

Chapter 3

Halfway Toward Incorporating National Universities in Korea



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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 Kyung Sung 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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