDoc3), planning for its own development was not the major concern in its good old days. Until 2005, NUTN proposed its first mid-term and long-term development plan (UDoc1) under the MOE's requirement.

In NUTN's first mid-term and long-term development plan (UDoc1), the sense of urgency to restructure its original teacher education departments was observed due to the government's 3-year policy to reduce by half the number of publicly funded students. Surely, the family-like-united organization culture (UDoc10) was challenged when NUTN faced its faculty and student re-allocation during the process of department restructuring.

Away from receiving a centrally assigned position, NUTN sought its position and set its new mission to cultivate the talents with the NUTN unique spirit, life literacy, and professional employability (UDoc4). One of the major features and future development goals for the NUTN is to create a refined exemplary university with local and regional profound characteristics, well-connected with the international community by more closely working with local government and industry, presenting a university manifesting its rich locality and international engagement

(UDoc4). NUTN began to rethink its role in local development to work closer with local community and meet local needs with its academic expertise and resources to earn more extra external resources. For example, setting up the Research Center on Tainanology in February 2017 presented NUTN to adopt the whole-institutional approach to integrate knowledge and efforts offered by individual departments and colleges. To vitalize the teaching and learning environment on campus, various practices were implemented, including (but not limited to) the Big Master Forum, and Innovative and Think-Out-of-Box programs. However, some departments performed better and committed more deeply than others despite different departments and colleges having different focuses.

As a comprehensive university, there was a recurrent issue that was often discussed during the annual consultation committees on NUTN development (UDoc7 to UDoc14). That is, NUTN had to ensure its academic and disciplinary organization not only maintaining its good teacher education tradition, but also differentiating it from its strong and top neighboring university, National Cheng Kung University. Obviously, following the major external changes, including the open market for teacher education preparation, the revised University Act, and the implementation of NUEFEA, the planning role at the institutional level as well as college and departmental levels was strengthened and emphasized (UDoc16 to UDoc23).

11.4.2 Moving Away from Central External Bureaucracy into Collegiality-Bound Bureaucracy

Although colleges enjoyed a similar status as universities for NUTN, to be a comprehensive university instead of a teacher education college was a great achievement, particularly during a time when its attractiveness to students and their family had started to decline due to the open-market policy for teacher education programs. But changes in its upgrading have only played a subordinate role in its transformation. The NUTN started to learn how to self-govern in the space made available by the central government's deregulation.

Two of the most prevalent features in academic governance existed in the NUTN: a committee system and an internal decentralized structure. Both of them were not new to NUTN (UDoc1 to UDoc4). Before deregulation from the central government, although the committees had certain decision-making power, most of their resolutions should be sent to the MOE for further approval. After the deregulation, the committees in the NUTN began to exercise real and substantial decision-making power. Academics formed the major group in diverse committees on faculty appointment and promotion, finance, curriculum and program, teaching and learning, research, university-industry cooperation, and development plan. In some cases, committees have stronger power than the presidency.

Decentralization made NUTN move away from central bureaucracy. The collegiality started to practice by collectively making decisions for the institution and setting up numerous rules for it to follow. This formed a new collegiality-bound bureaucracy. For self-rule, there are currently 602 items of regulations (e.g., UDoc16 to UDoc23, to name a few) to regulate NUTN daily practices, not only major affairs but also trivial matters. Although decentralized departments and colleges can make their own rules, they still need to follow regulations set at the institutional level. The challenges for NUTN to efficiently manage a body of academic experts within this devolved structure are greater than in past decades when it only needed to follow under the uniform central authority, mainly from the Ministry of Education and partly from its presidency.

Although the collegiality-bound bureaucracy appeared, the central bureaucracy did not completely disappear. The Ministry of Education still has a final say "no" to some agendas, such as student and staff quota and tuition-fee levels that had been approved by the NUTN Council meeting. The MOE rejected the NUTN' Council's resolution to raise up tuition fees in 2004 (TEDoc5). Since then, NUTN has not increased its tuition fees for more than a decade. Moreover, NUTN has been required to submit its annual financial planning report (UDoc15) to the MOE since 2015.

11.4.3 Moving Away from the Monopoly into a Development with Growth Scenario

Gradually moving out of the government's full protectionism and acting as a comprehensive university, NUTN achieved growth in many aspects of its transformation. First, responding not only to the national goal but also to local development and employability needs, NUTN expanded its academic organization and size. During the period between 2004 and present, NUTN expanded its teacher education-oriented colleges (education, humanity, and science) with 13 departments to currently six colleges (education, humanity, and science, environmental ecology, art, and management) with 21 departments (UDoc1 to UDoc4). During the same period, the number of full-time faculty increased from 185 to 245. More importantly, the percentage of faculty members with Ph.D. degrees dramatically increased from 47% in 1996 and 51% in 1999, to 71% in 2004 and 94% in 2017. Among them, nearly 45% of faculty held overseas Ph.D. degree. The number of students grew from 3295 (3896 undergraduates and 1191 postgraduates) to 5559 (3879 undergraduates and 1680 postgraduates) over time. However, the number of students did not grow as projected in NUTN's transformation plan to 8000 students.

Second, financially, NUTN started to implement the NUEFEA in 1999 (TEDoc8), 4 years later after the NUEFEA was introduced. NUTN surely received a proportion of its revenues in the form of a government grant. However,

its proportion decreased, although it still remained a significant single source. The NUTN generated 38% of its income from non-MOE sources of income in 2004 (UDoc4). The first time this percentage surpassed half (51%) of its income was in 2016. NUTN started to experience competition pressures between institutions as well as pressures to generate diversified income. Nowadays, more of its research money and projects are competitively won or industry attracted. It has to find other sources of revenue.

Third, NUTN started to emphasize its research performance. For example, approximately 50 research projects annually received grants from the research council between 1995 and 2004, but this number doubled to more than 100 in 2016 (UDoc4). This growth situation was also evident in the number of the projects funded not only by the Ministry of Education, the Ministry of Science and Technology, other governmental agencies, but also by the private sector. Total research funding increased from NT$ 18,173,000 in 2004 to NT$ 25,110,000 in 2016 (UDoc 7 to UDoc14). Acting as a comprehensive university, NUTN demonstrated its growth in its academic publication performance. The number of papers published in international (e.g., SCI, SSCI, EI) and domestic highly cited journals (e.g., TSSCI) increased from 23 in 2002 and 35 in 2004, to 126 in 2016 (UDoc7 to UDoc14). New levels of cooperation and partnerships with the private sectors in research and educational and training programs were also observed in the NUTN.

Fourth, in terms of internationalization, NUTN promoted its international cooperation with universities worldwide. The scope of mutual cooperation includes faculty exchanges, student exchanges, international academic conferences, joint research projects, overseas internships, and double degree programs. NUTN has also had an incentive to encourage its faulty to use English as medium of instruction (UDoc19) since 2007. The percentage of non-local students in the student population grew from zero to now 3% in NUTN (UDoc14). NUTN also signed official agreements with 124 foreign universities in 23 countries. However, the effectiveness of such internationalization efforts should be re-evaluated (UDoc6; UDoc11).

The growth scenario demonstrated that NUTN had to gradually adapt to the external competition settings that required it to be accountable to taxpayers' money by operating within acceptable norms and performance. Nevertheless, within its traditional state-controlled teacher education agendas and cultures, the limited intellectual and physical capital constrains NUTN to exploit new and lucrative market or funding opportunities. Obviously, the NUTN found its choices more restricted. To date, either the kind of active innovative strategic management or entrepreneurial behaviors start to grow but does not profoundly be integrated into the NUTN governance culture.

11.4.4 Using Market Elements as Rhetorical More Than Practice

Universities have owned the right to naming and structuring the administrative units and their heads for two decades. The exact analogy between the national university and the corporate company was found in neither the names of the formal organization nor the titles of NUTN's senior officers (UDoc1 to UDoc4).

To understand the external competitive environment, the annual meeting of the consultation committee on institutional development, composed of the elites from educational, governmental, and science parks, and the chief executive officers from the industrial fields, was held. Annual reports and meeting agendas were sent to the committee members two or three weeks before the meeting. The meeting, chaired by president, the senior administrative team and college deans were called to attend. After the meeting, the administrative and academic units were called to respond to certain issues raised during the meeting. By 2015, the meeting had been held eight times. From the consultation meeting minutes, certain suggestions, summarized as follows, were repeatedly made: first, facing severe external competition, NUTN had to ensure the continuity of its traditional teacher education spirits in the whole-person education into its current development plan while also differentiating itself from other national universities. Second, NUTN was reminded to pay greater attention to the issue and impact when its academic units expanded with limited resources, and to face the soaring operational costs in running three separate campuses. Third, NUTN should have a clear focus to deepen its connection, cooperation and engagement with its local city and fulfill its social responsibility for local community development. In light of the decline birth-rate, NUTN should pay greater attention to identifying its market niche and characteristics to attract students.

Market definitions and mechanisms of educational provision were on the whole more alien to NUTN with its century-old monopoly of teacher education. NUTN's efforts to maintain quality education won the recognition by consultation committee members. However, adopting selective, competitive and focused strategies for well using its limited resources (UDoc11; UDoc12; UDoc14) became a difficult and challenging choice in its "family-like" academic governance culture, a heritage of teacher education tradition. Certain market terms, such as competition and competitiveness, performativity of faculty, students, and alumni, public relations with press media for visibility, and responsive to student market change, were addressed in reports (UDoc1 to UDoc4). In practice, however, allocating the resources to individual units followed the equal principle instead of being based on their performance. Therefore, it was not surprising to see how late the first explicit and competitive rules to award departments by their performance in research, teaching, and recruitment of foreign students were made in 2005 (UDoc16), in 2007 (UDoc18), and in 2016 (UDoc23) respectively. Paradoxically, such incentive rules seemed to have no impact on those conservative departments with mediocre

performance. Until recently, a newly made regulation on student place re-allocation (UDoc22) forced the departments to be serious about their performance, attractiveness and competitiveness in the declining student market.

11.5 Discussions and Conclusions

The empowerment of academics, power of self-accreditation, and autonomy in curriculum design, were identified in the changing university governance in Taiwan (Mok, 2002). When Chan and Yang (2017) select the NUTN as a case for understanding the hybrid university in Taiwan, their results indicate its teacher education tradition and values as mediator to western and global influence. Adding to it, the current NUTN case reveals more subtle practices. The foregoing analysis highlights four main changes in NUTN's institutional governance. First, NUTN's most pronounced change was struggling to reposition itself for transformation away from a "given" position. Second, free from the control of the central government, NUTN had to be responsible for self-government and engaged in a more complicated rule-setting. The case of NUTN presented the strengthened collegiality but bounded by its-made bureaucratic rules and regulations. Third, the growth scenario appeared explicit when entering into the competition for funding and for students. Fourth, market terms started to be addressed in the daily life than before but still implicit in its policy and regulation practices. It was not common in NUTN to propose and implement competition funding programs and incentives to make it more visible and competitive in the local and international market. Thus, exploring how a century-old family-like university responds to the neoliberal agenda is effective for testing certain prior assumptions to enrich the field of governance of higher education heuristically with the help of unexpected findings.

The relationship between the government and the university in Taiwan is shifting from the prescriptive towards the fairly relaxed. NUTN's roles and responsibilities have been shifting from being more prescribed by the central government to its own determination to oversee institutional goal-setting and ensure it properly managed in order to fulfill its missions. During the transition of the governance culture, this shifting is not unproblematic in itself, but has made governance uneasy between internal constituencies- senior management team, academics (knowledge producers), and consumers (students and employers), dealing with the diverse and potentially conflicting interests among them. Facing such a demanding environment, NUTN is reminded that institutional viability can no longer be taken for granted; instead, it should actively assume its responsibility for ensuring it. NUTN realizes that the degree of autonomy it might enjoy depends more upon its capability to respond to the growing imbalance in the environment-university relationship, and fulfill its missions (Caglar, 1993; Clark, 1998; Kerr, 1995).

The case result shows that the institution is using market ideology under the neoliberal agenda to grow a climate for change in its long-rooted family-like organization culture that makes the collegiality perform more comfortably. The external changes and demands would be left out of its daily life until the sense of NUTN's viability and financial security was challenged. This study's findings occur with Tuck (2013) who calls on the need to remember and reclaim other more usable and fruitful models for changes in teacher education rather than neoliberalism. However, for a university with family-like organization culture, the market ideology in the neoliberal agenda would be wisely used to initiate a change for inspiration and solution.

The NUTN study reflects that the devolution of authority from the central government to the institutional level was positively received by the institutional leaders. However, not all institutional level members were prepared for the complexity of tasks and the intense tempo of the job. All national universities, including NUTN, were left to define the game and formulate the detailed regulations within. NUTN, being upgraded from a teacher education college to a comprehensive university, did not reflect any gap between "academic manager" or the "managed academic" for identity schisms in facing the discourse of corporate managerialism values and goals prevailing at the institutional level (Winter, 2009). Nowadays, responsibility for academics who have more decision-making power in the committee system and devolved departments, instead of freedom, should be further emphasized. As many scholars (e.g., Clark, 1998; Slaughter & Leslie, 1997) argue, at a time when external mounting demands begin to dominate the capacity of universities to respond, universities need to become entrepreneurial, maintaining a state of creative equilibrium with the organizational environment, to protect their expertise and prestige and to recover the space for self-rule.

The formal organization structure may change due to the revision of the legislation and occur in a relatively short time period, but academic governance culture may change more slowly and gradually. Although the collegiality tradition was challenged by corporate practices in England (Bargh et al., 1996; Kogan, Bauer, Bleiklie, & Henkel, 2006) and in Australia (Currie & Newson, 1998), it starts to flourish in national universities in Taiwan. Nevertheless, the pushing and pulling forces from diverse competing agendas have already revealed how hard a national university operates, as NUTN's case presents. How to find the antidote to all the ills of (unresponsive) collegiality and (inefficient) collegiality-bound bureaucracy would help justify its position for self-governance. Finally, if modern universities, as Mayor (1993) observes, like "Alice in Wonderland, have to run very fast indeed in order to stay where they are" (p. 6)', the situation is more embarrassing for NUTN. Forced to move out of the government monopoly, it is high time for NUTN to use the external neoliberal agenda wisely and strategically to allow the collegiality-bound bureaucracy governance model to be responsive to increasing external demands and changes.

Appendix 11.1 Key Description of the Selected Documents

Document name	Date	Code number	Key description
Stage 1: teacher education (TE) (1994–2004)			
Briefing for MOE Inspection	April 1996	TEDoc1	Under the MOE regular review
Minute of the Council Meeting	1998	TEDoc2	Decided to upgrade to "Tainan Normal University"
Minute of the Council Meeting	2000	TEDoc3	Raised staff awareness about external changes
Minute of the Council Meeting	Jan. 2003	TEDoc4	Decided to change its name to "University of Tainan"
Minute of the Council Meeting	June 2004	TEDoc5	MOE failed the application for raising the tuition fee level
Transformation Proposal for Tainan Normal University	Sep. 1998	TEDoc6	Submitted to the MOE after acquiring council approval
Transformation Proposal for University of Tainan	May 2004	TEDoc7	Re-submitted to the MOE after acquiring council approval
Proposal for Moving Whole Institution to New Campus	Sep. 2000	TEDoc8	Found solution to the limited space for a comprehensive university
Year Report	2002	TEDoc9	NUTN's first annual report
Stage 2: university (U) (2004–present)			
2005 Mid-term and long-term university development plan	April 2005	UDoc1	Required by the MOE: first time NUTN had such a detailed plan
2008 Mid-term and long-term university development plan	June 2008	UDoc2	Different from UDoc1, this was initiated from within
2011 Mid-term and long-term university development plan	March 2011	UDoc3	Initiated from within
2016 Mid-term and long-term university development plan	June 2016	UDoc4	Initiated from within
MOE's Review on Transforming to a University	May 2005	UDoc5	Conducted in the first year after upgrading
2011 External Evaluation Report	2011	UDoc6	Received its first accreditation certificate
Minutes of Annual Consultation Meeting	2008–2015	UDoc7–UDoc14	Sought external views and suggestions on NUTN development
2016 Financial Planning Report	2015	UDoc15	First time NUTN should submit such a report for MOE's approval.
Regulation on Awarding Departments with Good Research Performance	2005	UDoc16	The first explicit and competitive rule among departments for research performance

(continued)

(continued)

Document name	Date	Code number	Key description
Regulation on Evaluation of Faculty Member	2006	UDoc17	Faculty members should be evaluated
Regulation on Awarding Departments with Good Teaching Practices	2007	UDoc18	The first explicit and competitive rule among departments for teaching excellence
Regulation on Encouraging Faculty Using English as Medium of Instruction	2007	UDoc19	Under the external pressure to internationalize
Regulation on Awarding Faculty with Good Performance in Research and Education Quality	2005	UDoc20	Award based mainly on individual academics' publication efforts
Regulation on Organizing Student Recruitment Committee	2016	UDoc21	The first clear rule for such a committee
Regulation on Student Place Adjustment	Dec. 2016	UDoc22	Internal adjustment before the MOE cut student places
Regulation on Financial Incentive for Recruitment Full-paying Foreign Students	2016	UDoc23	Made incentive explicit to raise the number of foreign students

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Chapter 12
Corporatization of a Public University: From Collegial Culture to Bureaucratic and Corporate Culture

Molly N. N. Lee

Abstract With the massification of higher education, the Malaysian government encountered tight budgetary constraints in sustaining the expansion so it encouraged the private sector to provide for higher education and corporatized the public universities. Through corporatization, the public universities are subjected to more public accountability in exchange for more institutional autonomy. Using Universiti Sains Malaysia (USM) as a case study, the paper examines how the governance and management of USM has changed when it became corporatized in 1998. It will be argued that corporatization has changed the academic culture from collegial to a bureaucratic and corporate culture. It is bureaucratic because the university is run more like any government department which is subjected to a whole range of rules and regulations pertaining to fiscal control, staff appointment and promotion, research management and curricula development.

12.1 Introduction

The ecology of higher education in the Asia-Pacific region is changing rapidly due to globalization. In the era of globalization, the development of higher education in various countries is influenced by global trends. These global trends include the massification, bureaucratization, marketization and internationalization of higher education. One of the key trends in higher education reform is the need to increase student access to higher education. Higher education in the Asia-Pacific, with the

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exception of Japan, South Korea and Taiwan, is undergoing massive expansion due to ever increasing social demand partly driven by population growth, the democratization of secondary education and the growing affluence of many societies in the region.

As higher education systems expand they become more bureaucratic and regulated so as to ensure consistency of treatment in various areas pertaining to the management of higher education systems (Altbach, 1991). As higher education systems expand, they also become more complex, comprising of different types of institutions, situated in different geographical locations, and thus making it increasingly difficult to be managed centrally. Therefore, a more decentralized management would be required to cope with emerging problems.

Another trend is the dominance of neo-liberalism in economic and social policy. In adopting neoliberal ideology, many governments are cutting back their public and social expenditure which resulted in drastic budget cuts in government spending on higher education (Schugurensky, 1999). With the rapid expansion of higher education and the rising unit cost, many governments are faced with fiscal constraints and the pressure to seek other sources of funding and to restructure their higher education systems. The restructuring of higher education in the region has involved the privatization of higher education and the corporatization of public universities. While private higher education has been a long tradition in countries such as USA, Japan, South Korea, Indonesia and the Philippines, it is a relatively new phenomenon in other countries such as Malaysia, Thailand, Vietnam and China. In the newly established private sectors, the governments liberalize and deregulate the educational policies to allow private higher education institutions to be established so as to absorb the excess demand which cannot be met by the public sector due to budgetary constraints. The corporatization of public universities is a move to allow public universities to operate like business organizations by charging student fees, seeking research grants and consultancy, franchising educational programmes, renting out universities facilities and investing in other business ventures. The move to recruit full-fee paying international students is another strategy to counter the budget cuts in the public funds.

The internationalization of higher education in the region is reflected in the increased mobility of students, academics and higher education providers. On the one hand there is a strong demand for foreign education by parents who can afford to send their students to study abroad, and on the other hand there is a need for universities to recruit full fee-paying international students so as to compensate for the budget cuts.

In this rapidly changing ecology of higher education, the relationship between the state and higher education institutions is constantly being redefined with the state demanding more accountability and higher education institutions insisting on more autonomy. The trend is an increase in institutional autonomy in return for more accountability. New forms of university governance and management are emerging. As the governance and management in the university changes, the academic culture in the campus also changes. The aim of this chapter is to examine

how the academic culture has changed when a public university is corporatized using Universiti Sains Malaysia in Penang, Malaysia as a case study.

The chapter begins with an overview of the development of higher education in Malaysia. The second section is a literature review on university governance and management looking for a conceptual framework to analyze the higher education policy reforms that have taken place in the past three decades. To study the impact of these new policies on campus culture, the concept of university culture is carefully analyzed. Then McNay's typology (McNay, 1995) was used to analyze the changing organizational culture in a selected corporatized public university.

12.2 Higher Education in Malaysia

Like many other countries in the region, higher education in Malaysia has expanded rapidly in the past few decades. The expansion of Malaysian universities can be divided into three distinctive waves (Lee, 2004). The first wave consisted of a single university, the University of Malaya which was established in 1949 during the British colonial period. The second wave occurred in the 1970s and 1980s where there was an urgent need to establish more public universities to rectify the then existing imbalances of educational opportunities among the different ethnic groups. The third wave took place in the 1990s which saw the establishment of private universities aimed at meeting increasing demand and to seek profit through the commercialization of higher education. The 2014 statistics show that in the public sector there are 20 universities, 33 polytechnics and 91 community colleges. In the private sector there are 70 universities, 34 university colleges and 410 private colleges (MoHE, 2015). The gross enrolment ratio (GER) of cohort 17–23 years old has increased steadily from 22% in 2005 to 48% in 2014. The total number of students enrolled in higher education was 1.2 million out which 560 thousands were in public universities, 485 thousands were in private higher education institutions, 90 thousands were in the polytechnics and 22 thousands were in the community colleges (MoHE, 2015). The enrolment of international students in Malaysia has also increased significantly from 72,456 students in 2005 to 100,000 in 2014 (MoHE, 2015). Malaysia aims to recruit as many as 200,000 international students by the year 2020 (MoHE, 2007).

Higher education in Malaysia is characterized by its strong state control. Since the implementation of the New Economic Policy in 1970, the state have viewed access to higher education as one of the means to restructure the Malaysian society by eliminating the identification of ethnic community with economic functions. From 1979 to 2002, the state implemented an ethnic quota system for admission into public universities. Until today selection for admission to public universities is based not only on academic performances but also on the ethnicity of the students. As a result of the affirmative action policy in favour of Bumiputera students, many qualified non-Bumiputera students are not able to gain admission to the public universities which led to much resentment and frustrations among the Chinese and

Indians. Consequently, the state liberalized higher education by encouraging the private sector to play an active part in providing for higher education. About 90% of the students enrolled in private higher education institutions are non-Bumiputeras, whereas the majority of students in the public higher education institutions are Bumiputeras. This has resulted in an ethnic divide among Malaysian graduates (Lee, 2004). Most Bumiputera students are generally products of public education institutions with a rural background and tend to be more comfortable with the Malay language, while their non-Bumiputera counter-parts are either from overseas or private higher education institutions and tend to be more urban and comfortable with English. Most of the Bumiputera graduates are employed in the public sector whereas the non-Bumiputera graduates are usually employed in the private sector. The ethnic divide between public and private higher education is problematic to say the least. The government has tried to reduce the ethnic segregation by sending Bumiputera government-sponsored students to some of the more established private higher education institutions. However, further efforts need to be undertaken by various stakeholders to overcome the ethnic polarization that are commonly found in many of the Malaysian campuses.

The expansion of higher education systems has implications for the governance and management at both the systemic and institutional level. The following section reviews the literature on various governance models in higher education found in different countries at different points in time. Such literature review is necessary so as to obtain useful analytical concepts to understand the situation in the Malaysian context. Moreover, not much have been written on the governance and management of higher education in Malaysia.

12.3 Changing University Governance and Management[1]

One of the most often cited work on national governance arrangements in higher education is Burton Clark's *triangle* of state, market and academia (Clark, 1983). According to Clark, developed countries have developed different forms of 'co-ordination' of higher education, namely, (i) a more market-like co-ordination such as in the USA; (ii) a more state-induced co-ordination such as in the USSR and Sweden; and (iii) a form of co-ordination based on the rule of the academic oligarchy such as in the United Kingdom and Italy. Often countries show a mix of these three different models.

The work by van Vught (1994) differentiates between *a state control model* and *a state supervising model.* The state control model is found in many European countries. It is characterized by a strong authority of state bureaucracy on the one hand and a relatively strong position of the academic oligarchy within the university on the other hand. In this model, the state is seen as intervening in matters such as

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access and equity in higher education, approval of educational programmes, degree requirements, the examination systems, the remuneration of academic staff, and others. However, the academic community maintains a considerable authority in the management of internal university affairs in particular concerning the contents of the courses and research. The weakest chain in this governance model is the internal university administration. The state supervising model is found in countries which have an Anglo-Saxon tradition. It is characterized by a weaker authority of the state bureaucracy. In this model, the authority is divided between a strong academic community and the internal administration of universities. The state influence remains remote. The state's role is to supervise the higher education system so as to assure academic quality and to maintain a certain level of accountability.

The above governance models deal with the management of higher education at the systemic level. At the institutional level, it is useful to distinguish some useful analytical concepts in order to understand university governance better. Berdahl (1990) proposes to distinguish two dimensions of institutional autonomy, namely, (i) *substantive autonomy* and (ii) *procedural autonomy*. Substantive autonomy is the power of the university to determine its own goals and programmes, that is, the question of what to do in order to fulfil the different functions of the university. Procedural autonomy is the power to determine the means by which these goals and programmes will be pursued, that is, the question of how to do it which includes the means, the organization and the distribution of resources. In analyzing the governance of universities, it is helpful to know whether the state is intervening in the procedural or substantive matters.

According to Braun (1999), in analyzing the different university governance models, it is also important to take into account the fundamental differences in the *political culture* of countries concerning the role of higher education systems should play as part of the public service system. In many European countries, the prevailing non-utilitarian culture shares the view that universities are cultural and non-economic institutions, whereas the American utilitarian culture tends to view universities and academics as playing a key role in national development and economic growth. The utilitarian culture is also found in many developing countries. Braun maintains that different political culture will result in different internal organization of universities (such as strong vs. weak role of the dean; department system vs. chair system; board of trustees vs. state influence) and a different environment of institutional action (such as competitive vs. non-competitive). Using these analytical concepts, Braun distinguishes between a tight and loose administrative control of universities by policy makers (procedural dimension) and a tight and loose goal-setting capacity of the government in matters of education and research (substantive dimension).

With the massification of higher education, universities usually enrol large number of students and become more complex organizations. With budget cuts from governments, universities are under pressure to do more with less, to find ways to be less wasteful and to develop better management in order to replace the missing resources. What is now commonly termed as *academic capitalism* (Slaughter & Leslie, 1997) means that academics are required to seek out new

sources of money. In response to the changing context of higher education, there is a shift from academic governance to new managerialism in many of the universities, in particular, in the corporatized public universities.

In the literature, the notion of academic governance refers to the collegiality of academics of equal status working together with minimal hierarchy and maximum trust (Deem, 1998). The academics are self-governing, share power and have common commitments and aspirations. They share decision-making, have collective responsibilities and participate in collective administration. They uphold the ideals of collaboration, debate, consensus and democracy. In recent years, this kind of university governance has been criticized for its slow decision-making process, for being inefficient and resistant to change. It was pointed out that academic governance may only be appropriate in times where there is stability, budgetary certainty and where the absence of competition prevailed (Monaghan, 2007). The shortcomings of academic governance become increasingly obvious when the external environment for universities became progressively more hostile and competitive. Ramsden (1998) declares that the weaknesses of a traditional collegial approach are too great for a time when rapid decisions have to be made and where quick responses to external stimuli are required. Cohen and March (1986) describe the American university of that era as an *organized anarchy* (p. 3) where goals were problematic, vague or in dispute and where decision-making processes were like a 'garbage-can' (p. 81). They define garbage-can decision-making as the admixture of choices, problems and potential solutions in arenas where problems may find solutions, or vice versa.

For many of the reasons mentioned above, many universities in the Asian region has adopted new management practices and administrative process that are commonly known as new managerialism. The term '*new managerialism*' refers to the adoption by public sector organizations of organizational forms, technologies, management practices and values more commonly found in the private sector (Deem, 1998). The managerial approaches in university administration place emphasis on efficiency, effectiveness and market behaviour. These approaches are sometimes known as New Public Management (NPM) which describes the introduction into public services of the 'three Ms', namely, markets, managers and measurement (Ferlie, Ashburner, Fitzgerald, & Pettigrew, 1996). The collegial system of management is replaced by the centralization of power and the development of academic managers with executive powers thus alienating members of academic staff. The control and regulation of academic labour seem to have replaced collegiality, trust and professional discretion (The Conversation, 2012). A central feature of new managerialism is 'performativity' in the management of academic labour in universities (Cowen, 1996). Performance indicators on core activities such as research, quality of teaching and student learning outcomes are increasingly centre-stage in universities. Academics are subjected to tighter monitoring and auditing. Managerial techniques such as target setting, performance management, strategic planning, internal cost centres, benchmarking, quality management and others are being institutionalized in universities.

Studies on the practice of new managerialism in universities show that the intermediary bodies in universities such as deans and other mid-level administrators are usually strengthened (Braun, 1999; Deem 1998). The university administrators engaged in priority setting in the allocation of resources and in management by objectives. Performance indicators and resource allocation are closely linked to strategic objectives. The need for universities to respond to external pressures reinforces the powers of executive authorities in universities. Universities are subjected to market pressures and managerial rationales which make them both service- and client-oriented. This kind of orientation is particularly strong in corporatized universities which view students as customers and practice consumer-based approaches to course offerings. The pressure to secure outside funding leads to the commodification of knowledge, the marketing of educational services and the commercialization of research and innovation. The new organizational structure in corporatized universities links universities with the corporate world, especially the industry.

12.4 Higher Education Reforms in Malaysia

Using the above-mentioned analytical concepts, the current governance arrangement of the universities in Malaysia can be described as strong state bureaucracy, strong internal administration and weak academic oligarchy, all of which operating under quasi-market conditions. With the expansion and diversification of higher education, the Malaysian state has expanded its role from being the main provider to a regulator and protector of higher education (Lee, 2004). As a provider, the state allocates resources to universities and provides funds for scholarships and student aid, research and various capital expenditures. As a protector, the state takes on the function of consumer advocacy by improving access to higher education, formulating policies to promote social equality, and by monitoring the quality of higher education programmes. As a regulator, the state ensures oversight of new and emerging institutions through institutional licensing and programme accreditation. The state also steers by structuring the market for higher education services to produce outcomes consistent with government priorities. The state plays these additional roles through legislative interventions.

In 1996, the National Council on Higher Education Act was passed and this Act reflects the government's intention to put in place a single governing body to steer the direction of development of higher education in the country. In 2004, a Ministry of Higher Education (MoHE) was established to manage and administrate the higher education system in the country. The MoHE was responsible for matters related to higher education which encompass public and private higher education institutions, polytechnics and community colleges. Soon after its establishment, MoHE formulated the National Higher Education Strategic Plan which outlined the direction for the development of higher education beyond the year 2020 (MoHE, 2007). The Plan covered various aspects of higher education, namely, governance

of the university, quality of teaching and learning as well as human capital development. The development of higher education is to be in line with the national agenda in terms of economic growth and to fulfil the country's aspiration of making Malaysia an international hub of higher education.

In general, public universities in Malaysia are state-controlled universities and they are statutory bodies governed by established laws (Morshidi, 2008). However, in 1995, the Universities and University Colleges Act 1971 was amended to lay the framework for all the public universities to be corporatized. By corporatization, the public universities are freed from the constraints of government bureaucratic provision and are run like business corporations. Corporatized universities are empowered to engage in market-related activities such as entering into business ventures, raise endowments, set up companies, acquire and hold investments. The Malaysian government continues to own most of the public universities assets and to provide development funds for new programmes and expensive capital goods. But the corporatized universities have to shoulder the burden of raising a portion of the operating costs. The amendment of this Act has far-reaching implications for the governance and management of the public universities which, in turn, changed the organizational culture of the universities.

In addition, the Private Higher Educational Institutions Act and the National Accreditation Board Act were passed in 1996. These two Acts are aimed at regulating the quality of higher education, in particular those institutions in the private higher education sector. The first Act defines the government's regulatory control over all private higher education institutions (PHEIs). Under this Act, approval must be obtained from the Minister of Education before a PHEI can be set up, or before any programme can be offered in any particular institution. Private universities can only be established at the invitation of the Minister. Foreign universities are allowed to set up branch campuses in the country, but they can only do so at the invitation of the Minister. So far only five reputable foreign universities have set up branch campuses in Malaysia and they are Monash University, Curtin University of Technology, University of Nottingham, Swinburne University of Technology and Newcastle University. The second Act led to the establishment of the National Accreditation Board (LAN) to monitor and control the standard and quality of all the educational programmes offered by the PHEIs. In 2002, the Ministry of Education set up the Quality Assurance Division (QAD) to monitor and evaluate the quality of higher education programmes in public universities. In 2007, the Malaysian Qualifications Agency (MQA), which was a merger of LAN and QAD, was established and this entity is responsible for quality assurance of higher education in both the public and private sectors.

Through the legislation of these various Acts and the establishment of several government entities, the Malaysian state has full control of the higher education system. An analysis by Morshidi (2010) on the changing state-university relationship in Malaysia shows that Malaysian public universities are still very much state controlled because the Malaysian government are reluctant to give full autonomy to the public universities in the present climate of political and economic uncertainties. A recent study on the governance of public universities identifies the

changing patterns of university governance in Malaysia (Soaib & Suffean, 2012). Over the past four decades, the internal governance of Malaysian public universities has undergone different phases of change: (i) 1960s—Academic model of governance, (ii) 1970s—Centrally controlled model of governance, (iii) 1980s—Politically controlled model of governance, (iv) 1990s—Corporate model of governance. Throughout this whole period there were also some elements of Shared model of governance.

In the following sections, we shall examine how the governance and academic culture are affected by state-induced administration and new managerialism at the institutional level.

12.5 Changing University Culture[2]

The concept of culture has been well researched in the field of higher education. The literature on university culture can be divided into two parts. The first part consists of studies on organizational culture while the second part focuses on disciplinary cultures (Maassen, 1996). As defined by Tierney (1988, p. 3), 'An organization's culture is reflected in what is done, how it is done, and who is involved in doing it. It concerns decisions, actions, and communication both on an instrumental and a symbolic level.' The organizational culture is also grounded in the shared assumptions, norms and goals of individuals participating in the organization. As for the disciplinary cultures, these are the impacts of disciplines on specific attitudes, values and behaviours of academics. Becher (1981, p. 109) maintains that 'disciplines are also cultural phenomenon: they are embodied in collections of like-minded people, each with their own codes of conduct, sets of values, and distinctive intellectual tasks.' In his book *Academic Tribes and Territories* (1989), he emphasized the collective manner of behaving and shared way of thinking among academics of the same discipline.

However, the focus of this article is on the institutional cultures of the university and not on the disciplinary cultures of the academics. Higher education institutions are influenced by powerful, external forces such as demographic, economic and political conditions and yet at the same time they are also shaped by strong forces such as the academic culture from within. The research on the institutional culture of a university is important because there could be an inter-relationship between management strategies, practices and processes and the organizational culture. On the one hand, the academic culture can be managed to enhance institutional performances (Dill, 2012; Stensaker, Valimaa, & Sarrico, 2012) and on the other hand, the institutional leadership and management processes and practices may affect the organizational culture of the university (McNay, 1995; Sporn, 1996). This article looks at the how the institutional culture is changed by the new management approaches.

[2]See Footnote 1

A number of scholars have used typologies to describe the organizational culture of universities. In general, Cameron and Freeman (1991) classified organizational cultures into four types, namely, (i) clan, (ii) adhocracy, (iii) hierarchy and (iv) market. Berquist (1992) described the four cultures of the academy as (i) the collegial culture, (ii) the managerial culture, (iii) the developmental culture and (iv) the negotiating culture. Using a slightly different set of criteria, McNay (1995) identified four types of cultures that exist in the universities and he labelled them as (i) collegium, (ii) bureaucracy, (iii) corporation and (iv) enterprise. The use of typologies can help to simplify thinking because they provide useful categories for sorting out the complexities of organizational realities (Schein, 2010). However, typologies can also be misleading for they tend to oversimplify the complexities and may provide categories that are not relevant. Despite its weaknesses, the McNay's typology is used to analyze the changing institutional culture in Malaysian corporatized universities. McNay maintained that all his named four cultures exist in most universities, but with different balances among them. These differences depend on a range of factors including traditions, mission, leadership and external pressures. He also argued that the changing role of administration has created a shift in the balances, particularly towards the emergent enterprise culture.

The key word for the *collegial culture* is 'freedom'. It implies institutional freedom from external controls. The collegial culture is one where the individual academic makes choices about the way the courses are taught and what kind of research to do. The academic governance model provides academic freedom in teaching and research. Collegiality ensures faculty members to participate in the decision-making process at the programme, departmental and institutional level. Bess (1988, 1992) analyzed the combination of professional, organizational and individual manifestations of collegiality in the modern university. He identified three dimensions of collegiality in higher education, namely, (i) collegial culture which reflects local expectations of supportiveness and inclusion apart from policy or formal power of protection; (ii) collegial behaviour which are actions that reflect prosocial and trusting values that exceed typical workplace norms; and (iii) collegial structure which includes policies and systems that govern access to grievances and governance systems. He argued that structure is not sufficient alone for collegiality. Collegiality occurs when the structure is put to proper use through culture and behaviour. The university is a place where intellectuals share their wisdom in a collective attempt to develop their field of research and deliver quality educational programmes. The community of scholars made progress following decisions which are reached by consensus. The behavioural norm is collegiality where individuals work respectfully with others towards common goals, including social and intellectual engagement with colleagues.

In the *bureaucratic culture*, the keyword is 'regulation'. Rules and regulations are needed to ensure consistency of treatment in areas such as equal opportunities or resource allocation. Standard operating procedures are put in place to ensure efficiency. Universities hire more administrators to handle specific tasks and administrators create committees to formulate and implement various policies. Thus, academics are required to spend more time on auditing, reporting, administering,

regulating and codifying than the core functions of university which are teaching and research. With the growth of administrative personnel, authorities which are previously held by academics are systematically taken away by new managerial regimes. The power lies with the university centralized administration. Bureaucratic centralization sometimes threatens academic freedom in determining what courses to offer and what research to conduct.

In the *corporate culture*, the executive asserts authority. The key word is 'power' where the vice-chancellor behaves like a chief executive officer. The corporate culture is very political where bargaining and negotiation among senior staff take place. Working parties with members appointed, not elected, set agendas and condition outcomes. The administrators dominate while the academics decline in such a working environment. The corporate culture exerts pressure to secure outside funding and to commercialize knowledge production. Disciplines that can patent, brand and produce marketable products are much more privileged than those that cannot. The movement is toward an outcome-oriented, performance-based research culture. Emphasis is placed on measurable performances and university rankings. University leaders are more concerned with the overt management of site, finance, staff, students, teaching and research. Effective performances such as teaching more students, graduating students in a more timely fashion, incorporating a consumer-friendly orientation to the student marketplace and using online instruction to maximize the student-teacher ratios are some of the practices that have been institutionalized in universities (Cox, 2013). The proliferation of 'strategic plans' for universities have become a frequent product of university leaders as each of them came into power and these plans usually last until the leaders are replaced with others.

In the *entrepreneurial culture*, the key word is 'client' which carries the connotations of market and customers. Universities are places where clients can seek out the services of professionals who have the knowledge, skills and expertise that they need. It implies that the university should offer educational programmes and research that can serve diverse communities. These educational programmes and research products should be relevant as well as affordable. The entrepreneurial university should search for new, more effective and efficient ways of doing things and the setting up of new organizational forms to manage research so as to work closely with industry (Clark, 1998). Enterprising universities should develop a work culture that embraces change, willing to take risk and to experiment with new things. A 'strengthened steering core' (p. 5) would be able to exploit commercially the opportunities presented by responding quickly to external stimuli. In brief, the enterprise university should be self-steering, self-reliant and progressive.

The following section is a case study of a corporatized public university in Malaysia investigating how the recent reforms on its governance structure and management practices have changed its organizational culture using McNay's typology.

12.6 The Case of Universiti Sains Malaysia (USM)

This case study was carried out in 2001 soon after USM became corporatized in 1998. Much of the data were collected through content analysis of the 1995 Universities and University Colleges (Amendment) Act, interviews with the top management of USM including the Vice Chancellor, Director of USAINS, and a number of Deans from various schools, as well as information mining from USM official website. In addition, updated data were collected from various published articles on USM.

Universiti Sains Malaysia (USM) was founded in 1969 in Penang. It is the second public university to be established in Malaysia. The main campus is located at Minden, Penang and it has two branch campuses, one at Kubang Kerian in Kelantan known as the Health Campus and the other at Nibong Tebal, Penang known as the Engineering Campus. In 2016, USM has a total student enrollment of 29,518 students out of which 21,520 are undergraduates and the rest are post-graduates (MoHE, 2018). As a comprehensive university, USM offers undergraduate and postgraduate programmes across 26 schools and 24 research institutes, centres and units. The university was corporatized on March 15, 1998.

Before corporatization, the governance of Malaysian public universities followed the British model with a university court, council and senate. The organization of the public university consists of faculties, board of studies, board of selection, board of student welfare as well as guild of graduates. The Vice Chancellor of each university was appointed by the university council. With the amendment of the 1971 Universities and University Colleges Act in 1995, the university court is abolished, the university council was replaced with a board of directors, and the size of the senate reduced from about 300 to about 40. The Vice-chancellor is now appointed by the Minister of Education. The reduction of the size of the senate can be viewed as an erosion of the academics' power in the governance of the university. Traditionally, the senate usually comprised the vice-chancellor, deputy vice-chancellor, deans, faculty representatives and all the professors in the university. The senate is where policies concerning academic matters are determined. A trimmer senate could mean less consultation and feedback on university policies from the academics (Lee, 2016).

Since corporatization, the governance structure of USM has been composed of the Board of Directors comprising of 8 members, namely, the Chairperson, Vice-Chancellor, a representative from the local community, 2 representatives from the government and three other persons including a representative from the private sector who has the knowledge and experience to contribute effectively to the Board. There are 40 members of the Senate, all Deans and Directors of Research Institutes and Centres, and not more than 20 professors who are appointed by the Vice-Chancellor. The Vice-Chancellor can co-opt certain academic staff to become members of the Senate from time to time depending on the issues and needs of the time.

A significant change in the governance structure has resulted in the reduction of academic representation in the Senate. How much influence academic staff have on the decision-making process depends on how willing the Vice-Chancellor now is to opening up the decision-making process to them. The Vice-chancellor has the power to restrict the decision-making process to a small in-group, if he or she chooses to, by appointing academics that are loyal to him or her. As a corporatized entity, USM has to raise a portion of its operating costs. Although the corporatized universities are required to raise revenue from market-related activities, they are not allowed to raise tuition fees unilaterally, particularly at the undergraduate level. Any increase in tuition fees has to be approved by the Ministry of Education (Kaur, Sirat, & Mat Isa, 2011). Therefore, corporatized universities have to adopt strategic plans to seek revenue from other sources such as full fee-paying foreign students, research grants and consultancy, franchising educational programmes, fees from rental of university facilities, and interest or dividends from investments (Lee, 2016).

USM is one of the five research universities in Malaysia. It is also the only university in Malaysia to be awarded the Accelerated Programme for Education Excellence (APEX) status. The APEX status is one of the initiatives of the MoHE where a university is selected based on its capabilities and preparedness to attain world class status (MoHE, 2007). USM was awarded the APEX status in 2008 based on the submission of its strategic plan entitled 'Transforming Higher Education for a Sustainable Tomorrow', which encapsulates the university's commitment to the idea of sustainability within a globalized context and to the use of blue ocean strategy to help the 'bottom billion' to transform their socio-economic well-being. The APEX strategy involves significant changes on a wide range of aspects in the university, in terms of autonomy, governance, accountability, talent management, sustainability as well as research, development and innovation. The research priority areas include environmental protection, social justice and cultural diversity (Dzulkifli, 2010). As the APEX University, USM became the flagship university of Malaysia and was provided with extra government funding to develop into a world class university. In addition, USM was given increased institutional autonomy, for example, it is the only public university that can recruit students directly without going through the Ministry of Education.

As a corporatized university, USM developed new organizational forms to exploit business opportunities with the private sector. A holding company by the name of USAINS was formed in 1998. Functioning as the corporate arm of the university, this company assumes the responsibilities of generating revenue for the university (Lee, 2004). It is the sole distributor and outlet for all the commercial activities of USM. It manages existing business activities such as consultancy, testing, contract research, rental of space, continuing/existing courses and franchising USM educational programmes. It also deals with medium and low risk investments such as the commercialization of R&D products and establishing joint ventures for revenue generation. USM has also established a Private Education Liason Unit as a one-stop agency to liaise with various private colleges which offer franchised educational programmes from USM (Kaur et al. 2011).

Besides diversifying its sources of revenue, USM has also taken steps to improve its institutional management internally. Following the global trend, USM has adopted new managerialism in its attempts to improve its accountability, efficiency and productivity. Management techniques from the private sector such as mission statement, strategic planning, total quality management, ISO certification, right sizing and benchmarking are institutionalized in USM. Every school of studies and research institute/centre is required to carry out strategic planning and prepare its medium-term and long-term business plans (Lee, 2016).

To improve management at the institutional level, USM has established a Corporate Development Division to help the Vice-Chancellor and the Chancellery to formulate policies and carry out long-term planning for the university. The division is responsible for the self-evaluation of all the internal operational procedures such as registration, course development, vetting examinations and others that are already in place in the university administration. Its functions include carrying out academic audits, maintaining quality and managing an information system on student and staff ratios, staff profiles, research projects and other performance indicators for strategic planning purposes (Lee, 2004). To improve the management of research and development, the Research Creativity and Management Office (RCMO) was set up to administer the various research clusters which were established to promote inter-disciplinary and trans-disciplinary research (Kaur & Morshidi, 2010). In 2008, USM launched the SAINS@USM project which is an incubator for nurturing life and earth sciences. In addition, USM has established an innovation office to collaborate with industrial partners so as to intensify the commercialization of research products discovered by the university (Kaur & Morshidi, 2010).

The use of performance indicators was introduced with the corporatization of USM. The university identifies performance measures, set performance targets for schools, research institutes/centres/units and individual staff. Resource allocation is based on performances at the institutional level which include the administrative staff, academics and students (Lee, 2016). The performance indicators for academics include (i) academic activities such as the number of students taught, number of graduates, number of conferences attended/organized, and others, (ii) research, consultancy and innovation activities such as the number of research projects registered/commenced/active, amount of research grants received, number of patents/intellectual property rights, and (iii) publications such as number of books published, number of books translated, number of articles published in academic journals, and others. In addition, the centrally directed key performance indicators (KPIs) for USM as an organization include (i) quantity and quality of researchers, (ii) quantity and quality of research, (iii) quantity and quality of postgraduates, (iv) innovations, (v) networkings and linkages, (vi) professional gifts and services, and (vii) quality resources and infrastructure (Kaur & Morshidi, 2010).

All these changes in management practices can be seen as promoting a more powerful role for the central university authorities in resource management and in orienting and controlling departmental activities. The Vice-Chancellor acts more

like a chief executive officer who is often called upon to make top-down decisions in response to changes in the external environment. Decision-making tends to be restricted to a smaller body at the apex (which also includes external stakeholders) as reflected in the composition of the Board of Directors (Lee, 2016). There were attempts to restructure departments into larger groups to form viable decision-making and administrative units. There are additional units for industry liaison for revenue-generating activities, as well as units for institutional development purposes. Cost centres that are not considered viable has either been closed down or merged. For example, the Matriculation Centre was closed down in 1998; the research unit on Ilmu Falak and Atmospheric Science was merged with the Islam Centre; and the COMBITS Biro was absorbed by the Computer Centre (Lee, 2004).

Besides the structural change in the governance and management of USM, it is also important to note the change in the collegial behaviour and culture among the faculty members at the school level. While in the past the mentoring of new faculty members by senior members was a common practice, it is becoming less so after corporatization because faculty members tend to be more competitive among themselves as they are being subjected to performance-based assessment. Similarly, the performativity culture also reduces collaboration among schools, centres and institutes because faculty members and researchers are made to be more responsible to their own respective units. To improve its performance in university ranking tables, the senior management in USM has introduced monetary incentives to encourage its academic staff to publish in high impact journals. Furthermore, while it was suffice to invite external examiners to peer review educational programmes at the school level in the past, the schools are now subjected to various quality assurance mechanisms both internally and externally.

As pointed out by Campbell (2012), USM also has some legitimacy issues both internally and externally. With regards to the internal processes within the university, the senior management faced the challenge of getting a buy into the reform agenda which were launched when USM was corporatized and later when it was awarded the APEX status. As a sustainability-led university, USM is trying to use a different set of criteria to rank itself among the other universities in the international arena (Kaur & Morshidi, 2010). In this respect, USM may suffer from the 'liability of newness' that contributes to a high percentage of new venture failure (Zimmerman & Zeitz, 2002).

12.7 Discussion and Conclusion

The analysis in this article shows that the corporatization of a public university brings about changes in the governance structure, decision-making process, institutional and academic culture. Not only does the state have a tighter control of the university through its appointment of the members of the Board of Directors and the appointment of the Vice-Chancellor, the central administration of the university has

also assumed greater power over the academic community through the executive power of the Vice-Chancellor and the reduction of the size of the university senate. The collegial and democratic forms of decision making are replaced with forms of strong executive control (Lee, 2016). In a corporatized university, how much influence does the academia has on the decision making process depends on how willing is the Vice-Chancellor in involving the academic staff in the decision-making process. The current thinking in the corporatized university is that there is no time for long deliberations and large committees for decisions have to be made fast so as not to miss out on all the opportunities available in the competitive market.

The institutional culture has shifted from a collegial culture to a hybrid of bureaucratic and corporate cultures. The corporatized university has become very bureaucratic and hierarchical in its day-to-day administration and this bureaucratic culture has a strong influence on the daily lives of the academics. To enhance their chances of being promoted, academics now tend to follow every rule and regulation laid down by the administration and carry out their academic work like a bureaucrat. Some of them even work strictly according to office hours. Many of them acquire the attitudes of a bureaucrat by being uncritical and displaying blind loyalty to their heads. This kind of academic bureaucratic culture, which has emerged from too much direct government control on the universities, has degraded the academia in Malaysia. The development of such a culture has also tightened the government's grip on the universities because many of the academic bureaucrats would turn to the government and political leadership for recognition and rewards which have nothing to do with academic achievements. Academics are no longer promoted on the basis of academic performances but based on non-academic criteria such as favouritism, political patronage, administrative experience, and other kinds of cronyism. As a consequence, many of the academics that have been promoted to leadership positions lack intellectual maturity and academic leadership (Lee, 2016).

The corporatized university operates like a business corporation and a profit-making centre. Schools, research institutes/centres have to compete for resources based on their performances on indicators laid down by the university central administration. Working in this corporate culture, academics are under increased pressure to source funding and revenue from external sources so as to generate income for the university. Among other things, they have to do consultancy, seek research grants, enrol full-fee paying students, franchise their programmes, and produce commercial products from their research. The emergence of a corporate culture in the university is beginning to cause a cleavage between academics in the natural and applied sciences who are constantly subjected to the pressure of being engaged in entrepreneurial activities on the one hand, and on the other hand, those in the social sciences and humanities who perceive the social value of their research being undermined by the university authorities. Many Malaysian academics fear that too much attention is being given to entrepreneurial activities to the extent of impairing the 'core business' of the university which is teaching and research (Lee, 2016).

The corporatization of the public university has also brought about more accountability on the part of the academics. Academics are professionals but they also have to work in the bureaucratic environment of the university. The individual academic freedom and institutional autonomy are increasingly challenged by accountability, that is, 'the requirement to demonstrate responsible actions to some external constituencies' (Berdahl, 1990, 171). The corporate culture in the university places a lot of emphasis on performativity. The academic staff has to work out 'personal performance contracts' with their heads. They have to submit very detailed statements to their immediate superiors about the work they had completed for the previous year and a set of objectives for the following year (Lee, 2016).

In conclusion, with the corporatization of the public universities in Malaysia, the academic culture has been swept aside by bureaucratic and corporate cultures in the campuses. The idea of collegial self-governance has been suppressed and the shift is towards new managerialism directed at market objectives. The structural changes in the corporatized university show that collegial forms of governance has been sidelined, entrepreneurial activities have increased, and corporate managerial practices have been institutionalized (Lee, 2016). However, the case study did not examine how the process of change took place. A significant change like the corporatization of university is always accompanied by numerous conflicts, push-backs and resistance from the faculty. Different units of the university may not change at the same pace and may respond differently to the same policies and incentives. Thus, further research needs to be carried out on this case study to find out more about the process of transition, what are the unresolved issues or tensions, and where are the hotbeds of resistance, if any.

Nonetheless, this is a timely and useful study because the corporatization of public universities does not occur only in Malaysia. In recent years, higher education reforms on the governance and management of universities are also taking place in a number of countries in the East Asian region. In 2004, the national universities in Japan were corporatized and the same happened in Singapore in 2005. In 2000, four universities in Indonesia were given 'autonomous' status and similarly in 2008, a number of autonomous universities were established in Thailand. It would be very interesting to find out how the corporatization and 'autonomous' status have changed the governance and organizational structures as well as the institutional and academic cultures of the universities in these respective countries. A comparative study on the similarities and differences would inform how the global trend of neo-liberalism in higher education policy is being played out in the East Asian region.

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Part III
Changing Patterns of Governance and Institutional Performance

Chapter 13
Changing Patterns of Higher Education Governance Under Neoliberalism: Global and East Asian Perspectives

Jung Cheol Shin and Yangson Kim

Abstract This study classified higher education governance across 20 higher education systems. Six higher education systems are from East Asia and the other 14 systems from the other five continents. According to a cluster analysis and profiling analysis, this study found that most higher education systems are converging around managerial governance where institutional managers hold stronger power than other actors such as state or academics. However, the governance patterns also differ by fields of works (finance, personnel, and academic fields). This study also found that the six East Asian systems are equally distributed in each of "Bureaucratic Governance" (China and Malaysia), "Managerial Governance" (Korea and Hong Kong), and "Collegial Governance" (Japan and Taiwan). This study also predicts the convergence might continue in the future although the institutionalization process might differ depending on historical and socio-political contexts of each system.

13.1 Introduction

Higher education studies, especially organization studies, focus on growing similarities in higher education governance across countries. These studies (e.g., Braun & Merrien, 1999; Paradeise, Reale, Bleiklie, & Ferlie, 2009) highlight the fact that higher education governance has changed to a more market oriented structure from

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the academic self-governance under neoliberalism. On the other hand, scholars also observe that country specific and/or institution specific contexts are embedded in higher education governance reforms (e.g., Dobbins & Knill, 2014). The different perspectives lead to academic discourses on how much each higher education systems are similar or different from each other and some have endeavored to further develop their discourses to the typology of higher education governance across countries. Well-known studies are Clark (1983), Braun and Merrien (1999) and McDaniel (1996). These studies assume that there is a distinctive pattern of higher education governance between countries and place a system in a typology (e.g., state, professor, or market oriented systems). This study explores how the governance patterns differ or are similar across countries from the comparative perspective, especially focusing on the East Asian higher education.

As well as the similarities within European higher education systems after the Bologna Process, the rapidly growing East Asian higher education systems also have developed similarities in the 2000s. These East Asian countries differ in their historical roots, but the similarities are increasing in these countries with the massification of higher education (Shin, Postiglione, & Huang, 2015) and with their efforts to enhancing their global competitiveness. They frequently invite policy specialists from their neighbor countries to advice on policy developments, and draw lessons from their neighbors. Neoliberal reforms are also regionally diffused. Examples are the incorporation of the national university, a policy adopted by Japan in 2004, Korea in 2012, Malaysia in 1998, and Singapore in 2005 (e.g., Kaneko, 2009; Mok, 2010). Frequently, policy makers rationalize governance reforms in neighboring countries as their reference for reforming their governance systems as theorized by policy borrowing researches (e.g., Steiner-Khamsi, 2004). However, policy diversity still exists between countries.

In studying governance, one might find that there are various approaches and perspectives because governance has multiple facets according to the focus of the study (Braun & Merrien, 1999). One may focus on the relationships between state and university. In this case, institutional autonomy and centralization/decentralization are the core issue. However, if one focuses on the relationship between institutional managers (e.g., president) and professors, shared governance and managerialism are the core issue. In addition, governance structure is a matter of who perceives the governance among the stakeholders, e.g., states, institutional managers, or academics. For example, although states argue that they decentralized their decision-making power, university managers suffer from many guidelines imposed by government agencies (e.g., Paradeise et al., 2009). The way governance practices operate on campus is more reflective of the academics' experience and perception, but less of government officials or university managers because the bottom level stakeholders are less "contaminated" by political rhetoric or corporate ideology as Considine and Lewis (2003) argue.

This study analyzes higher education governance patterns the perspective of academics (rather than policymakers or institutional managers) with empirical data.

13.2 Theoretical Background

The academic discourse on higher education governance patterns has two core issues: one is focused on how to conceptualize governance patterns, and the other is how to classify each system according to the conceptualized frameworks. This section overviews the patterns of higher education governance, and discusses classification measures, followed by an overview of higher education governance in East Asia.

13.2.1 Patterns of Higher Education Governance

The power relationships between state and university, and between major actors within the university can be explained using a conceptual framework proposed by Clark (1983), van Vught (1989), Braun and Merrien (1999), and other scholars. Clark's triangle model of coordination is a pioneering concept of higher education governance. He explained higher education governance by state, market, and academic oligarchy in his typology. However, market as a major stakeholder in higher education decision-making might not reflect the reality of higher education practices in many countries. In the USA, the market mechanism works better than in other countries, but the market value works through other actors such as states and academic managers in the decision-making process as Paradeise et al. (2009) argue. Considering this reality, van Vught (1989) simplified the typology to a state control model and a state supervising model according to the degree of state involvement in higher education: the continental European countries (e.g., France) are considered state control and the Anglo-American systems considered state supervising.

Follow up studies of higher education governance began to highlight the roles of the market in higher education, reflecting neoliberal reforms in higher education. For example, Braun and Merrien (1999) further developed Clark's model by including the social function of the university (university as a "cultural institution" and as a "service institution") and proposed six models—collegium, bureaucratic-oligarchy, market, bureaucratic-etatist, corporatist-statist, and new managerialism. Braun and Merrien's model highlights the emergence of new managerialism in the Western higher education, where the state is increasingly involved in academic (or substantial) affairs while granting more autonomy to procedural (or administrative) affairs. The new managerialism is based on the belief in the university as a social service institution. Recently Dobbins and Knill (2014) have used market as an actor in their typology of governance in the four European systems—Germany, France, UK, and Italy. Nevertheless, still it is unclear whether market is an independent actor like the state or academics.

In reality, market governance highlights "market values" such as privatization, competition, performance, and efficiency, but not "act" like state or academics (e.g.,

Green, 2003; Marginson, 1997; Steck, 2003). Notwithstanding the limitation, scholars frequently use market as an actor equivalent to the state or academics to highlight market influence in higher education governance. An issue is how to incorporate "market" in the governance of higher education to explain its influence in institutional decision-making. Reflecting this complexity, Ferlie, Musselin, and Andresani (2008) explain different governance systems by using the symptoms of governance rather than focus on major actors. However, it is not easy to discuss governance patterns without assessing the relative influences of main actors. This study uses a representative actor that highlights market value in decision-making. Among the major actors, market values are relatively well represented by institutional managers under neoliberal governance because institutional managers are supposed to attract external resources from markets as well as from government.

13.2.2 Measures of Higher Education Governance

Although studies on governance patterns provide some implications for understanding which system is in which type, there are few academic discussions on the indicators for classifying governance. In addition, most studies are based on an ideal typology of governance rather than on empirical data. As Dobbins, Knill, and Vogtle (2011) argue, "…discussion on governance patterns could also greatly benefit from the development of more systematic empirical indicators…" (p. 667). In the US, most studies paid attention to the institutional autonomy in each state because their main concerns are state-university relations. In their study of institutional autonomy, Berdahl's (1971, 1990) conceptual frame of procedural and substantive autonomy is an important concept because states' involvement in substantive areas is relatively limited. Volkwein (1986, 1989) and Volkwein and Malik (1997) studied institutional effectiveness using the measure of institutional autonomy (institutional flexibility in his study) by three categories of measures—budget, personnel, and academic flexibility.

However, classifying higher education governance across countries is more complicated than within a country comparison because a comparative study classifies different systems in a category although each system has its own historical and socio-political contexts. McDaniel's study (1996) pioneered the classification of governance patterns across countries using empirical data. McDaniel classified higher education systems by five categories (finance, general aspects of management, educational matters, personnel policy, and student affairs) based on data collected from 75 states. Although these categories of specific indicators that McDaniel uses can be disputed, McDaniel's study provides useful information for follow up comparative studies. Recently, Dobbins et al. (2011) proposed four areas of indicators (institutional balance of power, funding, personnel autonomy, and substantive autonomy) in determining types of higher education governance–state, market, or academic self-governing models. Dobbins et al. indicators cover both

state-university relationships as well as within university governance, so that the indicators represent different levels of governance.

Dobbins et al. study has potential values for studying governance across countries. However, combining different levels of indicators in measuring governance patterns might mislead our interpretations. The state-university relationship aligns more with institutional autonomy while within university governance more with managerialism or collegiality. Instead of combining both state-university relationship and institutional governance, focusing either on autonomy or institutional management provides clear information on governance patterns. This study focuses on the governance at institution level, so that the interpretation of the analysis is simpler than combining different levels in an analysis. In addition, this study will use three categories of indicators (finance, personnel, and substantive affairs) as used frequently by Volkwein (1986, 1989) and Dobbins et al. (2011) with some modifications for institution level analysis.

13.2.3 Higher Education Governance in East Asia

The historical roots of East Asian higher education systems differ between countries in East Asia. Each county imported their modern university ideas from Western countries mainly from their former colonizers and localized their university within their own contexts (Shin, 2013). It could be viewed as a hybrid model, as Altbach (1989) has argued in his overview of East Asian higher education. We focus on the five countries (Japan, Korea, China, Taiwan, and Malaysia) and one special asministrative region (Hong Kong) that we selected for this study. Japanese higher education is modeled on the Humboldtian model, Korean and Taiwan were influenced by the Japanese model during the colonial periods, the Chinese model is based on the former Soviet model after communist government in 1949, and Malaysia and Hong Kong were influenced by the British models (see for example, Altbach, 1989). Considering the historical roots and contemporary development, it is clear that these higher education systems have been influenced by Western governance systems (Shin, 2013).

East Asian higher education is shifting its higher education systems including its governance from their historical roots toward the American model after World War II. This shift is related to the strong US political influence in the region as well as the global competitiveness of American higher education (Neubauer, Shin, & Hawkins, 2013). For example, Japan, Korea, and Taiwan, where formerly the state government was heavily involved in the university governance, especially in administrative (or procedural) affairs, have become more autonomous in order to enhance international competitiveness through deregulation and institutional autonomy as discussed in this book. These countries have moved to adopt corporate forms of the national university in order to provide autonomy and enhance accountability. However, some conflicting trends can be detected. For example, the

government of Malaysia has become involved in their university to enhance international competitiveness and accountability (Mok, 2010).

These changes imply that convergence and divergence are happening in higher education governance in the East Asian countries. In particular, the systemic changes impact relative influence of the three actors on their campus wide decision-making. In this context, our interest lies in examining how decision-making power is repositioned between the three actors across the three major fields–finance, personnel, and academic (or substantive) affairs. One hypothesis is that senior managers exert a strong influence on finance and personnel affairs while academics influence academic (or substantive) affairs. Alternatively, the changes of relative influence differ according to the stage of higher education development between the countries selected for this study—Japan, Korea, Taiwan, and Hong Kong are advanced systems, while China and Malaysia are developing systems (e.g., Shin & Cummings, 2014). The advanced systems might maintain the tradition of shared governance while the top-down style might be popular in the developing systems.

13.3 Method

13.3.1 Data

The data for this analysis are based on the Changing Academic Profession (CAP) survey which was conducted during 2007–2008 by international comparative research teams. The survey data were coded and shared by the CAP participating teams across 18 countries and one region (Hong Kong SAR China) (hereafter, "19 countries" or "19 higher education systems"). The data were delivered to a data center at Kassel University, Germany and coded and double-checked for accuracy by data mining specialists. These 19 countries include five East Asian countries included in this study (Japan, Korea, China, Malaysia, and Hong Kong) except Taiwan. Fortunately, Taiwan participated in a follow up project called the Academic Profession in Asia (APA) which included the same question on institutional governance as the CAP, so that this study uses the governance data from the APA project for the study. Although the APA project was conducted 2 years after the CAP, there was no major change in university governance in Taiwan between the two time points.

Concerning university governance, the survey asked about the main stakeholders in campus wide decision-making in 11 core variables. These fields cover finance, personnel, and academic affairs, based on the higher education literature. These core decision-making areas are: selecting key administrators, choosing new faculty, making faculty promotion and tenure decisions, determining budget priorities, determining the overall teaching load of faculty, setting admission standards for

undergraduate students, approving new academic programs, evaluating teaching, setting internal research priorities, evaluating research, and establishing international linkages. The main stakeholders range from external to internal stakeholders —from government/external stakeholders, institutional managers, academic unit managers, faculty committees/boards, individual faculty, and students. This study is interested in the higher education governance where students are not much represented, so we excluded students in the analysis. Students fall near zero in relation to these 11 variables in terms of their influence. We counted responses for each item regarding the main stakeholder in deciding the 11 core variables by government/external stakeholders, senior managers including institutional managers and academic unit managers, and academics (faculty committees/boards, individual faculty).

The sample numbered 22,002 academics from the 19 higher education systems. We excluded some cases in the data set and included only full-time academics in 4-year education institutions, following Enders and Teichler (1997). For example, some European countries (Germany, Finland, Norway, and Portugal) include academics in research institutes in the CAP data. However, academics in research-only institutes may not be equivalent to those in a university because the governance for research institutes is quite different from a university. In addition, some countries have a relatively large share of part-time academics included in the data, but the survey question on governance for part-time academics may not accurately capture the reality of governance in those universities. Through the data filtering process, we downsized our original 25,819 cases to 22,002 cases plus 370 from Taiwan. The final data for this study are reported in Table 13.1.

13.3.2 Analytical Method

The CAP survey includes 11 variables to measure within university governance. For simplicity in the analysis, this study uses a small number of representative variables related to the three areas of governance based on the literature. The survey has only one finance variable (determining budget priorities within a university) and three variables are related to personnel (selecting key administrators, choosing new faculty, making faculty promotion and tenure decisions). This study selects three representative variables from the academic affairs (setting admission standards for undergraduate students, approving new academic programs, and setting internal research priorities) because these variables are frequently used as an indicator for measuring governance (e.g., Dobbins et al. 2011; Volkwein, 1986, 1989).

The descriptive statistics in Table 13.2 show the power relationship on decision-making between the three actors at the university level. In general, institutional managers hold a strong influence on finance (budget priority) and appointing key administrators. Academics or academics in collaboration with

Table 13.1 Sample size for each country

		Sample of the CAP	Final sample of this study
Anglo-American systems	AU	1370	1053
	CA	1152	1112
	UK	1565	1092
	USA	1146	1080
European systems	FI	1452	1194
	DE	1265	1025
	IT	1701	1644
	NE	1167	674
	NO	1035	923
	PT	1320	1103
Latin American systems	AR	826	419
	BZ	1147	612
	MX	1973	1775
Africa	SA	749	671
East Asian systems	CH	3612	3413
	HK	811	749
	JP	1408	1392
	KR	900	900
	MA	1220	1171
	TW	450	370

Notes (a) Abbreviations: *AR* Argentina, *AU* Australia, *BZ* Brazil, *CA* Canada, *CH* China, *DE* Germany, *FI* Finland, *HK* Hong Kong, *IT* Italy, *JP* Japan, *KR* Korea, *MA* Malaysia, *MX* Mexico, *NE* Netherlands, *NO* Norway, *PT* Portugal, *SA* South Africa, *TW* Taiwan, *UK* United Kingdom, *US* United States. (b) Taiwan data are from the conference materials of the 3rd International Conference on the Changing Academic Profession in Asia (Jan. 24-25, 2013) hosted by the RIHE, Hiroshima University, Japan

Table 13.2 Three actor's influence on decision-makings in the seven fields (%)

Fields of governance	State	Manager	Academics
Determining budget priority	5.8	77.8	16.4
Appointing key administrators	11.7	67.9	20.5
Hiring faculty	2.3	47.5	50.2
Faculty promotion and tenure decision	2.9	51.9	45.2
Setting admission standard	7.7	52.8	39.5
Approving new academic program	10.3	42.7	42.7
Setting internal research priority	2.5	49.6	47.9

managers maintain influence on faculty personnel (hiring new faculty, and faculty tenure/promotion) and academic affairs (setting admission standard, approving new programs, and setting research priority). This finding show that although institutional managers exert strong influence, their influence is limited in faculty personnel and academic affairs where major decision-making is done by academics.

Faculty personnel show distinctive trends in terms of their power relationship among state, senior manager, and academics compared with the other personnel indicator (appointing key administrators) and share similar trends with the academic affairs. The correlation analysis also suggests that faculty personnel share similarity with the academic affairs in term of power relationships between the three actors (the correlation results are not reported in a table). In higher education practices, institutional managers hold limited power in deciding faculty hire, and promotion and tenure decision in many higher education systems because it is closely related to teaching and research activities. This study therefore uses faculty personnel as an academic affairs with other threes indicators (setting admission standards for undergraduate students, approving new academic programs, and setting internal research priorities).

The *k-means* cluster analysis was used to classify the 20 higher education systems according to the three categories of indicators. The k-means cluster analysis enables us to classify each object to the nearest mean of each group. By this method, each system is classified by the decision-making power between the three main actors—state, institutional manager, and academics. In addition, this study goes further in examining how the higher education governance differs by the three fields. For the purpose, the cluster analysis is conducted three more times for each of the three fields. The outputs show who holds powers in each of three fields. Presumably, institutional managers hold strong influence across the three fields if the managerial reforms are widely adopted; if the reforms are mainly focused on administrative affairs (finance and personnel), then academics maintain their influence in the academic affairs. The cluster analysis and profiling of each cluster will provide information on these issues.

13.4 Findings

13.4.1 Power Relationship Between the Three Actors

Figure 13.1 demonstrates the power relationships between the threes across the three affairs (we interchangeably use “affairs” and “fields” in this chapter) after we combined faculty personnel with academic (we interchangeably use “academic” and “substantive” in this chapter) fields. Institutional managers have considerable influence on finance and personnel, and moderately strong influence on substantive fields. This finding implies that governance reforms based on neoliberalism provide more power to institutional managers in their finance and personnel affairs; however, academics continue to have the most influence on academic affairs.

13.4.2 Typology of Governance by System

As the descriptive presentation in Fig. 13.1 shows, institutional managers hold strong power across the three types of affairs. The cluster analysis enabled us to classify the 20 systems into one of three clusters according the closeness between them. In our cluster analysis, we excluded Mexico because cluster analysis suggests that it is an outlier in the analysis. Mexican data show that the state is heavily involved across the three fields and grouped as independent from the other 19 systems. The multivariate analysis of variance (MANOVA) shows that these three clusters are statistically different from each other (statistical test results are not reported in this chapter for simplicity). According to the cluster analysis, the 20 systems are classified into one of three groups as presented in Table 13.3.

- Bureaucratic governance: Cluster 1 represents governance with strong managerial power with state influence and minimum influence from academics. This pattern represents strong top-down decision-making patterns. Two developing East Asian higher education systems (China and Malaysia) and Mexico are in this category.
- Managerial governance: Cluster 2 represents strong managerialism with some influence from academics. In this type managers are the main actors for decision-making, but the institutional managers allow academics to involve in decision-making to some extent. The 14 higher education systems including two East Asian systems (Korea and Hong Kong) are in this category.

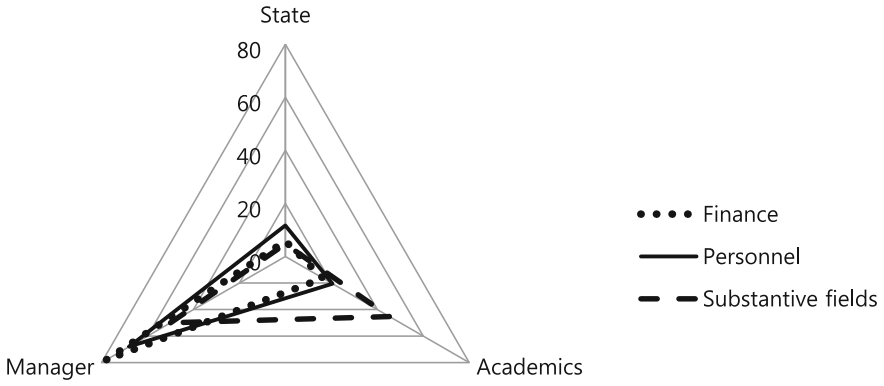

Fig. 13.1 Power relationships between the three actors in the three fields. *Notes* personnel is 'appointing key administrators', substantive fields are average of five items (choosing new faculty, faculty promotion and tenure, setting admission standards for undergraduate students, approving new academic programs, and setting internal research priorities)

Table 13.3 Patterns of higher education governance

	Bureaucratic governance	Managerial governance	Collegial governance
State	14.5	5.0	3.8
Manager	77.9	68.1	51.2
Academics	7.6	26.9	45.0
HE systems	CH, MA, (MX)	AR, AU, BZ, CA, DE, HK, IT, KR, NE, NO, PT, SA, UK, US	FI, JP, TW

Notes AR Argentina, *AU* Australia, *BZ* Brazil, *CA* Canada, *CH* China, *DE* Germany, *FI* Finland, *HK* Hong Kong, *IT* Italy, *JP* Japan, *KR* Korea, *MA* Malaysia, *MX* Mexico, *NE* Netherlands, *NO* Norway, *PT* Portugal, *SA* South Africa, *TW* Taiwan, *UK* United Kingdom, *US* United States

- Collegial governance: Cluster 3 shows that there are some power balances between managers and academics. This category represents the nature of the power balance between the two actors. In this case, managers hold much stronger power in finance and personnel, but academics hold strong influence in substantive fields. Two East Asian systems (Japan and Taiwan) and one European system (Finland) are in this category.

The clustering shows that there is no pure "state" or "academic oligarchy" system. Traditional view of governance highlighted one of strong state initiative, academic oligarchy, or market influence. However, this study found that institutional manager is the strongest stakeholder in contemporary higher education. Another interesting finding is that the two bureaucratic governance systems are East Asian systems and two of the three collegial governance systems are also East Asian systems. Interestingly, the European systems and Anglo-American systems are all in the category of managerial systems except Finland.

13.4.3 Typology of Governance by Fields

To investigate the in-depth nature of the governance across the three fields, this study conducted a follow up cluster analysis for each of the three fields. The cluster analysis was conducted each for finance, personnel, and substantive fields as shown in Table 13.4.

- Finance: Institutional managers hold strongest power in budget priority setting within a university although the three clusters show different levels of managerial powers. Academics hold some influence in budget priority setting, but the state has only weak influence on setting budget priority within a university. This means that authority for setting budget priority is given to institutional managers across the three types of governance.

Table 13.4 Patterns of higher education governance by fields

Fields of influence by actors		Bureaucratic governance	Managerial governance	Collegial governance
Finance	State	4.5	3.8	3.2
	Manager	86.8	74.9	65.1
	Academics	8.7	21.3	31.7
	Higher education systems	BZ, CA, CH, DE, HK, KR, MA, NE, PT, US	AR, AU, NO, SA, UK	FI, IT, JP, TW
Personnel	State	24.1	4.1	7.2
	Manager	71.8	78.4	51.2
	Academics	4.0	17.4	41.6
	Higher education systems	CH, HK, MA, NE	AU, FI, DE, IT, KR, NO, PT, SA, UK, US	AR, BZ, CA JP, TW
Substantive fields	State	11.8	4.7	3.5
	Manager	75.1	53.7	33.6
	Academics	13.2	41.5	62.9
	Higher education systems	CH, MA	AR, AU, BZ, DE, HK, KR, MX, NE, NO, SA, UK, US	CA, FI, IT, JP, PT, TW

Notes Outlier (Mexico in this study) is excluded in the cluster analyses for finance and personnel, but included for substantive fields

AR Argentina, *AU* Australia, *BZ* Brazil, *CA* Canada, *CH* China, *DE* Germany, *FI* Finland, *HK* Hong Kong, *IT* Italy, *JP* Japan, *KR* Korea, *MA* Malaysia, *MX* Mexico, *NE* Netherlands, *NO* Norway, *PT* Portugal, *SA* South Africa, *TW* Taiwan, *UK* United Kingdom, *US* United States

- Personnel: Institutional managers hold the strongest power across the three types of governance. One interesting fact is that the state holds some influence in personnel in bureaucratic governance. This finding implies that the influence between the three actors is distributed differently depending on governance types—to states in bureaucratic governance, to managers in managerial governance, and to academics in collegial governance.
- Substantive fields: Academics maintain their strong influence in substantive fields, especially in managerial governance and collegial governance. However, state and managers hold strong influence in the bureaucratic governance. This is noticeable to know that states and managers make major decision on teaching and research related affairs in the bureaucratic governance.

Governance patterns differ across different types of fields. In general, the logic of managerial efficiency is deeply involved in resource allocation (finance); the personnel field shows the balance of power between the three major actors; and substantive fields shows that academics maintain their authority to some extent, but lose their power in some countries as shown in the bureaucratic governance. Interestingly, four of the six East Asian countries are consistently classified in a

category while the others are scattered across different categories. For example, China and Malaysia are grouped in bureaucratic governance across the three fields, which show managers hold strong influence, while Japan and Taiwan are in collegial governance where academics maintain their strong influence.

13.5 Discussions

This study found that there are global convergences of higher education governance towards managerialism under neoliberal reforms. Although many studies, especially system specific case studies, found that managerial governance is widely disseminated across the world, few studies support the changing patterns of governance with empirical data. This study provides empirical grounds for discussing the changing nature of contemporary higher education governance under neoliberal reforms as the theory of new institutionalism proposes (e.g., Meyer & Rowan, 2006). On the other hand, the changes of governance between systems differ according to their historical origin of governance and their socio-political contexts (e.g., Rakic, 2001). The legacy of higher education systems impacts on the changing process. Our discussion focuses on the divergent trends as well as the convergence of higher education governance based on the findings of this study.

The convergence of governance patterns is identified between systems, especially between Anglo-American systems and European systems. Most Anglo-American and European systems were classified in the category of the managerial governance (market in other studies) and European systems in the state or academic oligarchy in the beginning of higher education governance studies (Clark, 1983). However, most of them are in managerial systems except Finland in this study. At present, Finland might be in the category of managerial governance because Finland incorporated in 2011 (three years after the CAP data collection). The driving forces of these changes are neoliberal reforms since the 1990s. Although neoliberal reforms are interpreted in different ways and institutionalized in each system accordingly, there are some symptoms of managerial reforms as Ferlie et al. (2008) have discussed. One representative sign of neoliberal reform is the reduced state power and increased managerial power at higher education institutions.

However, the momentum for shifting governance in each system differs, though these countries adopted a form of managerial reforms in the 1990s. In Europe, the Bologna Process of 1999 was a main driver of the reforms (Neave, 2009). Although there is no legal binding by the Bologna Compact between European countries, there is social pressure to not get behind the European convergence and it is as a driving factor in the European convergence (Dobbins & Knill, 2014; Vogtle, 2014). In East Asia, national initiatives for building world-class research universities and governance reforms as a tool to support the national competitiveness are at the center of these reforms as Shin and Kehm (2013) have discussed. These initiatives

emphasize managerial power and seek to reduce a strong academic oligarchy. Although each system has different historical origins and contexts, they move toward strong managerial governance in most higher education systems included in this study.

The changing patterns of governance become clearer through comparison with previous studies using empirical data. McDaniel's study which was conducted in the mid-1990s (1993–1994) found that these countries were in the categories of decentralized to centralized dimensions. For example, McDaniel classified 14 European countries into one of five scales from decentralized to centralized dimensions. The five of the 14 countries included in both McDaniel's study and this study (UK, Netherlands, Norway, Italy, Finland, and Germany) are included in the managerial governance in this study although each of them was in one of five categories in McDaniel's study. This change suggests that many European systems have already moved toward managerial governance although they were divergent in the past. In addition, in their recent study on four leading European higher education systems (UK, Germany, France, and Italy), Dobbins and Knill (2014) found that institutional managers hold strong influence in the three systems (UK, Germany, and France).

Despite the convergence of governance changes, the shift in governance differs by fields of work. Managerial governance is applied in depth in the field of finance, followed by personnel, and substantive fields. With the managerial reforms, states endowed its power in finance and personnel to institutional managers (e.g., Bryson, 2004; Kolsaker, 2008; Reed, 2002). As a result, the governing body and executive officers are empowered in the fields of finance and personnel. A representative example of governance reform is the incorporation of the public university which was adopted to empower institutional managers in finance and personnel fields. Compared to finance and personnel, substantive fields used to be considered the areas of the academic professional community, so that managerial involvements were weak (Berdahl, 1990). Although there are transformative changes in university governance, substantive fields are on the hands of the academics in many countries because these fields are closely related to academic freedom.

In addition, the governance patterns also show divergent trends according to the historical origins of higher education systems and their socio-political contexts. In the substantive fields, for example, academics hold relatively strong power in the three European systems (Finland, Italy, and Portugal), in Canada where historically academics hold strong influence in academic affairs, and in Japan and Taiwan where Humboldtian ideals have been deeply institutionalized. On the other hand, two developing East Asian systems (China and Malaysia) are in bureaucratic governance. These systemic differences suggest that some historical roots and the stages of higher education development are represented in their governance patterns. The systemic differences are noticeable in the countries that are classified in the same cluster across the three fields. Two East Asian countries (Japan and Taiwan) are classified in the category of strong academic influence while other two (China and Malaysia) are strong in state power. The trends explain that historical and socio-political factors are intertwined in the governance reforms.

The convergence and divergence of governance leads to follow up discussions. First, one issue is whether managerialism will be continued. As Birnbaum (2000) described managerial reforms may fade away in a few years, become a major pattern of governance in global higher education, or maintain its current status without much change. Although governance reforms based on neoliberalism are criticized in many countries (e.g., Anderson, 2006; Christensen, 2011; Mehde, 2006), managerial governance might continue in the future for several reasons. This prediction is based on the higher education environment. Managerialism was intended to improve managerial efficiency through empowering institutional managers in the face of public resource shortage. If public resource is not dramatically increased, efficient management and seeking private resources become a priority in institutional management which is not possible without strong managerial leadership (Halsey, 1992; Mayo, 2009).

In addition, managerialism is a response to mass higher education (Shin, 2013). The universities under mass higher education are expected to demonstrate "quality of teaching" and "excellence of research" at the same time. If the teaching and research are in the hand of academics, managers have little opportunity for involvement in these core activities. However, managers began to get involved in teaching activities with the quality assurance initiatives (e.g., Rhoades & Sporn 2002). In addition, research quality is measurable through quantified bibliometric indicators. Though these changes, institutional managers have solid grounds for being involved in the substantive fields (Kogan and Hanney, 2000). From this point of view, the collegial governance might shift to the managerial governance in the near future. In point of fact, Finland corporatized their national university in 2011. Although the Japanese academics maintain a strong influence, we predict that managerial power will be continuously increased as shown in the case studies in this book.

Our final discussion point is about whether managerial governance contributes to the institutional performance of higher education institutions. Neoliberal reformers argue that governance reforms contribute to institutional performance through efficiency of decision-making, performance-based management, and efficiency of resource use. However, the arguments are not strongly supported by empirical evidences in the public sectors including higher education. For example, Volkwein (1986, 1989, 2008) arrived at a conclusion that governance styles do not affect institutional performance in the US contexts. Well known scholars such as Hood and Peters (2004) and Mehde (2006) call these phenomena a "paradox" of new public management, which is another name for the managerial reforms under neoliberalism. If governance reform does not contribute to institutional performance, then our major question is why policy makers try to reform higher education governance.

The initiatives to reform higher education governance are related to external stakeholders' intention to intervene in higher education (e.g., Leslie & Novak, 2003; Wong & Shen, 2002). In the counties with strong managerial reforms, the external stakeholders have increased their influence over higher education through various accountability mechanisms such as quality assurance, performance

indicators, performance-based funding, and research assessment (e.g., Christensen, 2011; Paradeise et al., 2009). However, these dimensions are not clearly captured through a survey of academics. Instead, a survey of institutional managers might provide better information on these dimensions. For example, institutional managers might have strong wish to change their governance to satisfy external stakeholders' demands.

This study proposes to do an in-depth follow up study on the institutional managers who are perceived as the strongest stakeholders in campus wide decision-making from the academics view point. The institutional managers, especially senior managers, tend to satisfy their external stakeholders in order to maintain their status, to attract external resources and support. In this situation, the institutional managers might try to satisfy their external stakeholders and minimize resistance from faculty members. Because of the nature of campus wide decision-making, the "hidden" stakeholders (external stakeholders including state, state agency, etc.) were not much factored into this study.

13.6 Conclusions

The cluster analysis and its profiles show that three types of governance exist in current higher education. Among the 20 systems included in the cluster analysis, three systems are in bureaucratic governance, 14 systems are in managerial governance, and three systems are in collegial governance. Considering this, we can conclude that contemporary higher education governance is converging toward managerial governance. However, we should not oversimplify the fact that higher education governance patterns are converging toward managerial governance across all fields because the patterns of governance differ across the three fields—finance, personnel, and subjective fields. In addition, we found that there are divergent trends according to socio-political contexts within a region.

In addition, this study provided an empirical basis for discussing changing governance patterns under neoliberalism from a comparative perspective. Higher education researchers might use the typology for comparative studies on various topics. For example, one might use the typology for comparing systems in academics' job satisfaction, research productivity, efficiency of resources, etc. In addition, one might further develop the typology in classifying governance patterns of their higher education institutions within a country, e.g., private sectors, different types of public sectors, etc. Further, one might combine the typology with other critical concepts such as academic culture, and study the dynamics between governance and academic culture in relations with institutional performance, students' satisfaction with higher education institutions, faculty turn over, etc.

Notwithstanding its academic contributions and potential use of the typology, readers are reminded of the limitations of this study. As discussed, this study is

based on a survey of academics. Although statistical data provide numeric information of higher education governance, more in-depth information could be collected and interpreted through qualitative data. Follow up studies based on qualitative methods might complement the limitations of this study. In addition, this study is based on 'academics' perception, so that it does not include the perceptions of university managers. This study shows that institutional managers have the strongest influence on campus wide decision-making, and this finding is consistent with other studies. However, academic managers' perceptions could be quite different from that of academics. This caveat should be investigated in our follow up studies with empirical data.

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Chapter 14
Does Governance Matter? Empirical Analysis of Job Satisfaction and Research Productivity

Jung Cheol Shin, Soo Jeung Lee and Yangson Kim

Abstract This study investigated how governance is related to academics' job satisfaction and their research productivity. Through the data analysis, this study grouped the governance type of 48 Korean universities into managerial, semi-managerial, and collegial governance. This study found that governance was not a significant factor in explaining either job satisfaction or their research productivity; however, collegiality culture does have effects on job satisfaction. The findings might disappoint policy makers who have believed in the effects of structural reforms on institutional performance. However, this study claimed that well-designed structural reforms are a necessary precondition for institutional performance and the authors recommend policy makers to pay more attention on developing "relevant" policy initiatives reflecting institutional missions and their own contexts. This study suggests that governance might not automatically result in job satisfaction or research productivity; instead, both are functioning as preconditions for job satisfaction and research productivity rather than sufficient conditions.

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14.1 Introduction

Governance studies, which are mostly conducted in US academic circles, pay attention to how governance structure differs across states (e.g., McLendon et al., 2007), and how these different structures are associated with statewide decision-making in finance, personnel, and academic affairs or further policy impacts (e.g., Knott & Payne, 2004; Volkwein, 1989). On the other hand, governance studies in other continents are aligned with governance reforms represented by the new public management under neoliberalism (e.g., Braun & Merrien, 1999; de Boer et al., 2010; Paradeise et al., 2009). The new public management has had a huge impact on higher education as well as public sectors. Academic discourse has focused more on policy discourse, i.e., governance reforms in each country, or regions (e.g., Braun & Merrien, 1999; Dobbins & Knill, 2014). Another group of academic discourse leads sociological and organizational issues such as the institutional changes under neoliberal reforms (e.g., Amaral et al., 2008; Krucken et al., 2013; Stensaker et al., 2012).

This study focuses on the relationship between governance and institutional performance measured by academics' job satisfaction and their productivity. Academics tend to believe that academic productivity is high when they are empowered and thus shared governance in the US or academic self-governance in the European higher education might produce better academic performance (e.g., Knott & Payne, 2004). On the other hand, the neoliberal reforms highlight that managerial approach to higher education which empowers institutional mangers produce better performance than the performance under academics self-governing (e.g., Christensen, 2011). Because of the different perspectives on the governance, there are continuous controversies on the governance between policy makers who prefer managerial governance in many cases and the academics who prefer academic self-governance. However, there is not much academic discussion on this issue with empirical data. This study will fill the gaps of literature using the data from the Korean higher education.

The case of Korean universities provides an opportunity to investigate how the different patterns of governance affects our two dependent variables, job satisfaction and research productivity. Korea has relatively wider spectrum of governance patterns between universities than other higher education systems because Korea has bigger private higher education sectors—about 80% of college students enroll at private universities. The Korean government is deeply involved in public universities but less so in private universities, especially in finance and personnel matters (Byun, 2008). The case provides empirical evidence for how the universities differ in governance and enables to test whether the different patterns of governance is associated with academics' job satisfaction and their academic productivity.

14.2 Backgrounds

14.2.1 Changing Patterns of Governance

The neoliberal reforms, which emphasize decentralization of state regulation and performance-based accountability in higher education, have resulted in the changes to governance structures (e.g., King, 2007). The major changes are that the state reduces its direct involvement in higher education, thereby empowering institutional managers. In other words, the state prefers to accomplish its goals through institutional managers by systems of remote control. These changes have led to academic discussions about viewing the university as a social institution and away from Humboldtian ideals of the university as a cultural institution. For example, Braun and Merrien (1999) conceptualized the university as a *social service institution* to explain higher education's responses to social demands in the conceptual governance framework. These perspectives highlight the diminishing influence of academics in contemporary higher education while external stakeholders such as states or markets are becoming deeply involved. Higher education studies (e.g., Neave, 1998; Paradise et al., 2009) emphasize that state power is increasing through the hidden hands such as government agency, quality assurance, and performance-based accountability. On the other hand, case studies such as those by Dobbins and Knill (2014) propose that state power is being reduced in the four representative higher education systems in Europe. These different perspectives might depend on who observes the governance.

Along with the change in state power, managerial power is increasing and academic oligarchy is declining under neoliberal reforms (e.g., Anderson, 2008; Waugh Jr. 2003). The upsurge of managerialism in higher education governance has changed the dominant rhetoric and discourse about organizational characteristics (Bleiklie and Kogan, 2007). Traditionally, the main view of governance in higher education is of a collegial decision-making process by independent academics based on academic freedom, but in recent times higher education systems are expected to increase operational management efficiency (Schimank, 2005) with greater strategic decision making by university leaders (Bleiklie & Kogan, 2007). University leaders now act as "business managers", and the academics are viewed as members of "staff" in universities (Bleiklie et al., 2011). In addition, the number of actors involved in the decision-making process has greatly increased, with the establishment of institutional boards or boards of trustees (Kruecken et al., 2013). Empirical studies have found that institutional managers are deeply involved in finance and personnel affairs while academics maintain their power in substantive matters that are closely related to teaching and research activities (e.g., Braun & Merrien, 1999).

As the influence of the market force and the pressure for the global competition increased, governance of higher education in the East Asian countries was transformed through neoliberalism and globalization (Mok & Lo, 2002). Countries reviewed their educational systems and began to apply the new public management

approach to their systems (Cheung, 2008) and Korea is no exception. The Korean government adopted neoliberal reforms in the mid-1990s and the New Public Management was widely applied in the public sector including higher education. Academics, especially in public universities used to have considerable influence, but academic power is declining now in most universities. This is related to assessment-based funding which was adopted in the mid-1990s (Byun, 2008) requiring institutional managers to show strong leadership in response to the state demands for more efficient management. In addition, the corporatization of the national university, a structural reform proposed by the Korean government in the mid-2000s during the Rho Moo-hyun Administration and later Lee Myung-bak Administration, also strongly promoted this policy. Going a step further, the Lee Myung-bak Government eliminated voting for the university president, previously considered a sign of democratization of campus politics at national universities since the late 1980s. These policy initiatives have promoted managerial power among institutional managers, empowering them at the expense of the academics.

14.2.2 Governance and Institutional Performance

In higher education research, job satisfaction and research productivity of academics are frequently used as a measure of institutional performance (e.g., Cameron, 1981; Pounder, 1999). However, academic researchers do not find consistent results on the direct links between the two in their meta-analysis (Judge et al., 2001; Pollitt & Dan, 2011). Job satisfaction might be a cause of high productivity or vice versa. Baun and Merrien (1999) explains university governance using a concept of university as a cultural institution and as a service institution. Between the job satisfaction and research productivity, job satisfaction was a critical dimension when the university was considered a cultural institution, but research productivity and teaching quality are critical for a university as a social service institution (Braun & Merrien, 1999). The notion of performance-based management is also based on the rational goal model—university as a service institution.

Structural reforms such as governance reforms assume that governance brings changes in institutional performance. Knott and Payne (2004) found that adopting decentralized governance accompanies higher performance in their study on state governance and institutional performance. Also, academics' job satisfaction is associated with how much autonomy they have as well as the higher education system within which they operate (Shin & Jung, 2014). However, Volkwein and Malik (1997) found that structural differences measured by administrative flexibility does not lead to differences in institutional performance but he did find that institutional flexibility contributes to administrative members' job satisfaction. Some other studies (e.g., Anderson, 2008; Houston et al., 2006) also found that academics' job satisfaction is associated with governance and in particular that shared governance within a university increase academics' job satisfaction whereas strong

managerial involvement reduce it. Considering these findings support different hypotheses, the relationships between governance and institutional performance appears to be inconclusive as Enders et al. (2013) concluded in their review of literature.

From an institutional management point of view, structural changes might not be enough to positively influence faculty members' job satisfaction and productivity without cultural changes. There might be synergy effects between governance and academic culture when ideal dimensions from each are combined. The contingency between governance patterns and organization culture might produce a best fit between governance and academic culture. In his discussions on organizational culture, Tierney (2008) pays attention to the link between culture and higher education governance. He argues that "governance is a mixture of academic cultural norms that have been built up over time and the localized cultural norms of a specific institution (p.171)." The close link between culture and governance suggests that structural reforms might not bring differences if the reforms do not bring cultural changes. There are very few studies that have addressed these research topics using empirical data.

14.3 Method

14.3.1 Data

Two data sources were used in this study. First of all, individual perception data on governance, academic culture and their related variables were sourced from the Changing Academic Profession (CAP) of 2007/2008. The CAP is an international comparative survey of the academic profession across 19 countries. The sample represents a population of Korean professors by discipline, gender, and academic ranks, relatively well. The Korean CAP data include 900 regular full-time professors from 104 four-year universities. Among the 900 academics, this study selected 635 faculty members from 48 universities because the other universities have only small numbers of professors in the sample, so that they might not be representative of their university. The 48 universities have seven or more professors in the data set, leading us to conclude the governance and academic culture are relatively well represented. Secondly, institutional data for the 48 universities were collected from the National Higher Education Data Provision Service (*Daehakalimi*).

The CAP survey has 11 survey items on governance and management related issues. The survey asks who is the primary influential actor in their decision-making among six actors (state/external stakeholders, institutional managers, unit managers, faculty committee, individual faculty, and students). For our analysis, this study excluded students because respondents respond to near zero on students as primary power holders. Among the 11 items, we selected only seven: one finance variable (determining budget priorities within a university), one personnel affairs (appointing key administrators), and five academic (or substantive) affairs (appointing new

faculty, making faculty promotion and tenure decision, setting admission standards for undergraduate students, approving new academic programs, and setting internal research priorities). The two items related to faculty personnel (appointing new faculty and making faculty promotion and tenure decision) are included in substantive affairs (or fields) because these matters are considered to be at the core of academic freedom in the Korean higher education context. We coded these stakeholders from 1 (government/external stakeholders) to 5 (individual faculty), so that a high score means more faculty influence. A similar coding scheme is used in Volkwein and Malik (1997).

14.3.2 Analytical Strategy

This study applies k-means cluster analysis for grouping the 48 universities into a type of governance. The classification variables are three major variables (finance, personnel, and substantive fields). According to the cluster analysis, 48 Korean universities are grouped into one of three clusters as shown in Table 14.1. This study found that half of Korean universities (24 universities) are in cluster 2, with the remaining 24 equally distributed in cluster 1 and cluster 3. Cluster 3 is named "Collegial Governance" because academics share their power with managers in the fields of finance and personnel affairs and exert strong influence in substantive affairs. Cluster 1 where managers exert strong influence is named "Managerial Governance" and Cluster 2 is "Semi-managerial governance" because cluster 2 is positioned between cluster 1 and 3. The multivariate analysis of variance (MANOVA) shows that the three types of governance is significantly different (Wilks' Lambda = 0.119 (F = 27.287***)).

Table 14.1 Number of universities by governance types, sectors and missions

Sector/mission		Types of Governance		
		Managerial Governance	Semi-Managerial Governance	Collegial Governance
Public	Research university		1	1
	Others		10	8
Private	Research university	1	2	1
	Others	11	11	2
Total		12	24	12

The other independent variable—academic culture—is defined by two variables as discussed in literature (collegiality culture and market culture). The collegiality culture is measured by one item (collegiality in institutional decision making) and market culture is by two items (mission focus and strong performance orientation). In addition, this study includes interaction terms to test the contingency between governance and academic culture.

This study also applies Ordinary Least Squares (OLS) regression analysis to test whether governance and culture have statistically significant effects on the two dimensions of institutional performance—job satisfaction and research productivity. The job satisfaction is measured by 5-point Likert Scale and research productivity by number of publications. The number of publications is the sum of book and journal article publication during last 3 years (2005–2007) and it is log transformed for the normality of the distribution. The governance pattern which is a major independent variable in this study is dummy coded and semi-managerial governance is considered as the reference group for this analysis.

For the analysis, we applied three stage models. Our first stage of the analysis is a baseline model, which has control variables only, then we input two independent variables (governance and culture), and the final model includes interaction terms between governance and academic culture. The selection of control variables is based on the literature on job satisfaction and research productivity in other studies (e.g., Shin and Jung, 2014), especially the studies with the CAP data. The control variables selected for the baseline model are individual characteristics (gender, academic discipline, annual income, workloads, research preference, affiliation, and empowerment) and institutional characteristics (institutional sectors, institutional mission, and size of university). Definitions and measures of variables are summarized in Table 14.2.

14.4 Findings

14.4.1 Descriptive Statistics

The descriptive statistics show that there is a noticeable gap between collegiality culture and market culture: most Korean universities have a relatively strong market culture and a relatively weak collegiality culture as shown in Table 14.3.

In relation to organizational effectiveness, this study conducted descriptive analysis for two dimensions of organizational effectiveness. As shown in Table 14.4, job satisfaction and research productivity do not differ much by types of governance, which suggests that institutional performance is hardly associated with governance patterns.

Table 14.2 Definitions and measures of the variables

Variables		Measurement
Governance	Collegial Gov.	Collegial governance = 1 others = 0 (Semi-Managerial governance is criterion variable)
	Managerial Gov.	Managerial governance = 1 others = 0 (Semi-Managerial governance is criterion variable)
Academic Culture	Collegiality culture	At my institution there is collegiality in decision-making processes (5 point Likert scale)
	Market culture	Mean of 2 items: "strong emphasis on the institution's mission" and "strong performance orientation at my institution" (5 point Likert scale)
Job satisfaction		How would you rate your overall satisfaction with your current job (5 point Likert scale)
Research productivity		Articles published in an academic book or journal in the past three years (Ln transformation)
Gender		Male = 1, Female = 0
Hard discipline		Hard discipline = 1, Soft discipline = 0
Income		Overall annual gross income from current higher education institutions (US$)
Workload		Hours per week when class are in session including teaching, research, service, administration and other academic activities
Research preference		Primarily preference in research = 1, preference in teaching = 0
Affiliation		Mean of 3 items about the degree to which each of the following affiliations is important to you (Academic discipline, department, institution level) (5 point Likert scale)
Empowerment		Mean of 3 items about how influential are you, personally, in helping to shape key academic policies (faculty, department, institution level) (5 point Likert scale)
Private university		Private university = 1, Public university = 0
Research focused university		Research focused university = 1, others = 0
Number of faculty		Number of full-time faculty members

Table 14.3 Academic culture by governance types

Governance Types	Academic Culture					
	Collegiality Culture			Market Culture		
	N	Mean	SD	N	Mean	SD
Managerial	124	2.31	0.808	124	3.67	0.812
Semi-managerial	287	2.67	0.915	287	3.63	0.73
Collegial	221	2.89	0.89	221	3.58	0.636
Total	632	2.67	0.909	632	3.62	0.716

Table 14.4 Job satisfaction and research productivity by governance types

Governance Types	Job Satisfaction			Research Productivity (log)		
	N	Mean	SD	N	Mean	SD
Managerial	119	3.98	0.759	119	2.10	0.802
Semi-managerial	281	3.94	0.826	281	2.07	0.827
Collegial	216	3.99	0.747	216	2.22	0.734
Total	616	3.97	0.785	616	2.13	0.792

14.4.2 Regression Analysis

The three stages test of our models is reported in Table 14.5. According to the OLS analysis, governance does not have any effects on job satisfaction or research productivity. The finding suggests that institutional performance is not affected by governance patterns or academic culture except collegiality culture on job satisfaction. Rather, other conventional variables for each of job satisfaction and research productivity have effects on both dimensions of organizational effectiveness. For example, jobs satisfaction is affected by gender, academic discipline, income, empowerment, and organizational affiliation, and research productivity by affiliated academic discipline, year of academic career, income, preference for research, and empowerment. However, institutional sectors (public or private university), institutional mission (research focused university or others) and size of

Table 14.5 Results of OLS regression on job satisfaction and research productivity

	Job Satisfaction			Research Productivity		
Variables	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Gender		0.201* (0.087)	0.202* (0.087)			
Hard discipline	−0.187** (0.068)	−0.189** (0.067)	−0.190** (0.067)	0.577*** (0.064)	0.571*** (0.065)	0.571*** (0.065)
Career				−0.011** (0.004)	−0.011** (0.004)	−0.011** (0.004)
Income	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)
Workloads						
Research preference				0.403*** (0.071)	0.402*** (0.072)	0.409*** (0.072)
Organizational affiliation	0.210** (0.066)	0.185** (0.065)	0.185** (0.066)			
Empowerment	0.103* (0.043)	0.084* (0.042)	0.085* (0.042)	0.125** (0.040)	0.123** (0.041)	0.122** (0.041)

(continued)

Table 14.5 (continued)

	Job Satisfaction			Research Productivity		
Variables	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Private university						
Research focused university						
Number of faculty						
Managerial governance						
Collegial governance						
Collegiality culture		0.178*** (0.038)	0.191*** (0.054)			
Market culture						
Managerial gov. × Collegiality						
Managerial gov. × Market						
Collegial gov. × Collegiality						
Collegial gov. × Market						
Constant	2.560*** (0.349)	1.962*** (0.386)	1.934*** (0.439)			
#	511	510	510	500	499	499
F (significance)	4.22***	4.93***	3.87***	14.61***	10.91***	8.67***
Adjusted R^2	0.065	0.104	0.097	0.231	0.230	0.227

Notes: $p < .05$*, $p < .01$**, $p < .001$***; we report significant coefficients only.

faculty members as institutional characteristics have no impact on either job satisfaction or research productivity. It surmised that the main influential factors on job satisfaction and research productivity lie at the level of individual faculty member characteristics. The findings led to in-depth discussions on the effects of governance and academic culture on institutional performance, as given in our discussion section.

14.5 Discussions

Policy makers tend to believe that they can change the university through policy initiatives; on the other hand, academics argue that policy intervention without considering internal culture fails as Dill (1982) has argued. This study does not

support policy makers' views that governance is a significant factor in explaining the institutional performance. The findings suggest that the institutional performance of the university as a social organization does not depend on governance types. This finding can be explained from the characteristics of academic society where academics are relatively independent from each other.

Classic social science theories (e.g., Simon, 1948) propose that organizational members are motivated when they are involved in the decision-making process in their organization. Decision-making in higher education used to rely on this assumption, especially in Humboldtian universities where academic self-governance has a long tradition (Clark, 1987). Academics believe that they are professional and qualified to decide their own matters. However, recent neoliberal reforms have emphasized the managerial power of senior academics to improve managerial efficiency (e.g., Christensen, 2011; Shattock, 1999). The neoliberal ideas assume that senior managers are management specialists and they can make better and efficient decisions than the academics. Both contradicting perspectives co-exist within current university governance practices though managerial power is increasing in most higher education systems. However, this study suggests that both Humboldtian ideal and neoliberalism might not fully explain current higher education, especially Korean higher education, because the degree of participation in institutional decision making is not associated with academics' job satisfaction or their research productivity.

The finding goes some way in explaining the reality of Korean higher education where the academics do not seem to be interested in making decisions in the three areas (finance, personnel, and substantive matters) considered in this study. Most decisions on these three areas depend on predetermined institutional rules and guidelines. For example, institutional resource allocation is based on the numbers of faculty and students, academics have little interest in who will be key senior administrators (except for the president's position), and faculty promotion and tenure decisions are mainly determined by the number of publications, etc. With the formalization of decision-making, individual academics are not much influenced by such decisions (e.g., Tolbert & Hall, 2009). In this context, "junior academics" are involved in most of these decisions as committee members while they are dealing with time constraints and heavy workloads as Shin et al. (2015) have found. Consequently, active participation might not have effects on their job satisfaction or research productivity.

Compared to governance, a culture of collegiality has positive effects on job satisfaction while market culture has no effect on either job satisfaction or research productivity. Academics work individually or collaboratively with their colleagues for their research and teaching, and mutual respect and recognition from their colleagues are critical factors in their academic activities. If they are not respected by their colleagues, they are unlikely to work with their colleagues (Anderson, 2008; Vidovich & Currie, 2011). This explains the finding that academic collegiality has a positive effect on job satisfaction. On the other hand, a market culture, which is another type of academic culture, stimulates competition between

academics. The market culture provides reward to high performers and sanctions to low performers and may therefore be a cause of job stress as Fredman and Doughney (2012) found in Australian university contexts.

The findings of this study lead to theoretical discussions on job satisfaction and research productivity as a dimension of institutional performance. Job satisfaction is grounded in academics' perceptions whereas research productivity is an output of their activities. Academics' perceptions could be influenced by structural factors (governance, in this study) and/or cultural factors. This study found that culture does have such an influence, but structure does not. On the other hand, academic activities research productivity in this study are not influenced by either governance or culture. This finding might be explained by theory of motivators and hygiene factors (Herzberg et al., 1959). The collegial culture could be viewed as a motivator (respect by colleagues) and the governance is a hygiene factor (exclusion in the decision making process is a cause of complain, but participation does not guarantee their satisfaction as Shin et al. (2015) found). The interpretation of the findings from the theoretical perspective suggests that structural changes might not be effective in enhancing either job satisfaction or research productivity. This needs to be addressed in follow up studies.

In addition, the findings and theoretical discussions explain potential failures of managerial reforms under neoliberalism. The neoliberal policy emphasizes managerial efficiency which empowers senior managers and encourages the adoption of performance-based management. Through the policy initiatives, neoliberals argue that public organizations including the university can improve institutional performance. However, academics are not much motivated by the external rewards, structural changes, work conditions, etc. Instead, they are motivated by self-esteem and respect from their colleagues (Anderson, 2008). The neoliberal reforms contradict the theory of motivation and the reforms might not succeed if the motivation theory works in the public sector. For example, Hood and Peters (2004) recognized that the failures of the new public management are found in public sectors in general and explained the failure in his insightful reviews of the neoliberal management as the "paradox" of the managerial reforms. In addition, Maassen (2017) also explains the paradox from an institutional perspective.

These findings and discussions do not mean that structural reforms are necessarily failing in higher education contexts but instead they suggest that policy initiatives for improving institutional performance may not be successful if the policies are not well embedded in the institutional contexts. Policy makers are therefore recommended to consider the complexity of institutional contexts. Policy makers and institutional leaders may define institutional performance in different ways, reflecting their institutional missions and contexts. A failure to consider these differences may limit the success of policy initiatives designed to improve institutional effectiveness through structural changes. Governance reform might be a good policy choice in some cases, but not always. This discussion has implications for policy makers and institutional leaders in Korea. Our observations tell us that seniority-based academic culture is a major obstacle to improving organizational

effectiveness. In this context, structural reforms including governance reforms may overburden academics, especially junior academics who are suffering under a heavy administrative workload (Shin et al., 2015).

This study recommends that policy makers spend more time in designing "relevant" policy initiatives. Well-designed policy might change organizational effectiveness directly or through a change in academic culture. However, in reality policy makers tend to hastily introduce policy changes during their political terms, especially those in elective positions (e.g., university president position), and to adopt tools such as financial incentives. Such policy initiatives tend to make most universities similar the others, with a loss of diversity in their mission focus. Each university has its own mission and this could be achieved through different governance structures, e.g., shared governance might be more relevant to research-focused universities as Altbach (2009) proposed while managerial governance to other types of universities.

In concluding this discussion, we reiterate some of the limitations of this study, so that readers do not overemphasize the findings in different contexts. For example, the findings show the association between job satisfaction and research productivity and two independent variables (governance types and academic culture), but not causal relationships because the data for this study are not longitudinal data. In addition, similar studies in dynamically changing higher education systems might produce significant differences in organizational effectiveness when comparing different types of governance because governance is critical for dynamically changing environments.

14.6 Conclusions

This study included both governance and culture in an analytical model to investigate whether these core factors in organizational studies are related to job satisfaction and institutional productivity measured by research productivity in this study. Through this study, we found that collegiality culture has effects on job satisfaction, but governance does not have any effects on either job satisfaction or research productivity. However, the findings and discussions do not mean that governance is not important for institutional performance. Instead, this study suggests that structural changes can reach deep into internal culture and bring expected results if the policy is well designed. This study suggests that governance reform might not automatically result in job satisfaction and institutional performance; instead, both are functioning as preconditions for institutional performance rather than sufficient conditions.

In addition, in their policy designs policy makers should pay attention to the gap between formal policy and the internal reality of the organization as Meyer and Rowan (1977) have argued. For example, universities and academics might respond to the policy on the surface as the policy maker intended and policy makers might believe that their policy is successfully implemented at the university. However, as

Ball (2003) argues organizational members pretend to change as expected by the policy makers, but in reality they do not change. The gap between policy makers and organizational members (academics in this study) results in decoupling between policy goals and organizational reality. This is why we find major gaps between the policy reports and organizational reality. Policy makers should consider the caveats in their policy designs, especially when they adopt a policy with strong financial incentives.

In concluding this study, we would point out that strong managerialism might not provide a healthy environment for higher education in the long run. Korean policy makers might be encouraged to speed up managerial reforms by the increased competitiveness in international indexes such as global rankings. However, they would also need to pay attention to the fact that the reforms carry costs. The rapid tuition increases are closely related to the competitions between universities to attract better students, to be more competitive in global rankings, and to comply with competition-based project funding mechanisms. These increased costs are borne by their students (Shin & Kim, 2014). Managerial efficiency might not bring expected outputs in the long run. In particular, the desired quality of research might not be achieved without good governance and academic culture.

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Chapter 15
Declining Academic Autonomy Under Neoliberal Reforms: Lessons from Japanese Higher Education After Incorporation

Akira Arimoto

Abstract This chapter discusses the change of governance caused by the revision of School Education Act (SEA) in 2014. The revision of SEA proposed to empower the University President and disempower the Faculty Meeting which had formerly been the major mechanism for protecting collegiality in Japanese universities. Faculty members are being regarded like other organizational members employed in other public sectors or as school teachers. In addition, the declining collegiality and academic freedom may harm the quality of teaching and research because of decreased academic compatibility. Managerial reforms place too much emphasis on the close relationship between university and industry, and while this lead to a useful partnership between the university and industry, in the long run it may lead to decreased academic competitiveness.

15.1 Introduction

The conflicts between the academic profession and the stake holders have increased with neoliberal reforms and the relationship between state and academe (universities and colleges), between the business sector and academia, and between the president's office and the Faculty Meeting (which functions like the academic Senate in the U.S.) are critical policy and academic issues within Japanese higher education.

First, in the case of the relationship between state and academe in relation to national university reforms, the national university has been controlled by the state since the establishment of *Teikoku Daigaku* during the prewar period and with the establishment of new universities during the postwar period. As a result, the national university was considered as having "nominally" strengthened its auton-

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omy when Japanese national universities were incorporated in 2004. Nevertheless, the incorporation resulted in the higher dependency of the national university to the state which in turn weakened its autonomy. This is because state financial support for national universities decreased as much as 147 billion Yen, or 12%, in the 14 years after incorporation in 2004.

Second, in the case of the relationship between the business sector and academia, the business sector is putting increasing pressure on academia, especially on private universities. In addition, student enrollment has been declining, due to the so-called "problem of 2018" in which the continual decreasing birth rate presents a challenge to most small sized and private universities. In this context, the middle and small sized universities and colleges are beginning to rely on business sectors more than the academia as a survival strategy.

Third, in the case of the relationship between the University President (hereafter, "president") and the Faculty Meeting, the Faculty Meeting has lost its authority in relation to the president's authority which was significantly reinforced after 2015 with the revision of the School Education Act. The Faculty Meeting is the symbol of both institutional autonomy and academic freedom in Japanese higher education. The recent trend of academic reform indicates that these issues mentioned above are contributing to the declining institutional autonomy and academic freedom of universities, following the revision of the School Education Act in 2015.

This chapter discusses this continuously declining institutional autonomy and academic freedom from 2004. Special attention will be paid to the changes that these reform initiatives have brought in the teaching and research practices in Japanese higher education.

15.2 The Impact of the Revised School Education Law on the Academe

The amendment to the School Education Act (hereafter, "SEA") in 2015 is the most important of the reforms introduced since the incorporation of national universities in 2004. It is one of the most significant events in the history of Japanese higher education because it had a huge impact on institutional autonomy and academic freedom.

Academe is one of few systems to have survived over the last 900 years since its birth in twelfth century. Comparing the many common organizations such as banks, insurance company, automobile maker, TV station, the origin of the academe lies much earlier. Unlike these other organizations it developed as a guild organization and has contributed to the development of higher scholarship on the basis of its four main faculties of arts, law, medicine, and divinity, which are called as the center of learning.

The essence of a center of learning is the exploration of the truth of scholarship and contributing to its development through academic autonomy and freedom

without control imposed by other social sectors. The three major academic fields of research, teaching, and social service have been evolving from the university's earliest times. For example, research, and social service barely existed in the medieval university and were institutionalized into academe for the first time in the late nineteenth century. After the emergence of the modern university in the nineteenth century, both research and teaching were integrated as the two vehicles of academic work. Searching for cutting-edge knowledge through discovery and invention dramatically transformed an academic's work from the traditional type of commitment (teaching activity or transmitting scholarship) to the discovery of knowledge.

Following the modern university being given academic freedom and autonomy to promote the discovery of knowledge the academic profession began to emerge. Academic freedom and autonomy have enhanced the academic profession's social prestige. In addition, the newly emerging academics were able to promote their authority through the status of the academic profession. Taking into account the academic profession's historical development based on the guilds, academics were involved in a long struggle with various types of social challenges and external forces in order to construct the academic profession. In this context, the revised SEA institutionalized in 2015 is a threat to academics' identity as a professional.

15.3 Academe's Transformation from Collegiality to Enterprise

Academe is losing its unique prestige and being transformed into an enterprise. As described, the research function, which is thought to be the basis of Academe's prestige and essence, is collapsing rapidly. In Japan, the societal prestige of academe has been declining since the 1970s when Tsukuba University was established in 1973. Tsukuba University was established as a descendant organization of Tokyo University of Education as one of the large national universities in Japan.

Tsukuba University has identified three functions separate from the original three integrated functions of research, teaching, and governance. More specifically, the university assigns the teaching function to *gaku-gun* (the educational organization), the research function to *gaku-kei* (the research organization), and the governance function to the top-management system centered on the president. This is called the Tsukuba University system (in Japanese, "*tsukuba hosiki*") which abolished the Faculty Meeting's autonomy (Nishijima, 1978). These governance changes occurred gradually and Academe's traditional authority derived from the academic guild has slowly declined.

However, a similar phenomenon has been observed in many other higher education systems as Arimoto (2011) noted. For example, as Cummings (2013) observed in the Changing Academic Profession survey on the academic profession which was conducted in 2007 in 19 participating countries, there was declining

academic freedom in some countries such as Finland, South Africa, Norway, Germany compared countries such as Mexico, the U.S., Canada, Argentina.

Around 1980s, academic governance was quite different from today. For example, Merton's model of sociology of science occupied the center of governance theory around from 1970s to 1980s in the world where the "ideology" of academic freedom as well as the "norm" of academic freedom performed an important role (Arimoto, 1987). After that time, however, the state's role in governance increased considerably. Furthermore, the extension of market principle and a demand and supply logic has been increasingly influential in accordance with the rising trend of the knowledge economy (Ferlie, Musselin, & Andresani, 2009).

Meanwhile, as McNay (1995) pointed out, the concept of collegiality, which had maintained faculty autonomy and academic freedom began to be controlled by bureaucracy. As this transformation has progressed it has been accompanied by enterprise involvement in higher education. This transformation from collegiality to enterprise involvement has been observed in universities and colleges in many countries. The Japanese trend is an exception because the Faculty Meeting, which is the hub of faculty autonomy and academic freedom, is not prohibited legally in other countries.

In Japan, faculty autonomy was forced into decline by the reform leading to the corporatization of the national university in 2004. In the past, the faculty and department had considerable power in decision-making so that bottom-up decision-making was the basis of Academe's authority, allowing professors to elect their deans who in turn could elect the president. The University President was regarded by academics as relatively weak and a symbolic position, but the President's power rapidly strengthened after the incorporation in 2004.

Incorporation was only a minor change compared to the revision of SEA, because the revised SEA disempowered the faculty meeting. The function of the faculty meeting's as restricted to a top-down role (discussing how to implement decisions made by the president's office). Before the institutionalization of 2004, Shogo Ichikawa pointed out that the "university has passed away" (Ichikawa, 2001). University governance has been transformed substantially to top-down styles, although the MEXT's explanation seems reasonable as we see in the following quoted description of reforming university governance under the title of "Reforming University Governance" (MEXT, 2014).

- Reflecting these social circumstances, the Central Council for Education (CCE) established a new Organizational Operation Meeting under the University Subcommittee that focally discussed from June 2013 what university governance should be to a subject on which the University Subcommittee compiled a report in February 2014.
- Based on these discussions, and to systematically support the proactive reform actions of universities, MEXT submitted to the 186th session of the Diet legislation to partially amend the School Education Act and National University Corporation Act, which was approved in June 2014 and enforced in April 2015.

- This amendment Act includes clauses that mandate vice-chancellors (vice-presidents) to share some of the powers of the chancellors (presidents) in order to strengthen their functions in assisting the chancellors and to allow universities to make appropriate and quick decisions by clarifying matters discussed at faculty meetings and giving chancellors' decisions final authority. It also mentions the need to disclose criteria on and the results from selecting chancellors for national university corporations and to achieve transparency in the chancellor selection process.
- At the review meeting for promotion of the Reforming University Governance responding to the amendment Act, held in July 2014, deliberation was made on promotion measures for the Reforming Universities Governance so that smooth overhaul and revision of the governance system based on the amended Act at each university. In accordance with the deliberation of the meeting, MEXT submitted enforcement acknowledgement to universities to notify the aim of the amendment of the Act in August 2014.
- By this notice MEXT required to universities to promote appropriate measures based on the aim before the day of enactment, April 1, 2015. In April, MEXT implemented the investigation the results on overhaul and revision of internal regulations for the governance system.
- Understanding the status of each university's promotion, MEXT will continuously offer backup support for establishing governance that allows universities to maximize their education, research, and social contribution functions and leverage their strengths and characteristics under the leadership of their chancellors (MEXT, 2014).

Academe has been increasingly forced to form a strong enterprise after the incorporation of national universities. In this context, a phenomenon known as academic capitalism, developed in the U.S., may suggest the direction to which Academe is heading (Slaughter & Rhoades, 2004).

15.4 Changing Functions of Research and Teaching

The transformation from the concept of collegiality to that of enterprise brings a great deal of change to the Academe's essential functions of research and teaching. Academics who have outstanding ability in discovery and invention can obtain grants (or research funds) from the outside Academe through collaboration with industry, while the less gifted academic cannot obtain such funding. As would be expected, the decrease in external research grants has resulted in a corresponding decrease in research ability and publications. Recently, in the national university sector the decrease of *uneihi-kohukin* (management grants) has accelerated a decrease in research budgets, while the decrease of management money caused by decreased enrollment has accelerated the decrease of research money in the private sector.

15.4.1 Declining Research in Private Universities

As shown in Table 15.1, there are 777 universities. Of these 86 were national, 91 local, and 600 private in 2016. Private universities will be confronted with the crisis of bankruptcy as they deal with declining enrollment in the near future. As of 2016, about 45% of the private universities (260 universities among 577 surveyed) with a low enrollment rate are in crisis according to the *Nippon Shiritsugakko Shinko Kyosai Jigyodan* (hereafter, "NSSKJ") (NSSKJ, 2016).

According to NSSKJ (2016), the economic status of the private universities differs by size and overall enrollment rates. For example, private universities that have less than 800 enrollments have attracted fewer students than they are allowed per quarter whereas private universities with more than 800 have attracted almost of their given student numbers per quarter. As a result, the small private universities are likely to find it difficult to survive during 2018 and beyond. These endangered universities may decide merge some departments and faculties to save operational

Table 15.1 Numbers of universities and junior colleges by sectors

学 校 数
Universities & Junior Colleges
大 学 Universities

区 分	計 Total	国 立 National	公 立 Local	私 立 Private	私立の割合（%） Percentage of private
昭和30年（'55）	228	72	34	122	53.5
35（'60）	245	72	33	140	57.1
40（'65）	317	73	35	209	65.9
45（'70）	382	75	33	274	71.7
50（'75）	420	81	34	305	72.6
55（'80）	446	93	34	319	71.5
60（'85）	460	95	34	331	72.0
平成 2（'90）	507	96	39	372	73.4
7（'95）	565	98	52	415	73.5
12（'00）	649	99	72	478	73.7
17（'05）	726	87	86	553	76.2
22（'10）	778	86	95	597	76.7
24（'12）	783	86	92	605	77.3
25（'13）	782	86	90	606	77.5
26（'14）	781	86	92	603	77.2
27（'15）	779	86	89	604	77.5
28（'16）	777	86	91	600	77.2
（再掲）					
Universities providing:					
夜間の学部を置く大学 Evening courses	71	29	6	36	50.7
修士課程を置く大学 Master's courses	599	86	77	436	72.8
博士課程を置く大学 Doctor's courses	446	77	58	311	69.7
専門職学位課程を置く大学 Professional degree courses and other coures	133	56	7	70	52.6
専門職学位課程のみを置く大学 Professional degree coures only	14	—	2	12	85.7
（別掲）					
通信により教育を行う大学 Universities providing programs by correspondence and mass media	44	—	—	44	100.0
通信により教育を行う大学院 Graduate schools providing programs by correspondence and mass media	27	—	—	27	100.0

costs. For example, a new faculty with a less than allowed enrolment rate (e.g., 40% enrolment for the given quarter) is not eligible to receive any grants from the Ministry of Education and Science and Technology (hereafter, MEXT) because MEXT decided not to grants aid for colleges with less than 50% of the enrollment rate. Because of the declining student numbers, private universities cannot invest resources for research.

The loss of research money causes a lot of difficulties for many academics in seeking to conduct both short and long term research. Henceforth, a lot of academics will be forced to deal with a cut throat academic environment and are wondering if the nexus of research and teaching is collapsing and they are moving away from the modern university's ideal of compatibility of research and teaching (Arimoto, Cummings, Huang, & Shin, 2013).

In the age of massification and universalization, the teaching function has increased in order to respond to the massification and diversification of the student body. The majority of academics (about 95%), belong to a *kyoiku daigaku* or "teaching" university, while a small number belong to a *kenkyu daigaku* or "research" university. As a result many academics are involved in teaching while fewer are engaged in research. With this differentiation into two categories—"research" university and "teaching" university, especially the private teaching university to which the majority of academics belong—academe is being forced to overemphasize teaching at the expense of research.

15.4.2 Exhaustion of Teaching Ability

The demand on research academics has much more pronounced in the twenty first century, because these academics are expected to lead develop the creative and problem solving abilities of students. Nevertheless, a lot of academics, especially those in the private sector, are forced to decrease their research for to the reasons described above.

Teaching academics have about six teaching classes (9 hours teaching per week) on average, while their research counterparts have about three teaching classes. For the former group, teaching classes are likely to increase to about 10 classes (15 hours teaching per week). Because of the increased teaching hours, academics are reducing their research hours. However, teaching without research is likely to result in decreased teaching quality.

Research and teaching are two sides of the same coin. It seems that in the future the academic profession will see a gradual decline in both research skill and teaching ability. In this context, the construction of a Research-Teaching-Study (hereafter, R-T-S) nexus, which is considered to be the ideal for the academic profession in the modern university, is unlikely to be realized.

In addition, active learning demands teaching reform to encourage students to develop their creativity and cultivate their thinking ability. In the post-massified higher education, academics are expected to satisfy various demands from students

whose academic preparation levels are various. The promotion of academics' active "teaching" in response to the students' active "learning" is critical for students' learning experience. For that, academics need the opportunities to pursue academic inquiry as a basis for high quality teaching.

15.4.3 The Ideal of a Research-Teaching-Study Nexus

Considering the ideal nexus between research-teaching-study, active teaching and active learning is critical for the quality of teaching and learning. However, institutionalizing active teaching and learning takes time; as we have seen this has gradually developed from an idea to the current model in the U.S. In Japan, the ideal of the R-T-S nexus was not embraced until 2014 when the Central Council of Education (CCE) imported the concept of active learning for the first time in higher education history. In spite of this policy initiative, however, it will take time for it to be institutionalized as a form of teaching and learning in college classroom in Japan (Arimoto, 2016).

In the late nineteenth century, Harvard University reformed both research and teaching in order to catch up with the German universities which were a center of learning in the world at that time. On the research side, Harvard established the graduate school following the initiative of Johns Hopkins University that had institutionalized the first graduate school in 1876. On the teaching side, Harvard introduced an elective system to reform undergraduate education developed from the liberal arts in the intermediate universities. In Harvard, the academics were like classroom directors in the sense that they taught students by text books according to manuals (Geiger, 2000).

In this structure, the reform initiated by the President at the time was designed to improve the quality of education through transformative changes (Harper & Jackson, 2011). Professors were encouraged to view their students not as a container for knowledge but as active learners who select the electives that interest them. At the same time, Harvard encouraged professors to change from being a role teaching machine to a researcher. The research focused professors needed to become active teachers, conducting teaching on the basis of research. In this transformation of the professor's role, academics expected their students be "studiers", who understand the process and results of research.

Harvard's initiatives for improving the quality of teaching and research influenced contemporary academic scholarship and active learning. If the academics are committed to shifting their students from the former type of traditional learning to the new approach to study, they will have not only stimulated their students be active learners, but will themselves have become both researcher and teacher.

More development of active learning will not be realized without the development of academics' ability to respond to students' active learning. Active teaching ability is not developed by the academic's individual faculty development (FD), but is developed by the academic's collective culture and climate based on the

discussions and work in the faculty meetings. The operational base of creativity is not working any more, if such Faculty Meetings lose the discussion function under the system of top-down decisions without that of bottom-up decision. Academe is longer academe, reduced to the status of a school such as elementary school, middle school and senior high school, etc. Academic is no longer a profession, but merely a salaried employee. This fear is quite prevalent in the universities and colleges.

As discussed, Cummings (2013) pointed out in the CAP survey of 19 countries that in the U.S. the commitment to academic freedom was higher than in all the participating countries and the understanding of the compatibility of research and teaching was also higher. Contrary to this, other countries including Anglo Saxon countries such as the U.K., Australia, Hong Kong, began to concentrate on the German type of education with its research orientation (Arimoto, 2011, 2015). Considering this global trend of withdrawal from the ideal of R-T-S nexus, the realization of the ideal of the modern university ideal is difficult to attain. Japanese Academe is particularly concerned about the seriousness of their situation after the incorporation of 2004 and SEA in 2014.

15.5 Concluding Remarks

All these changes are promoting the decline of university governance. As a result, various managerial reforms have occurred, leading to changes in the relationships between state and academe, between the business side and educational side in academe, and between the president and the faculty meeting. In particular, since the revised School Education Act was introduced, the president's power has been strengthened in all universities and colleges whether national, private or local. On the other hand, the long standing power of the Faculty Meeting, once center of academic autonomy, has been largely lost.

Managerial reforms strengthen the power of the university president and his/her staff. This trend brings changes in president's role from a European "rector" to an American type "president". The "rector" model dates back to the medieval university in Europe and the "president" model developed with the modern university in the U.S. The former is familiar to the president election from inside academe with a focus on the academic type emphasizing academic ability, while the latter is familiar to the president selection from inside and outside academe with focus on management and emphasizing business ability (Iijima, 1979). The latter tends to strengthen the relationship between the academe and business world after the reform of incorporation of national university in 2004.

Recently, a senior bureaucrat of MEXT was recruited by Waseda University, one of the most prestigious private universities in Japan, and a secretary general responsible for this scandal was forced to resign. Senior bureaucrats are prohibited from involvement in recruitment while employed by MEXT and immediately after leaving. "The former administrators of MEXT who were re-recruited in the

universities and colleges within two years after retirement from MEXT" totaled 79 in the four years from 2011 to 2015 (Shinbun, 2017, January 20th).

In the age of close interaction between academe and the business world, this level of collusion is likely to occur. The collusion between academe and MEXT will strengthen MEXT's control over academe and accelerate the decline of the university's own governance by increasing top-down decision-making and making the faculty meeting irrelevant. The recent trend of academic reform has weakened academic autonomy and the critical academic issue is how to balance the managerial reforms and collegiality to better formulate the nexus between teaching-research-study as discussed in this chapter.

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Chapter 16
Conclusion: The Transformation of Higher Education Governance in East Asia

Jung Cheol Shin

Abstract University governance has dramatically changed in East Asia during the past couple of decades. These reforms are driven by a neoliberal ideology that emphasizes institutional autonomy, marketization, and competition between universities. However, governance reforms differ across countries depending on institutional and higher education contexts. The different policy approaches across countries might be explained from the perspective of historical institutionalism and the growing similarities across countries by the sociological institutionalism perspective. These two theoretical perspectives provide a lens to interpret and understand institutional changes under the neoliberal reforms. Based on the policy discourses and case studies, this chapter overviews the governance changes in the five selected systems covered in this book, and discusses their similarities and differences to highlight where there is convergence and divergence.

16.1 Introduction

This book introduced and analyzed how neoliberalism has been institutionalized in higher education governance. A special focus of this book is the 'incorporation' of national universities which is a core policy approach to institutionalize neoliberalism in the region. The policy is more popular in the region compared to other continents including most European countries (e.g., Mok & Oba, 2007). The incorporation initiative was adopted by national governments relatively early in developing higher education systems in China in 1997 and Malaysia in 1998, and was followed by advanced systems such as Japan in 2004 and Korea in 2012. However, the Taiwan government's initiative for incorporation was not very successful, although the Taiwanese government attempted to incorporate the national university in 2006. Governance reforms are relatively flexible in developing

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systems but it is difficult to change once they have been in place for a period of time. Presumably, academics' power is relatively weak in the developing systems while their power is strong in the developed higher education systems.

This book overviewed how the neoliberal reforms, especially incorporation and/or corporatization, were developed as a policy idea in each system, and how that has been institutionalized as a system of governance. The five selected East Asian countries interpreted neoliberalism in their own contexts and developed their incorporation policy as a way to apply neoliberal ideology. Although these policy initiatives are called 'incorporation' or 'corporatization' and share some similarities between countries, they differ across the five systems. Even their incorporation goals differ. For example, downsizing public organizations is a goal for Japanese government while providing flexible governance is a policy goal in Korea (e.g., Oba, 2007; Rhee, 2007). As a result, two core dimensions of governance (the relationships between government and university, and the relationship between institutional managers and academics) are also differently institutionalized.

This chapter discusses the similarities and differences in governance reforms across these countries. The similarity discourses are related to the general characteristics of neoliberal reforms. On the other hand, systemic differences of incorporation policy might be from a perspective of a historical context of higher education in each country.

16.2 Governance Practice in Different Systems

Recent governance reform changed the social perspective of a university from an 'institution' to an 'organization', as Krucken and Meier (2006) have discussed. The institutional perspective emphasizes that a university has its historical roots in the society and its functions are defined through its historical development. The organizational perspective emphasizes the university as a social organization, which is supposed to respond to changing social environments. Braun and Merrien (1999) explain different perspectives on the university by using a societal understanding of the university as a 'cultural' institution and as a 'service' institution. Societal perception of a university as a cultural institution has a long history in Europe while the university as a service institution has a historical root in the US. Between these two competing perspectives, recent governance reforms try to put more weight on the university as a service institution with an organization perspective (rather than institution perspective) as Maassen (2017) has discussed.

The change of university governance is seen in the changes in power relationships between major actors in each area of institutional affairs—finance (and administration), personnel, and academic affairs. Each area of university administration has functioned differently, according to institutional traditions. For example, general administration and finance are mostly conducted by state officials while academics exert a strong influence on academic administration in most European systems. Compared to the European systems, Anglo-American systems have a tradition that

general administration and finance affairs are managed by institutional managers and their staff, while academic affairs are managed by the academics. Compared to these two systems, political authority and state bureaucrats exercise considerable power in both general administration and academic affairs in the state-centered systems such as China. These differences are represented in the Table 16.1.

The five systems selected for this book share similarities in one of these three systems as demonstrated in Table 16.1. Governance reform seeks to empower institutional managers to improve institutional efficiency and institutional competitiveness. For example, governance reforms in the three East Asian systems (Japan, Korea, and Taiwan) focus on empowering institutional managers and thereby reduce academics' involvement in administration. In this case, the state deregulated university by providing independent legal status to the university and the authorized institutional leaders form the final decision-making body at the institution level. It is referred to as 'incorporation' in this book. Compared to these three countries, the state authority (Communist Party) exercises its power in the state-centered system in China as shown in Chaps. 4 and 9. Malaysia which is in based on the British system exercises considerable state influence after the neoliberal reforms in order to enhance institutional competitiveness as discussed in Chaps. 6 and 12.

These governance reforms accompany structural changes in the systems. For example, the Japanese government reduced the influence of the faculty in university administration through two other policy initiatives. In Chap. 2, Konyuba explains that major decisions on campus used to be decided at Faculty Meetings, but this has been progressively losing its influence following the revision of School Education Act and the National University Corporation Act of 2015. In addition, the faculty members are affiliated with the graduate school (research unit in its name) and their collective power has been weakened after Japanese national universities changed their academic organization in the late 1990s and early 2000s (Ogawa, 2002). With these changes, academics have been losing their influence in administration, and the corresponding growth in managerial power has been influential as Chap. 7 demonstrates, drawing on empirical data from university presidents.

Table 16.1 Areas of administration and main actors

	Anglo-American systems	European systems	State-centered systems
General administration & finance	Institutional manager and his/her staffs	State bureaucrats Institutional leader is nominal	Political authority & state bureaucrats
Personnel (appointment of president)	Board of trustees (USA) Court/Council (UK)	Faculty voting	Political authority
Academic administration	Academics in collaboration with institutional managers	Senior academics (Chair Professor)	Political authority, state bureaucrats & Academics
Related East Asian systems	Malaysia Singapore Hong Kong	Japan Korea Taiwan	China

However, institutional managers cannot practice their power in the traditional research-focused university, where still academics exert a strong influence on every critical decision. Even the Taiwanese Government failed in implementing incorporation because of strong faculty resistance as described in Chap. 5. The failure to adopt incorporation does not mean that the Government did not introduce any initiatives under neoliberalism, as discussed in Chaps. 10 and 11. Different forms of structural changes were adopted in Malaysia where the university has a corporation status dating back to its beginnings under the British tradition. As Chaps. 6 and 12 discuss, governments began to appoint university presidents, and academics found they had lost their influence, even over the academic administration. Compared to these democratized countries, China—a state-centered system—provided corporate status to national universities without any serious debates with its academics.

16.3 Converging Policy Frames in the Five Systems

There was previously a consensus that institutional autonomy and academic freedom are central to the quality of teaching and research, but neoliberalism changed the narrative through the state-centered policy initiatives. The case studies in this book highlight the ways neoliberal policy has been designed by the state in the five systems. This perspective is contrary to the traditional view that the state should not deeply involve in universities. One might argue that it is because universities are too slow to change. However, it might also be related to the fact that policymakers have a strong desire to be involved in universities in order to accomplish their policy goals, and neoliberalism provides the ideological grounds to rationalize their involvement-steering at a distance. The governments in the selected five East Asian systems have been deeply involved in neoliberal policy development. This book found three major changes under neoliberal reforms—increased competitive funding, increased state power, and moderately increased institutional leader's power.

16.3.1 Increased Competitive Funding and Mission Differentiation

In the academic discourse on governance reforms, higher education scholars, especially in Europe and East Asia, have focused on formal governance structure. However, the key to understand the changing power relationships between the three major actors (state, institutional manager, and academics) is the funding policy rather than structural change itself. For example, the Japanese government began to reduce 1% annually of basic funding (Chap. 2), so that national universities will attract additional external resources through entrepreneur activities or competition-based project funding (Chap. 7). Similarly, Taiwan also grants 80% of

the operational budget to each university and universities are expected to generate 20% of their budget from other sources, as described in Chiang (Chap. 11). Compared to Japan and Taiwan, the Korean government did not adopt a policy of reducing state funding to national universities. Instead, the government has continuously increased competition-based project funding, while general grants for operation are barely increased. As a result, most universities are seeking competition-based project funding and/or funding from external sources. As such, the Chinese government also encourages individual universities to generate their own resources and state funding remains marginal (Chap. 9).

In addition, these case studies emphasized that the universities are sensitive to the changes in funding policy. If states adopt the structural reforms without changes of funding policy, the reforms may have limited effects. The Taiwanese government has implemented its neoliberal policy through the funding system reform as Chiang describes in Chap. 11. Similarly, Japan also restructured its funding policy and adopted mission-focused grants as discussed in Chaps. 2 and 7. In addition, the Korean government has been granting funding to universities through a competition-based project funding scheme, so that universities are expected to develop and present their own funding proposal to the government. Malaysia and China also provide limited funding and their universities are expected to attract additional resources from other sources. All in all, these funding mechanisms seek to minimize general grants to universities, and force them to increase the amount of funding they get through competitions.

Under a neoliberal policy, formal (or legal) differentiation between universities such as Research University, Teaching University, or Local University are weakened. Instead, neoliberal governance emphasizes functional differentiation by a competition-based project funding mechanism (Patrick & Stanley, 1998; Ramsden, 1999). The competition-based functional differentiation has been accelerated with the world-class university initiatives of the mid-2000s (Shin & Kehm, 2013) and led to providing special funding to selected universities. Going even further, the world-class university initiative emphasizes governance reforms to provide more flexible governance for the selected universities. Incorporation of national universities has been adopted as a policy to provide flexible governance to the state-centered societies in East Asia.

In this regard, policymakers seek to have individual universities develop their own institutional profiles in one of research, education, or industrial connections. Competition-based project funding is a strong factor in accomplishing this goal. Ideally, the competition-base project funding was expected to lead mission differentiation between universities. However, the policy may not be successful depending on policy design and institutional contexts. The Japanese and Chinese approach to mission differentiation through funding policy seems successful because both governments have applied a consistent policy for mission differentiation during the past a couple of decades. However, the policy may not be as effective in Korea where the funding policies are not particularly target oriented for mission differentiation between universities (e.g., Shin, Kim, Park, & Shim, 2009).

16.3.2 Increased State Power

The case studies show that state influences have increased through competition-based project funding. In addition, the state began to get heavily involved in the traditional and substantive areas of the academic profession. The neoliberal policy of institutional autonomy facilitated the state's strong influence over universities and this is well represented in the composition of governing body (board of directors, or board of trustees), which was originally institutionalized to reflect external stakeholders, especially local community as in the British model and US model. Conventional US systems have a board of trustees and the British systems have a court/council to represent external stakeholders in their systems while traditional Humboldtian systems do not have such a structural body within their university governance. However, Kretek et al. (2013) found that growing numbers of European universities have adopted a board of directors system to incorporate outside voices in university administration after neoliberal reforms. The changes reveal that European universities have adopted a US practice of boards of trustees. Incorporated Korean universities also have boards of trustees.

However, in a society where the local community is not well developed, the external voices is represented by the state, and there is minimal participation from the local community. Through the neoliberal policy, the state is becoming a major actor in university administration. In the early days of the neoliberal policy, it was understood as decentralization, but it evolved into strong state involvement in a wide range of university administration, whether or not that was intended. Chapters 6 and 12 show that Malaysian higher education is becoming extremely centralized and this is well represented in the CAP data analysis in Chap. 13. Reflecting on this, this book arrives at a similar conclusion as Gornitzka, Maassen, and de Boer (2017) found in Europe—namely, that there is growing state influence under neoliberal governance in East Asia.

Another point to highlight is that the state involvement is led not by the Ministry of Education with education specialists developing policies, but by the Ministry of Finance and Economy (of whichever name their department goes under). As seen in Japan in Chap. 2, the Ministry of Finance is the main driving force for the incorporation of national universities and it was one of the major unseen players pushing for the incorporation of national universities in Korea. In addition, the economy is the core factor driving corporatization of Malaysian universities as discussed in Chap. 6. By means of funding mechanisms, the ministry of finance maintains a strong influence over the universities after governance reforms.

16.3.3 Moderately Increased Managerial Power and Decreased Faculty Influence

Neoliberal reforms, especially the funding mechanisms have had huge impacts on university governance practices. University Presidents and their staff are increasingly empowered to develop funding proposals, management of the new funding, and resource allocation within the university. Institutional managers have been increasing their influence through the planning and coordination of funding proposals, and selective/strategic assignments of institutional resources to individual academics and research units. This has been well represented by the CAP data analysis as shown in Chap. 13, where Shin and Kim found that institutional managers are strong players in the resource allocation within their own university.

In addition, the cases studies show that four of the five systems changed their way of appointing the University President, who was previously elected by faculty voting, but this has been replaced by other methods (e.g., search committee). This is related to the fact that academics have maintained their power through their active participation in electing their President (Rector in Europe, or Vice Chancellor in the British system). Faculty voting was the primary method to elect the President regardless of whether they have the formal authority for the appointment of a President. However, the neoliberal policy in these four systems tried to abolish the conventional approach (or 'custom' in some countries) to empower institutional managers, and to reduce faculty influence in university administration. Japan, Korea and Taiwan developed search committees to appoint University Presidents. Malaysia changed its system and the government has the authority to directly appoint the University President (Chap. 12).

Through this policy change, institutional managers exert more influence on universities. However, University President practices their power under state influences. As Shima argued in Chap. 7, the University President's roles are repositioning as a 'mediator' between the government and faculty members while they used to be a representative of faculty members in the Humboldtian ideal. In addition, the changes might vary according to different universities and their institutional missions. In a research-focused comprehensive university with a long history, faculty voices are relatively strong but relatively weak in the universities that are teaching-focused with a shorter history or which is a science and engineering focused university. Gornitzka et al. (2017) also found that real changes in governance in comprehensive research universities are relatively small in their study in six European countries. As the CAP data demonstrated, state influences are relatively influential in appointing key university administrators, especially in the bureaucratic governance system, as discussed in Chap. 13.

The structural reforms are differently institutionalized in the various countries. In the systems that emphasize managerial efficiency, such as Japan and Malaysia, the decision-making body is called a 'board of directors', as discussed in Chaps. 2 and 12. In these systems, the University President has considerable influence in appointing the board members and the President controls the decision-making body. This is a

Table 16.2 Comparisons of governance reforms across five systems

	Japan	Korea	China	Taiwan	Malaysia
President appointment	Search committee (faculty participation)	Search committee (faculty participation)	Appointment	Search committee (faculty participation)	Appointment
Governing body (final decision-making body)	Board of Directors	Board of Trustees	Political authority	University Affairs Council	Board of Directors
Budget cut	1% of annual budget	No cut	No cut	Granting 80% of budget (1998)	17% cut (2016)
State influence	Strong	Strong	Strong	Strong	Strong
Institutional manager's influence	Weak, but increasing	Weak, but increasing	Weak, but increasing	Weak, but increasing	Strong
Academics' influence	Strong, but declining	Strong, but declining	Weak, but increasing	Strong, but declining	Weak

good example of what neoliberalism governance reforms are aiming to achieve. However, both the Japanese and Malaysian systems operate differently in practice. In Japan, still there is belief that the University President is a representative of the faculty. In Malaysia, he or she is a representative of the government as discussed in Chaps. 6 and 12. Compared to the Japanese and Malaysian systems, the Korean systems are similar to the US board of trustees system, with the majority of trustee members from outside of the university. The structural differences imply that governance structure is differently institutionalized depending on the national and institutional contexts. The systemic differences and similarities are represented in Table 16.2.

16.4 Governance Reform in East Asia: Convergence or Divergence?

The East Asian systems adopted neoliberal reforms in the 1990s for various reasons including financial shortages (e.g., Malaysia), downsizing of government agencies (e.g., Japan), and institutional competitiveness (e.g., Korea, China, and Taiwan). These reform initiatives emphasize decentralization and institutional autonomy and empower institutional leaders to increase managerial efficiency. These reforms accompanied governance reforms, moving from a collegiality-based culture to an institutional manager oriented one. These reform initiatives produced noticeable outcomes in university governance practices. We found that institutional managers today are more powerful than the institutional managers in the past. Also, individual

universities began to develop their own mission and strategic plan, and to assign resources more strategically in line with their vision and plan. One might argue that there is an institutional 'convergence' of universities under neoliberal reforms.

However, each system and university developed different types of structural reforms as shown in Tables 16.1 and 16.2. As Gornitzka et al. (2017) argued, each system filtered the external pressure for governance reforms through their national- and sector-specific (university in this discussion) filters. This perspective explains how governance reforms are differently designed and implemented according to national and institutional contexts. Perspectives such as sociological institutionalism (e.g., Schofer & Meyer, 2005) emphasize the growing convergence that comes with globalization. On the other hand, the historical institutionalism perspective (e.g., Maassen & Olsen, 2007) highlights how each system differently institutionalizes neoliberalism according to its historical path. Similarly, Austin and Jones (2016) found that governance reforms are similar across countries while there are national differences. The case studies do not produce any conclusive findings on the convergence or divergence issue. Instead, we confirmed the existence of 'divergence on the way of convergence' in governance reforms.

These findings are supported by the Changing Academic Profession data. According to Chap. 13, the majority of systems (14 of the 19 systems) are classified as managerial governance which means that there is a global convergence toward managerial governance. On the other hand, each system is differently classified as one of the three types of governance in each area of finance, personnel, and substantive areas. The complexity of governance means that there are diverging trends in governance despite convergence towards the managerial type. In their study on four European systems, Dobbins and Knill (2014) found that there is diversity under convergence. In addition, Gornitzka et al. (2017) also found that each system differently institutionalized governance reforms within their own contexts though there are similarities.

Along with the convergence and divergence issue, we find many countries deal with the policy issue referred to in this book as incorporation. This may be related to the fact that countries often import policy ideas from other countries. In addition, major international organizations such as the OECD and World Bank take the lead in policy discourses, and have been key actors in disseminating global discourses on governance. Some scholars (e.g., Steiner-Khamsi, 2004) highlight borrowing and lending of policy development across countries to explain policy convergence. It is clear that these five systems have mutually influenced each other in their policy development process because bureaucrats learn from the experiences of other regional players as well as from other continents. However, these mutual policy exchanges were not discussed in depth in this book because of our focus on how each system has developed their governance systems within their own economic and political contexts. The issue of policy borrowing and lending should perhaps be studied more carefully in the future.

One continuing question on governance reform is whether managerial governance leads to better institutional performance in higher education. Unfortunately, there is no clear answer to this question. Some researchers (e.g., Knott & Payne,

2004) found that governance brings difference in performance, while other studies (e.g., Volkwein & Tandberg, 2008) report governance is not strongly related to institutional performance. Chapter 14 tried to answer this question with empirical data and reports that institutional performance does not differ across different types of governance in the Korean university context. Although the study data has its limitations, this study again confirmed that changes in governance do not guarantee institutional performance. Scholars (e.g., Maassen, 2017) propose some scenarios to explain the 'paradox' of governance reforms. One explanation is the institutional perspective which emphasizes that universities do not change quickly because they are historical institutions. This perspective could be further developed with research on institutional adaptation under the changing environments.

16.5 Will the Governance Reform Continue?

Under the state-driven governance reforms, institutional changes happen in three ways as Gornitzka et al. (2017) discussed. The first scenario is that universities change as the reform designers intend; the second scenario is that universities adapt to the policy changes so that there are few real changes though universities appear considerably changed on the surface; and the third is that there is change but the change is accidently happened. Our observations lead us to a mix of these three scenarios. Reform designers favor the first scenario, but these three scenarios happen together depending on the designs of the reforms. If policy designers push universities to make changes without consideration of the institutional contexts, the second scenario might frequently result. As result, if reform designers do take institutional contexts into account, then the first scenario may occur. There are also very poorly designed policy approaches that do in fact work despite the poor policy.

In the case studies we observed, most governance reforms are designed without much consideration to the institutional contexts. However, it is not easy for universities to follow what the policymakers pursue and this situation might result in various adaptation patterns in practice. The gaps between policy ideals and institutional practice might lead to differences between formal structure (policy ideals) and internal institutional practices. For example, faculty voting is still a popular method to appoint a president even though many countries have abolished faculty voting. Performance-based resource allocation is not in place yet though it is a core of neoliberal policy. These adaptive changes explain why the governance reforms have limited impacts on university practices in many countries.

Discussions on governance reforms are not likely to end in the near future. One may argue that governance reform is a 'fad' or 'fashion' similar to management reforms (e.g., Birnbaum, 2000) and policy discourse on governance reforms will fade away in time. However, states may increase their influence over higher education because policymakers consider universities to be an engine of economic development. Through their policy experiences during the neoliberal reforms, policymakers have learned how to control universities according to their will by

providing competition-based project funding. Governments may continue their involvement in governance reform because this is an attractive and efficient tool for policymakers.

Have universities changed in a positive way under neoliberal reforms? There are some positive signs if one believes that universities should be sensitive to economic and societal changes. However, academics worry that the changes might have side effects over the longer period. Universities might please policymakers and business people by participating in university–industry partnerships but this is a short-term gain because they are not social institutions for economic development. Instead, universities are social institutions for preserving and developing culture as a Humboldtian ideal is based upon. In addition, they are institutions that help their students to realize their personal potential through their learning experiences as education scholars believe. Both functions are critical as the economic values are. This explains why universities have existed for so long time since their first emergence in the eleventh century.

This perspective warns of the dangers of contemporary governance reforms in universities. Executive officers are regularly evaluated (e.g., every 4 or 5 years), and they do their best to improve their performance in the given time. However, much institutional performance cannot be accomplished in such a short time. If governance reforms continue to promote performance evaluation over a short time period, then the evaluation scheme is opposed to the purpose of a university.

16.6 Future Governance Research in East Asia

This book focuses on state initiatives for governance reforms and their implementation at the university level. Expected outcomes from governance reforms under neoliberalism include increased institutional autonomy, efficiency, and institutional performance. In addition, the generally conservative academic community may become more flexible and responsive to market demands. However, the neoliberal reforms also have a downside. State influence has increased through funding mechanisms, privatization has infiltrated the university administration, and academic collegiality has been eroded to some degree. In some cases, there are student protests about the neoliberal reform policy as applied to governance. This book does not address this critical perspective but focuses on the policy development and implementation. Follow-up research might uncover if individual universities are able to respond to governance reform and comply with government policy without losing their institutional identity.

Another important issue is how faculty members respond to the changing environment, especially the changing financial mechanisms. The responses of academics in universities with traditional Humboldtian ideals in Japan, Korea, and Taiwan where academics tend to have strong beliefs on collegiality would be worth exploring. Changing governance in China is one of our major research interests in the future because the attitudes of the individual university and faculty members in

their strongly state-centered system is likely to differ from other systems. A comparative study on how an individual universities and faculty members respond to governance reform in the three major historical roots—British tradition (e.g., Malaysia and Hong Kong), Humboldtian tradition (e.g., Japan, Korea, and Taiwan), and the Soviet tradition (e.g., China)—will be a critical research topic in the region.

Governance theory including the core concepts such as 'collegiality' in Europe and 'shared governance' in the USA has been developed and discussed mainly in the Western academic community. Scholars tend to use these theoretical frameworks to explain governance in East Asian higher education. To some extent, these Western perspectives explain governance reforms in East Asia but might be limited to explaining governance in a region with a strong state-centered tradition. Institutional autonomy after neoliberal reforms may be differently interpreted and modeled in East Asia where the state never releases control of the university. Without understanding these socio-political systems, Western perspectives are like to be limited in relation to East Asia. A critical scholarly challenge for researchers is to develop theoretical frameworks to explain governance practices under the strong state involvement found in the region.

Finally, research on governance might expand its scopes to various types of universities. Most research on governance reforms assume a single university—comprehensive, research focused, or public university. However, various types of universities coexist in most higher education systems. For example, most universities in the region, including Japan, Korea, China, Taiwan, and Malaysia are teaching-focused universities. In addition, the private sector is much larger in the region and the state tends to be deeply involved in private universities in the region, unlike the USA. Considering the large share under the private sector and the active involvement of the state, it is critical to understanding governance in the region to research the interference of the state. Research on private university governance requires a distinctive perspective to understand governance practices inside a university as well as the relationships between the university and states.

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