RIHE International Seminar Reports

UNIVERSITY MANAGEMENT, PRESENT AND FUTURE: HOW AND BY WHOM?

Report of the International Workshop on University Reform, 2011

Organized by: Research Institute for Higher Education, Hiroshima University

Research Institute for Higher Education
HIROSHIMA UNIVERSITY

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FOREWORD

Higher Education in Japan is expected to become more globalized through reforms to both its teaching and research. Indeed, higher education should be the engine for the growth and economic prosperity of Japan, as well as of benefit to people around the world. Symbolic of this, the University of Tokyo announced in January this year that, within the next few years, they will change their academic calendar to accept all undergraduate students in autumn instead of in spring, as at present. The main purpose of this change, they say, is to educate students with a more global aspect by giving them more international opportunities to learn. It is still uncertain whether other higher education institutions will follow the attempt of the University of Tokyo, but the announcement implies for us that we should be changing approaches to university management, as well as to teaching and research.

The Research Institute for Higher Education (RIHE) at Hiroshima University, through special funding by the Ministry of Education and Science in 2008, has been implementing a research project on the reform of higher education in the knowledge-based society of the 21st century. Research into the design of the future higher education system, including university management, is a very important part of this project. Within this framework, RIHE hosted the fourth International Workshop on University Reform under the theme of "University Management, Present and Future: how and by whom?" from 16 to 17 November, 2011, at Hiroshima University, which was followed by the 39th Annual Study Meeting on the same topic.

We invited four speakers whose activities are internationally recognized: Dr. Mary-Louise Kearney, Special Adviser for Global Higher Education, Project IHERD (Innovation, Higher Education and Research for Development), OECD; Dr. John A. Douglass, Senior Research Fellow, Center for Studies in Higher Education, University of California, Berkeley, USA; Dr. Don F. Westerheijden, Senior Research Associate, Center for Higher Education Policy Studies (CHEPS), University of Twente, The Netherlands; and Professor Masao Homma, Vice-President, Ritsumeikan Asia Pacific University, Japan. I sincerely

appreciate the contributions of the four guests to the International Workshop.

I hope that this volume, the record of the International Workshop, will advance the understanding of those who are interested in the future of higher education systems around the world, as well as in Japan.

July, 2012

Shinichi Yamamoto
Former Director of Research Institute for Higher Education, Hiroshima University
Professor, Graduate School of Higher Education Administration, J. F. Oberlin University

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Presentations

Challenges for Tertiary Education Governance and Management in the Knowledge Economy

Mary-Louise Kearney[*]

Introduction: The global context in late 2011

As 2011 advances to its close, the geo-political and socio-economic context shows marked variations as the world anxiously watches the global economy and its still unsuccessful efforts to recover from the worse financial crisis since the 1930s.   The performance of the G8 is stumbling, badly hampered by the serious banking and Euro crises, while the BRIC nations (and the G20 in general) continue to advance.   Regionalization is a critical force especially in Asia where China is the main motor for growth.   In each region, specific countries are emerging as important economic champions (*e.g.* the Republic of Korea in Asia and Chile in Latin America).   Certain economies are prospering (*e.g.* Australia, Finland) though their neighbours may be less robust.

Paying the ongoing-crisis bill presents all countries with serious challenges: increased taxation, the threat of inflation, regaining investor confidence in banking and financial markets, addressing ageing populations (in OECD nations), rethinking immigration policies, striving for a more stable labour market (which is characterized by cuts in public sector jobs and increased employment in the service industries and SMEs), reducing youth unemployment (at 13% worldwide in 2010 and at 19% in 2011 – often with higher figures for university graduates *e.g.* 33% in Spain), containing rising health and education costs, and honouring green pledges in areas such as energy and agriculture.

Against this backdrop of uncertainty, in May 2011 the OECD Ministers of Economic Affairs drew up a list of priority goals to underpin their vision for the

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future of the global economy: *sustainable growth, promoting job creation via innovation and skills acquisition, further green growth, better economic empowerment for women, social equity as the base for development (by attaining the UN's Millennium Development Goals), and favouring trade which creates employment.*   To succeed, this vision requires strengthened levels of *entrepreneurship, equality, employment, education and environmental awareness.*

This context demands that higher education (*i.e.* tertiary education), R and D, and innovation make ever more effective contributions to the current Knowledge Economy, an economic environment resulting from the recent IT revolution.   How can this be done?   In the tertiary education sector, institutions and their missions must diversify further to ensure that the specific needs of research and of teaching/learning are satisfied.   In addition, the steady rise of private 'for-profit' provision to meet increased demand will require monitoring by governments to maintain quality standards.   Already, it is recognized that IT technology and its potential will be the cornerstone for meeting these challenges.   For example, Africa has the world's fastest growing mobile phone market including the use of Internet-related services which can extend to education.   In the R and D field, public investment must be maintained along with the balance between 'blue skies' and applied research. In the latter case, new research alliances (such as the Association of Pacific Rim Universities, APRU) are being forged based on common development agendas. As well, innovation must be redefined beyond science and technology alone so as to support new approaches and products in a broad range of areas.

These challenges will rely heavily on increased investment in skilled human capital in order to address the complex questions involved: what is the value of an academic credential today?   What are the new types of jobs requiring tertiary education?   Will volatile and mobile job markets become the norm?   Can entrepreneurialism be taught or is this an innate skill?   How can teaching and research become more attractive careers?   While searching for positive answers, governments and their social partners must never forget that the fields of tertiary education, R and D, and innovation have social responsibilities which entail, *inter alia*, striving for more equitable globalization, debating priorities and their social impact, creating a culture of enquiry, ensuring access and equal opportunity across all strata of society, nurturing citizen and community values, and building solid stakeholder dialogue.   Engagement to meet these goals will foster not only a stronger Knowledge Economy but a more equitable Knowledge Society worldwide.

As this paper presents its arguments, the Tertiary Education sector – as led by its governance and management – will be seen to constitute a vital force for effecting meaningful social change in the Knowledge Economy.

The knowledge dividend: A sure investment?

Today knowledge in numerous forms constitutes the wealth of nations both as a crucial commodity and in terms of their human capital equipped with the intellectual and practical competences necessary to deal with life and work in the 21st century.

However, 'knowledge' is diverse and so requires definitions and explanations.

High-level scientific knowledge has become the key motor for socio-economic development, and the higher education (*i.e.* the academic area of tertiary education) and research sectors are vital nexuses for its production and applications.

An adequate national research base is essential for all countries, in order to access the global pool of knowledge and to adapt this to resolving local challenges. Yet the global context reveals many inequalities regarding access to and possession of this knowledge. R and D expenditure and investment as a percentage of the gross national product exemplify this problem with high levels of funding in OECD countries but woefully meagre resources devoted to this area in Africa, Latin America and parts of Asia/Pacific. Priorities are the issue here as middle and low-income countries (known as MICs and LICs) are facing major problems regarding basic education, health care, sustainable agriculture and IT capacity. Hence, they cannot devote the same funding as their high-income counterparts (HICs) to R and D.

However, MICs and LICs do recognize that they must find ways to access high-level knowledge, even if their respective systems will take many years to build improved capacity. Numerous examples of good practice augur well for the future. For instance, in each region, significant investment in higher education and R and D made by individual countries can benefit their neighbours. Examples of this phenomenon are South Africa, Singapore (whose respective cohorts of research scientists and engineers have risen exponentially in recent decades), the Gulf States, and Brazil (which is the engine for LAC growth along with Mexico and Argentina).

Though contextual differences must be considered when designing strategies to strengthen knowledge systems, certain fundamental lessons from

high-income countries are the guiding force:

- To achieve *excellence in graduate education*, a concentration of intellectual talent, adequate funding and universities run with far-sighted governance strategies are vital, and tertiary education in general requires top quality faculty as its foundation (Altbach & Salmi, 2011).
- *National innovation systems* are complex entities composed of multiple areas (such as a national policy framework, intellectual property agreements, and market structures) which both help nurture creative and entrepreneurial talent and ensure that new ideas are developed into products which will fuel economic growth.   The OECD Innovation Strategy, which includes a listing of the numerous relevant policy sectors involved in this process (*e.g.* consumerism, science/technology capacity, industry and trade, territorial development) added *education and skills* to the traditional fields for the 2010 version, thus affirming that countries cannot perform in the Knowledge Economy without sound policies to produce the expert human capital necessary.
- Investment in sound IT capacity is essential to underpin higher education, R and D, and innovation.   While the now famous Digital Divide demonstrates how 80 per cent of IT resources are concentrated in 20 per cent of countries, it also shows that many MIC and LIC nations are not making the necessary investments in this crucial area.   As a result, universities in these countries cannot offer new disciplines such as bioinformatics, a field that deals with data management systems related to the life sciences.   This field is taught at over 150 universities in North America but at very few in Africa (8), the Middle East (5) and Latin America (3).   As such areas of knowledge will be needed to help create the jobs of the future, judicious investment to obtain such expertise – or to ensure access to it – has become a major priority for national policy-makers. Again, this challenge reiterates the benefits of the knowledge dividend for socio-economic development.

However, in parallel, a much deeper understanding is needed with regard to the link between knowledge and skills and the job market.   Writing in the *Financial Times* on 23 August 2011, Michael Lind of the New America Foundation even suggested that the Knowledge Economy has failed given the stagnant employment in OECD economies, the loss of middle-skilled jobs and the rise of unskilled immigration.   In a similar vein, experts such as Richard

Florida of the Toronto University Business School, argue for serious R and D investment to better understand the labour market – notably the service industries which employ the majority of people (albeit in non-permanent jobs in response to market demand).   To date, economic aspiration has been promoted based on the value of academic credentials – yet, as job creation continues to stall in many OECD countries (with grave consequences for youth and graduate employment), there are calls for fresh emphasis on economic security as the proper basis for productive labour market policies.   As this debate evolves, tertiary education must be vitally involved in the search for solutions.   In this regard, the sector must demonstrate leadership which is both bold and pragmatic.

Building and understanding knowledge societies

Building Knowledge Societies and understanding how these function in differing socio-economic contexts is a process which comprises a number of diverse dimensions.   These include promoting research into the components of knowledge systems themselves, investing in the research imperative to meet long-term development goals, and ensuring that the outcomes of inter-disciplinary research are linked to more effective policy-making.   Beyond their own national objectives, countries need to play their respective roles in the process of global problem-solving.   In this regard, forging inter-university linkages and participating in international research agendas are critical strategies.

National research capacity is a complex and multi-faceted domain ranging over policy-making, adequate funding resources, fostering a robust culture of enquiry, building national capacity both for high-level research with relevant local applications and for the evaluation of this, understanding innovation in relation to context, and ensuring participation in the international research community.   In OECD countries the knowledge infrastructure is usually strong, with research-oriented universities co-existing alongside counterpart entities such as research councils, institutes and 'think tanks'.   However, in many MICs and LICs research infrastructure is much weaker, with the university as the main – and even sole – source of knowledge generation.   In today's tough economic climate, all countries are obliged to make strategic choices to ensure that their knowledge capacity is of high quality.   To this end, the World Bank has made the following recommendations:

- That HICs meet demand through diversified systems with institutions which fulfil different mandates so that quality teaching, research and

training – which are distinct missions – are all provided.

- That MIC and LIC countries be much more selective in their systemic goals and strategies.   For example, flexible and less specialized curricula, shorter-term programmes, more adaptable regulatory frameworks and less rigid public funding systems so that higher education institutions can adapt to market demand.   Small countries face particular challenges due to their economic scale.   The World Bank encourages policies that facilitate sub-regional partnerships to optimize resources, give strategic focus to institutions, and support negotiated franchise arrangements (including options for distance learning) with external providers.

In the current IT-driven era, all countries are challenged to maintain adequate investment in science and technology so as to provide for strong future performance in these disciplines.   OECD nations invest fairly heavily *via* higher education, R and D, and IT capacity, and certain MIC countries are increasing resources for these areas (*e.g.* Singapore, Brazil, the United Arab Emirates).   In contrast, LIC states continue to struggle to find the necessary funding and so risk falling behind as the global Knowledge Economy advances. In this regard, many African nations are in real danger due to their weak infrastructure (notably the lack of efficient and affordable IT capacity), small cohorts of top quality researchers, and the continued brain drain of African academics.   Evidence of this is the limited number of scientific publications with internationally recognized status produced by African nations.   In contrast, China has dramatically increased its global research collaboration by promoting co-authored and referenced papers with partners in OECD countries.   Trying to redress this critical situation in Africa has been a major goal of the international donor community over the last three decades.   While some progress has been made, efforts must continue so that the gulf between African development and the rest of the world does not widen.

Last but certainly not least, mention must be made of the progress of women in the Knowledge Society and Economy.   Here, the role of educated women is a vital motor for social advancement (in domains such as family planning) and economic empowerment (since women often represent more than 50 per cent of a national workforce).   Women with tertiary qualifications have particular potential since they can take their place not only in the skilled labour market but also in national decision-making roles including governance.   Many countries now report that women form the majority of student numbers at both undergraduate and graduate levels (including fields such as medicine and law)

and this trend will certainly have important ramifications for the workforce in coming years. Yet problems persist in relation to how development aid for women's activities is perceived and distributed. The OECD Development Assistance Centre has noted that aid for women is only about 20 per cent of all such assistance (*i.e.* about $4.6 billion of $22 billion). Moreover, this aid usually flows to the most distressed areas such as agriculture, health and the eradication of illiteracy. In contrast, little support is available to women who have already managed to attain higher levels of education in terms of helping them to capitalize on this achievement. Increased support is warranted for women qualified in areas such as transport, energy, banking and health services. In many countries (even OECD states), salaries for women do not equal those of men for the same work and there is very uneven recognition of the economic value of women who are full time homemakers (assessed to be worth at least US$30,000 per person, per year in a recent study from New Zealand). Other key areas of concern are politics, where women constitute only 19 per cent of all parliamentarians worldwide despite their voting rights, and business, where the presence of women on company boards is less than 12 per cent. Clearly, though women's rights may be more recognized, too much lip-service still exists in relation to women's actual social and economic empowerment. Until this occurs, and women become full partners in social decision-making processes, their contribution to the knowledge society remains less than optimal.

Who is doing what in IHERD?

The good news is that considerable positive action is taking place in the IHERD area. A critical mass of data and useful experiences are documenting how countries are adapting to reinforcing their knowledge systems with a view to resolving their specific development challenges.

Examples of good practice include the following:

- Qatar is leading the Gulf States in spending (at 2.8 per cent) on higher education and scientific research (*e.g.* the Education City project involving eight American universities) and the country is partnering with private sector partners in this endeavour in order to offer students optimal conditions for their courses.
- In the Caribbean region, the Centre for Marine Sciences at the University of Trinidad and Tobago (UTT) has organized critical research around thematic clusters in order to better serve national energy interests.

- Some African universities (*e.g.* in Zimbabwe and Zambia) are reporting multi-faceted approaches to research to address poverty reduction.
- In Pakistan the STEP Initiative (Science, Technology and Engineering for Pakistan) sought to retain national talent in cooperation with universities abroad, until political changes terminated the project after 2009 (thus illustrating the importance of political stability for sustained development action).
- Fresh ways of organizing university networking based on addressing development issues (*inter alia: Universitas 21; World University Network; Academic Consortium 21*) are based on changing geo-political alliances and interests.
- Emerging private partners in Tertiary Education provision (such as foundations, the for-profit sector, and various open/distance learning entities) point the way towards opening access to this sector in response to growing demand.
- More equal levels of government and private expenditure on R and D are becoming common across OECD countries (*e.g.* Australia).
- Major changes are occurring in the academic profession as a result of baby boomer retirements, which involve up to 30 per cent of staff in OECD universities. The rising global demand for tertiary education (due to massified enrolments) coincides with moves to reduce academic tenure and its benefits (already reduced by 20 per cent in the USA) in favour of contracted teaching arrangements. In the coming years, these trends will have an important impact on the attractiveness of academic careers.
- Massive increases in international students flows (from 2 million in 2009 to some 8 million expected in 2025) are accompanied by shifts in preferred destinations. While the USA and the UK remain the top locations for study abroad, countries such as Australia, China and Singapore are becoming increasingly popular destinations.
- The rankings of higher education institutions (HEIs) is a fast-moving phenomenon. From the original assessment by China (*i.e.* Shanghai Jiao Tong rankings) to identify top research universities with strengths in science, technology and medicine, other systems (*e.g.* the rankings managed by The Times Higher Education, the European Union, U-Multirank) have emerged to recognize other parameters of equal value. These may include aspects such as an institution's context and openness to both national/regional engagement and international contacts, fitness for purpose status, teaching excellence and the employability of its graduates.

Overall, rankings may be considered as a positive step since they boost quality assurance and the accountability of HEIs with regard to their major public or private funding sources.   Moreover, beyond the controversy, they attest to the critical importance of TEIS/HEIs for governments.

- Establishing top quality research universities (RUs) has become a goal for many emerging economies, including economies of varying scale (*e.g.* India, China, Brazil, Saudi Arabia, Nigeria, Qatar).   This attests to a general recognition that the Knowledge Economy is global, requiring that HEIs adopt multi-level approaches to ensure their optimal participation in its benefits.   International strategies for RUs include long-term investment in human capital, increased university partnerships at all levels, fresh alliances based on targeted research, selected faculty and student mobility arrangements, and a common commitment to the role of the academy in resolving global problems and in reinforcing social development.

These examples demonstrate innovative approaches to teaching, training and research.   In all cases, governance and management are vital elements to conceptualize, steer and successfully implement projects.

Governance and management: Articulating the key challenges

The recommendations of the 2010 OECD/IMHE Conference placed special emphasis on governance and leadership as the motors for finding sustainable and long-term solutions in a context of ongoing economic constraint.

Four trends were deemed to drive the current situation:

- Resolving the dichotomies which mark the tertiary education sector (*inter alia*, teaching/research, access/equity, control/autonomy, education/training, scale/quality, tradition/change).
- Preserving the productivity of research universities which contribute to national growth and competitiveness while, at the same time, ensuring that measurement practices in this area are really effective.   Research assessment exercises, evaluations and ranking systems now threaten to dominate the landscape because their results are widely published.   Yet too little is known about whether such practices actually boost productivity or help retain talented young researchers.
- Satisfying increasing demand for tertiary education through diversified provision.   This will involve closer dialogue with learners to understand

their requirements and flexible management to make the necessary adaptations to actual delivery.

- Encouraging the growing diversity within the sector since this attests to an academy which is committed to modernization.   Forward-looking strategies – such as doubling international student numbers in Japan by 2020, focusing on interdisciplinary curricula in Denmark, and experimenting with new approaches to institutional management (*via* smaller units with specific mandates and targets) in Australia – should be supported as they are trying to use resources to better effect.

Against this background, sound institutional governance, leadership and management entails major challenges, including:

- Setting the agenda for necessary change by proposing creative strategies
- Responding to policy opportunities and to the diversity of learner demands
- Protecting scholarship to produce quality research
- Fostering bold experimentation in teaching/learning processes
- Spearheading outreach and alliances with stakeholders in the institution's context
- Communicating clearly and regularly both with faculty and with external partners about institutional activities

For these reasons, governance and management/leadership are the primary keys to achieving diversified tertiary educations systems which:

- assure the educational attainment of a country's population; and
- help create an economy that will employ this population.

Although progress has been considerable, diversification is far from a general reality within the sector worldwide.   Articulating and implementing this core change require policy frameworks which:

- emphasize the diversity of institutional mission;
- effect the necessary changes inside institutions;
- find new ways for inter-institutional collaboration to optimize resources; and
- experiment with new modes of delivery to complement traditional academic practices.

As this transformation will enable countries to better cope in the next phase of the Knowledge Economy, its importance cannot be disputed.   Governance, management and leadership are vital both to bring about this change process and to forge the necessary alliances with government and private sector partners.

Conclusion: Towards equitable and dynamic knowledge systems for all

To help build such systems, the OECD has proposed a framework comprising seven areas of action: *governance*, *funding*, *quality*, *equity*, *innovation*, *employment*, and *internationalization*.   Taken together, these constitute the modern academy whose task is to resolve current tensions between past traditions and future imperatives.   Balance is require to provide teaching and research along with equitable access to knowledge systems, to devise correct levels of institutional autonomy and accountability to public funding sources, to ensure quality in educational provision of varying scale, and to harmonize urgent measures with the longer-term solutions which are essential for sustainability.

Many dangers threaten progress towards this goal.   For example, what might universities look like a few decades hence?   The impact of New Management Philosophy would suggest that academic credentials could be viewed mainly as a private good, thus justifying a user-pays approach to funding, highly directed research activity and an academic profession with significantly reduced tenure.   In the R and D area, similar issues prevail which relate to the ownership and politics of knowledge, the powerful role of the private sector with regard to research funding, and the insidious nature of innovative practices in finance and banking which have almost destroyed public confidence in these domains.

Looking further ahead to 2050, it is already known that major social changes will be in train involving dramatic shifts in currently held assumptions and paradigms.   Demographic patterns and cultural diversity are at the forefront of these imminent global transformations.   Moreover, the aftermath of the current economic crisis could still be felt unless cooperation amongst regions and nations is raised to new levels of effectiveness.

Choosing the option of cosmetic and disparate reforms would represent one of the gravest dangers and should be avoided at all costs by decision-makers, to prevent further social fragmentation.   In contrast, advancing fundamental systemic change in tertiary education, R and D, and innovation *via* collaboration is a more sound approach to building an equitable and sustainable Knowledge

Society. This investment is an imperative for all countries, whatever their economic scale. Visionary governance and efficient management are the cornerstones for success.

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University Devolution: How and why American research universities are becoming even more tribal[1]

John Aubrey Douglass[*]

Introduction

In the wake of the Cold War, America's research universities became increasingly characterized by a tribal mentality among schools and departments, and disciplines. The surge in research funding, and the tremendous growth rate among the major public universities in particular, fostered the idea of the "multiversity": universities become less communal and less aware of their collective purpose. These patterns have accelerated over the past two decades in the US reflecting two relatively new realities or influences:

- Within the public university sector, decreasing public subsidies have influenced a movement toward internal management decisions and organization forms that have eroded a previous model of revenue sharing (in tuition and fees, in overhead generated by extramural research, for example) and strengthened an approach more focused on profit, loss, and prestige centers.

- This has been accompanied and reinforced by the concept that there are different market opportunities among different schools, departments, disciplines and their degrees and other services, and hence opportunity

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costs (in the tuition price of an MBA versus an English PhD, for example) in which high income units increasingly seek to retain these monies.

This paper explores the development and impact of these various influences on research intensive universities, with the theme that the internal concept of the university is rapidly changing, influencing the behavior of academic leaders and faculty, the organization of the post-modern university, the flow of funds, and ultimately the perceived and real role of the research university in society. Past observers of the life and times on universities have described aspects of this shift as a movement from a larger sense of a university community among faculty to a tribal mentality. But the current shift extends well beyond the weakening of disciplines and departments, beyond faculty as individual actors, to the internal organization of the academy and a relatively new concept of profit and loss centers.

This shift toward what I call "University Devolution" or fragmentation is influenced by the external political, social, and economic world. In Europe and elsewhere, neo-liberal ministries wield great power and have helped pushed universities toward this model. In the US, it remains largely a phenomenon influenced by reduced government investment yet ultimately driven by internal decision-making related to privatization – thus far. The paper ends with a brief discussion on whether the organizational behaviors in US research universities are reflective of global trends, or are in some aspects unique.

Describing contemporary trends as "Devolution" is intentionally pejorative – used to describe a process that distracts institutions from their collective strength and coherency. They are becoming, it seems, less then the sum of their parts. However, such fragmentation might also be portrayed as a natural progression or evolutionary tale in which market forces and the relevancy of individual faculty and programs create greater operational differentiation within and among universities. And in Europe, where both ministries of education and an often recalcitrant faculty have made effective management of universities extremely difficult (Ritzen, 2010), *Devolution* has other and more positives meanings. But here I focus largely on the story of US higher education, past and future.

Context and megatrends – Follow the money

The governance and management organizations in higher education reflect real world trends and changes in the funding and political environment in which

they exist. In the case of universities in the US, and elsewhere, recent organizational behavior is also influenced by often long-standing practices and by the structure of authority – *e.g.*, who has budget and personnel power, a governing board, a president or rector, the faculty, or a government ministry.

America was the first nation to develop a mass higher education system, starting in earnest in the mid-1800 with the establishment of a group of "Land-Grant Universities." While initially supported by federal legislation in the form of granting swaths of federal land to states to use for supporting or establishing universities with public purposes, the authority to create and manage new higher education institutions lay with state governments. Under the US constitution, states have this authority. As a result, there is no Ministry of Education at the national level prevalent in most parts of the world with the primary authority in setting policy and shaping the governance and management practices of their respective universities.

In turn, state governments in the US provided significant levels of autonomy for both their publicly funded universities along with their collection of private universities. While different in their missions and in their levels of accountability, both public and private institutions reflect a corporate model in which state governments create charters approving establishment of a university (or college) and in the case of public institutions outline a structure of governance that include a "lay" governing board (a body with representatives largely from the larger state community they are intended to serve). In turn, the board appoints a president (sometimes called a Chancellor), hires or fires that person (they serve at the discretion of the board), and provides them with significant management authority including the selection of major academic positions and budgetary decisions. To varying degrees depending on the institutions, faculty are generally delegated authority in issues related to the academic side of the house, including what is taught and who teaches (a shared responsibility with academic administrators who have authority for budgets).

I outline these basic characteristics of the US model to help provide context for the following discussion on changing organizational behaviors of universities. Up until the 1960s, and particularly between the end of World War II and 1970, much of the attention of state governments and higher education leaders in the public sphere was on how to grow enrollment, programs, and the number of faculty. It also included creating greater coherency in the network of colleges and universities in a state – essentially building systems of higher education that placed public institutions (and sometime absorbing private ones) under a single governing board. This required relatively robust and consistent new public

investment in higher education by state governments.   Federal investment was, and remains, largely focused on providing student aid to individual students based on financial need and on funding basic and applied research – with tremendous investments after the startling launch of Sputnik in 1957.

Again with varying degrees of autonomy and controls on the use of public monies, most public universities – where the vast majority enrollment program growth occurred over the past seventy years – could count on a steady flow of public investment.   Leaving aside federal research funding, there were relatively few other major sources of income.   Tuition and fees, for example, in virtually all public institutions, be it a community college or a research intensive university, were extremely low in the 1960s.   The historical development of the corporate model and the high levels of public investment led to what might be termed an "organizational structure and culture of growth."   This included:

- A positive academic milieu around building new academic programs and new facilities.
- Relatively low and stable student to faculty ratios.
- Common faculty salary scales across the disciplines.
- Faculty and staff compensation levels that provided for middle-class status and relatively high rates of home ownership, health care coverage, and robust retirement provisions for retirement.
- Relatively high percentages of tenure track faculty versus non-tenured (in US parlance "lecturers").
- Development of a relatively new cadre of support staff related to the growing basic research enterprise, new regulatory controls largely from the federal government, and a growing array of student services.
- Arrival of other new support staff in areas such as student services.
- Adherence to the concept of revenue sharing in which funds were placed where there was a sense of greatest need as opposed to allocating proportionately according to actual revenue generation (*e.g.*, in funding per-student or research overhead monies from a particular department or school).
- These and other factors led to a stronger sense of community among academics and their administrative leadership – although tested at times by social strife including protests related to the civil rights and anti-war movements.

This era is often called the "Golden Age" for American higher education. Building programs and sometimes new campuses, and with adequate financial

support, obviously creates different organizational behaviors and dynamics than retrenchment and disinvestment. In addition, there was a sense of stability created by relatively consistent public investment in higher education by state governments and, for the research university sector, new and consistently increasing federal funding for basic research justified to a large degree on the space race and the Cold War. The launch of Sputnik in 1957 and the subsequent surge in funding support from Washington for research in science and emerging technologies, along with continued state investment to grow programs and enrollment capacity, seemed to portend lasting financial stability for American higher education.
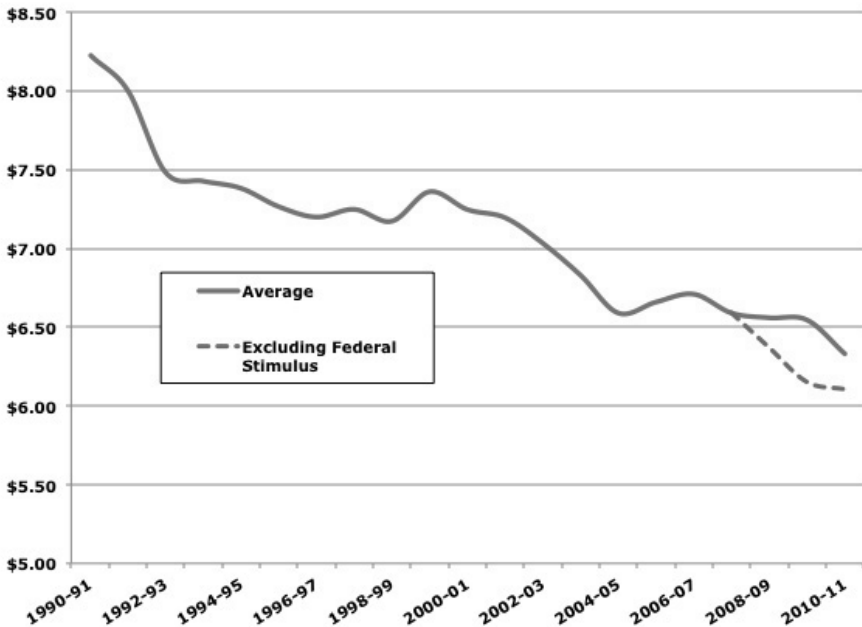
Source: *Trends in College Pricing 2011*, College Board (2011).

Figure 1. Average State Appropriations for Higher Education *per* $1,000 in Personal Income, 1990-91 to 2010-11

But the political and budgetary conditions that supported this environment had begun to change by the late 1960s. Among the major megatrends (focusing on public higher education, where some 80 per cent of all student are enrolled):

- The beginning of *a long-term decline in public investment in public higher education relative to personal income and on a per-student basis.* While

the US population grew, and demand grew for higher education, universities increasingly had to, as they say, 'do more with less' (see Figure 1). This is a nationwide phenomenon, but has become more pronounced over the past decade, and more significant in a number of the states with the largest populations and with the greatest dependency on public higher education, such as California, Texas, and Florida.

- In turn, this has led *to increasing reliance on tuition and fees, but not at rates that can make up for lost per-student income from public coffers*. Figure 2 provides percentage changes in state appropriations for higher education versus tuition and fees since 1979, and illustrates the general inverse relationship.

- Decreased public investment and the volatility in funding from state governments created a new (and more difficult) environment for university management and resource allocation.
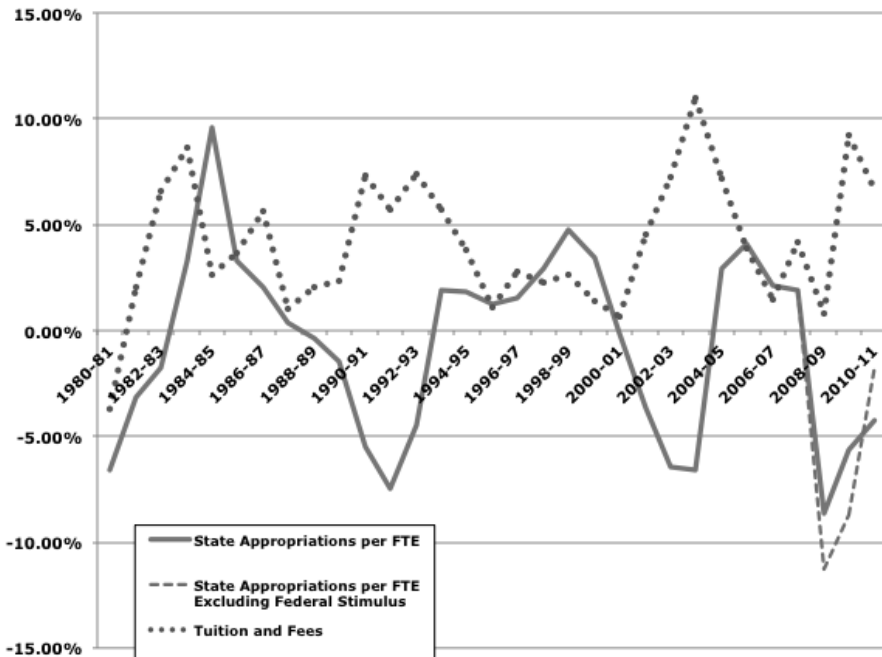
Source: *Trends in College Pricing 2011*, College Board (2011).

Figure 2. Annual Percentage Changes in State Appropriations for Higher Education per Full-Time Equivalent (FTE) Student and Changes in Inflation-adjusted Tuition and Fees at Public Four-Year Institutions, 1980‑81 to 2010‑11
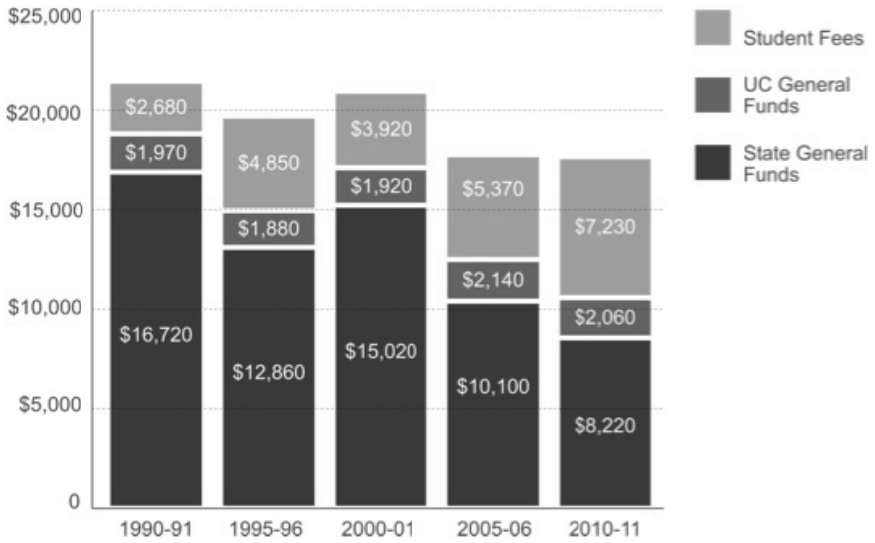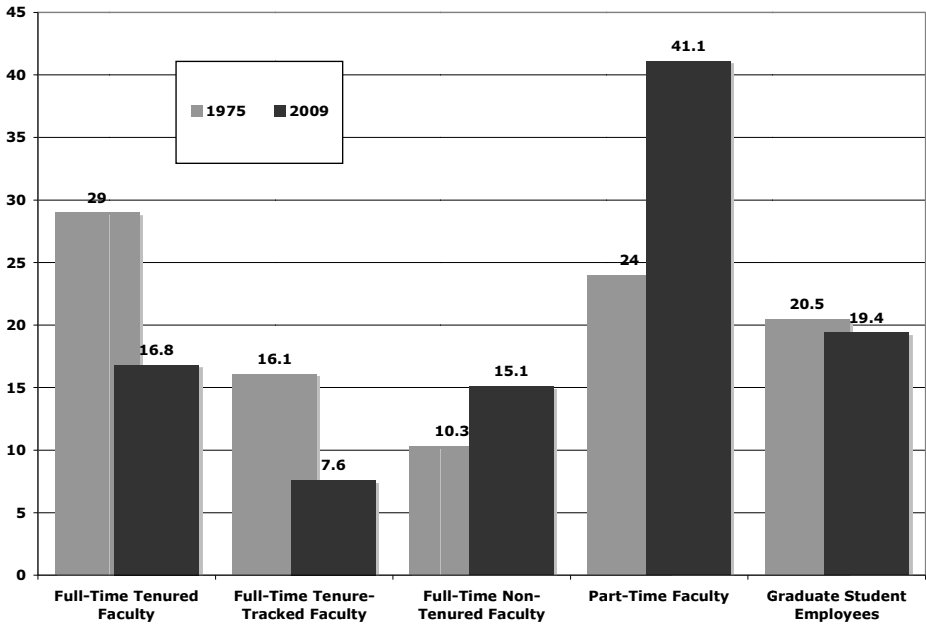
Figure 3. An Example of the Shift from Public Funding to Tuition and Fees: the University of California System

Source: NCES Digest of Education Statistics (2010).

**Figure 4. From US Full to Part-Time Faculty: 1975-2009**

This new environment led to a number of efforts to reduce operating and capital costs. Higher education is a labor-intensive sector of the economy, essentially composed of highly trained professionals. The most effective way to reduce operating costs is to increase faculty workload – essentially by increasing student to faculty ratios – and by changing the composition of the instructional staff.

In 1960, 75 per cent of college instructors were full-time tenured or tenure-track professors. In 1975, they represented about 57 per cent of all instructional staff in American higher education. By 2007, they represented a mere 31 per cent of the total, with part-time faculty over 50 per cent of the instructional staff (see Figure 4). More recent data indicates the trend accelerated with the onset of the Great Recession that began in 2008. Faculty members serving in 'contingent' or short-term appointments now make up more than 75 per cent of the total instructional staff, with the most rapid growth being in part-time faculty members.

The growth of "adjunct" faculty (part-time, short term contracts) is a phenomenon most prevalent at the community college level, but very significant among major research universities as well, both public and private. For example, at New York University (a private institution gaining in national and world rankings over the past three decades) adjuncts teach some 70 per cent of all undergraduate courses taught. In turn, this allows for lower teaching workload for tenured or tenured tracked faculty. And while in 1960 most faculty had similar teaching workloads across the majority of disciplines, perhaps around five courses a year in a semester system, there are now growing differences.

Another indicator of change is the radical shift in the composition of personnel at major research universities – including administrators and support positions in areas such as student affairs, and administrative assistants for research projects. The University of California (UC) provides an example. It is a research-intensive university system with ten campuses, including one medical school campus (UC San Francisco).

Figure 5 provides data on all personnel at the UC, with the exception of staff at the various hospitals run by many of the campuses. It shows in dramatic fashion two major trends. The first is the huge scale in growth in the number of both faculty and administrators, which in part reflects overall growth in enrollment, in programs, and in the complexity of the modern research university.
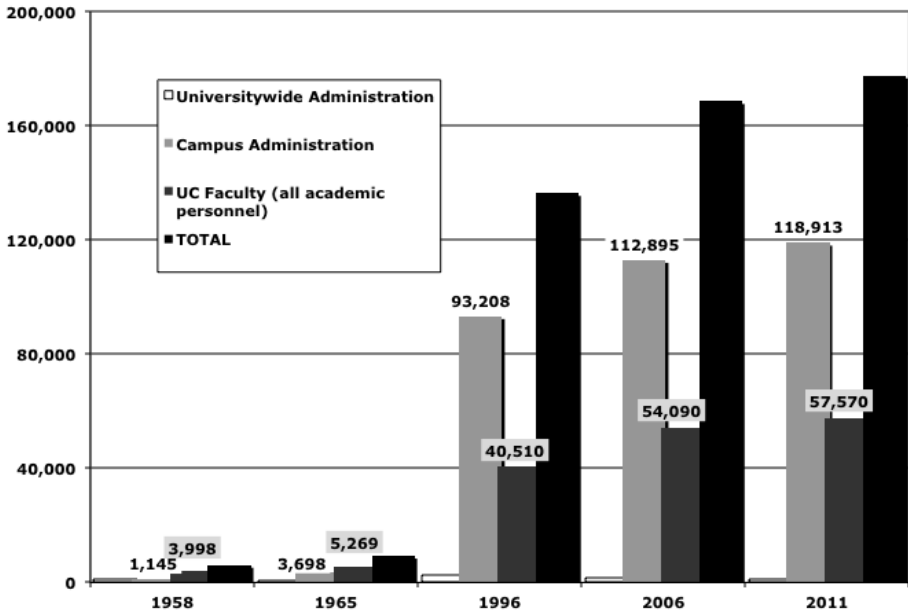
Source: Statistical Summary of Students and Staff, University of California, Annual publication 1958 – 2012.

Figure 5. University of California Faculty and Staff: 1958 - 2011

When Clark Kerr wrote his famous essay in 1963 on the "multiversity" which described the growing functions and roles of universities, and the increased decentralization of the institution into numerous communities with numerous constituencies, it was a contemporary account (Kerr, 2001). As indicated by these staff numbers, the shear scale of the enterprise today might best be described as the 'mega-university' – so large and complex as to defy easy definition although I will return to this issue later.

The second trend is the growth in support staff positions relative to faculty hires and retentions. The faculty to administrators/support staff ratio in 1958 was 1 to 0.53; by 1996 it had grown to 1 to 2.4. After the Great Recession, and despite cuts in administrative staff and limits on faculty hiring, by 2011 the ratio declined marginally to 1 to 2.1.

What does this type of data indicate? One assumption, popular among faculty, is that it indicates huge bureaucratic growth.

There have been significant increases in staffing related to the growth in student services – including everything from career counseling, health programs, housing offices, job placement staff, tutoring programs, community volunteer

units, ombudsman's offices, and various opportunities for athletic pursuits. This American university phenomenon, in which the university increasingly takes responsibility for a student's life and guides their activities, reflects a tradition rooted in the idea of *in loco parentis* (Latin for "in the place of a parent").   But it accelerated considerably in the late 1960s and into the 1970s.

At the same time, federal mandates and funds for higher education also grew mightily in that same decade.   This included funds for programs to recruit and support minority and underserved student populations, along with reporting requirements that required additional institutional research staff.   Universities established new administrative positions at the vice president or chancellor level to oversee a growing number of sub-population specific programs at a time of large-scale enrollment growth.

Yet also an important influence on the growth in support and administrative staff was the activities of faculty.   In the sciences and in engineering, research increasingly required teams of graduate and postdoctoral students, along with support staff, and new centers and institutes were created in all the disciplines. Federal regulations related to research also spawned administrative workload including new budgetary reporting requirements and Institutional Review Boards that oversaw medical studies and experiments that included human subjects.

Personnel data on UC shown in Figure 5 also includes medical faculty and staff, where there has been a large-scale increase in people and expertise. Combined, a story emerges of a significantly changed environment and organization, but with the greatest change during the period 1965 to 1996, and more marginal growth after that perhaps reflecting budgetary constraints and rising student to faculty ratios.

A new "Devolutionary" world

Much of the analysis on the management behaviors of research universities in the US since the 1960s has focused on a series of efforts by university leaders to adapt ideas and management theory to the practice of running a campus.   As state governments began to fluctuate in their funding support for public higher education, leading to a general decline in per-student funding when adjusted for inflation, universities looked for improved business practices and were told by politicians and business interests alike to adopt private sector management techniques.

The history of American higher education is full of examples of business interests influencing university management and operations.   Thorsten Veblen

famously complained in 1918 that captains of industry were infiltrating the lay boards of universities and demanding utilitarian goals and programs. They were considered a threat to the values of free inquiry and the ideals of a liberal education. To a degree generally not found in other parts of the world, American universities, and in particular public institutions, where established in part to help develop local economies.

But after a period of innovation in the early part of the 20th century, influenced by the public administration movement (in part develop by universities and influenced in reaction to Taylorism and similar efficiency movements), management practices in universities, including resource allocation, tended to be largely removed from changing management norms and fads found in the private sector.

As noted, revenue – whether in the form of public funding, tuition and fees, or what was until the 1960s rather meager income from endowments in both the public and private universities – tended to be distributed relatively equitably and related to student workload. Beginning in 1958, increased federal research funding was accompanied by overhead rates established to cover the administrative and facilities cost, often used as a source of revenue sharing (Baldridge, 1971; Birnbaum, 1989). Faculty salaries were largely similar across the disciplines (Finkelstein & Schuster, 2008).

Two factors changed this dynamic:

- First, the transition of an academic culture that moved from a broad sense of being part of a campus community to increasingly tribal mentality, connected more explicitly to colleagues in research subfields in other institutions.
- Second, in the case of public universities, responses to declining public investment and changes in the academic culture helped launch new approaches to resource allocation and university management.

Academic culture

It was a trend already in the making when Clark Kerr noted in 1963 that the modern research university had become not one but multiple academic communities. Christopher Jencks and David Riesman, both sociologists, added to this notion with their 1968 book *The Academic Revolution*, stating that the academy had been a parochial world, but was moving away from campus loyalties to that of their profession – and more specifically to affinities with

colleagues in the same discipline (Jencks & Riesman, 1968). Tony Becher coined the term "academic tribes" each with their "traditions, customs and practices, transmitting knowledge, beliefs, morals and rules of conduct, as well as their linguistic and symbolic forms of communication and meanings they share" (Becher, 1989). Others writing on academic culture have described the effects of specialization and the increased pressure for faculty to produce research (Boyer, 1990; Rosovsky, 1992; Massy & Zemsky, 1992).

Since then, it is widely understood that the shift away from the affinity with a campus (the employer of faculty) has devolved (or evolved, depending on your view) further to a much more finite group of sub-disciplines and specialties. This has been accelerated by three factors:

- Huge growth in the higher education sector in enrollment and programs that create different dynamics and reinforces specialization – creating a critical mass of people in sub-fields, but usually in other institutions often dispersed throughout the world. In 1950, there were 2.3 million students in higher education in the US; by 1970 their numbers grew to 8.6 million, and by 2010 21.1 million (see Figure 6). At the same time, and as elaborated by Neil Smelser and building on the notion of the multiversity, research universities have continuously added to their portfolio of activities – some in response to societal desires and demands, some related to an internal culture that seeks to expand the frontiers of knowledge. Smelser calls this *structural accretion*, what he defines as "the continued addition of new functions and structures without shedding old ones." (Smelser, 2012).

  Universities are in the business of growing, if not in students then in programs and fields. There is steady growth in science and engineering occupations, including academics, in the US workforce. The rapid expansion of knowledge production in all fields, but particularly in the sciences where funding for basic research has grown dramatically since 1958. Figure 7 illustrates joint authorships between faculty and colleagues abroad – one example of the increasingly global nature of academic networks.

- An information and communication technology revolution that facilitates new academic, professional and social networks both domestic and international.

- Increased university interaction with the private sector and the process of technology transfer that has enlarged or reshaped faculty and student interaction.
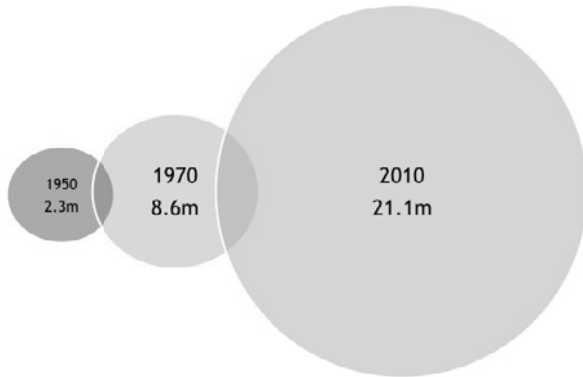
Figure 6. Higher Education Enrollment Growth in the US
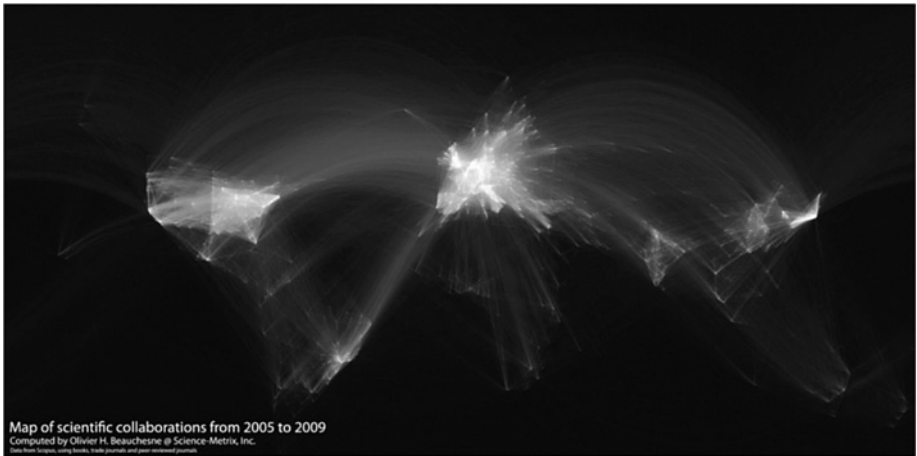
Figure 7. Scientific Collaborations: International Joint Authorship of Scientific Articles 2005-2009

New management and resource allocation

With increased external pressure by governments to 'do more with less' emerging by the 1970s, university administrators increasingly looked to business for methods to improve efficiencies and practices. University planners and administrators attempted to adopt business models including e-Planning, Programming, and Budgeting System (PPBS), Zero-Based Budgeting (ZBB), Management by Objectives (MBO), Strategic Planning, Total Quality

Management/Continuous Quality Improvement (TQM/CQI), Business Process Reengineering (BPR) and Benchmarking.   As noted by one early critic, these "fads" may "arrive at higher education's doorstep five years after their trial in business, often just as corporations are discarding them" (Marchese, 1991, p.7).

Ultimately, the largest effect of these various management techniques was seemingly marginal and largely provided temporal influences on the business practices of universities, including functions such as accounting and payroll, and accountability frameworks, predominantly for the non-academic activities of the burgeoning research universities.   On the academic side, greater influences were at play reflecting market forces, and where and how resources were allocated.   In this view, the adoption of various management practices, like Zero-Based Budgeting financing, were more reactions to realities on the ground than to grand efforts to reshape the behaviors of faculty and an increasingly powerful sub-group of departments and schools.   This includes the following old and relatively new trends – what might be viewed as acceleration in the tribal character of major US research-intensive universities:

- Increased costs for developing robust science and engineering programs.
- A correlating increase in the influence of faculty and academic leaders in science and engineering fields on resource allocation and setting the priorities of institutions.
- Elevated competition for top faculty with unequal payroll and start-up costs (laboratory equipment, housing assistance *etc*.) among the disciplines.
- The development of large disparities in faculty salaries among the disciplines and professional fields.
- Increased focus on academic *profit and loss, and prestige centers* – essentially academic departments and schools that generate profits *via* tuition income, research revenues, and gifts and endowments versus programs that either "lose" money or break even.
- Movements toward *differential fees* among degree programs that reflect perceived market price opportunity and largely divorced from actual program costs.   Figure 8 provides an example of differential fees among a select group of thirty public and private universities in 2007 – before the Great Recession – and increased tuition and fees imposed by public universities (Douglass & Sobotka, 2009).
- Growing differences in the academic experience of students with the growth in curricular requirements demanded by the various disciplines despite the American concept of General Education, contributing further to

the development of different academic cultures (Brint, Cantwell & Hannerman, 2008).
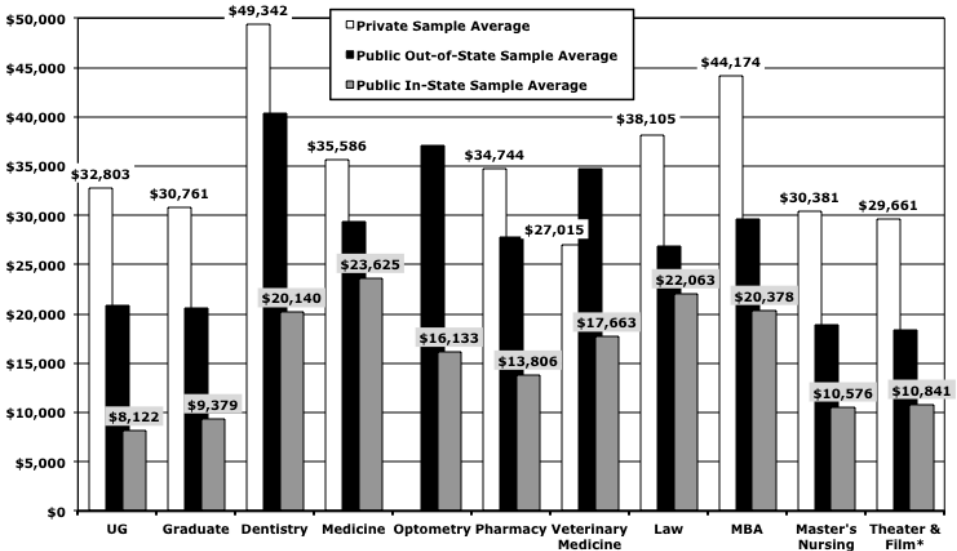
Source: Douglass and Sobotka, "The Big Curve," 2009.

Figure 8. U.S. Universities Sample Group of Differential Tuition and Fees 2007

The following provides a few case studies that help illustrate aspects of this Devolution or fragmentation.

The unraveling of faculty ladder

The success of the UC as one of the top research institutions in the world is part due to an early devotion to a peer review process for faculty hiring and advancement.   In the immediate period following World War II, faculty positions were categorized in the traditional ranges of Assistant Professor (the normal entry position with a period of approximately five years before granting tenure), Associate Professor, and Professor.   Within each title, five to six "steps" set salary scales.   UC has long had a system of "post-tenure" review.

This meant that a department chair and its dean submit a recommendation for a faculty member to be reviewed on their research productivity, teaching record, and contribution to public service.   At each of the three professorial

positions, faculty were to provide evidence and gain support *via* a faculty driven process of review, with escalating expectations to reach the status of a full professor title.   This is in contrast to a civil service approach to advancement, primarily determined by time on the job, common among many non-research intensive universities in the US and in much of the world.

A similar structure of Assistant, Associate, and full Professor, with a period and process of evaluation of merit required for advancement, can be found in other major public research universities in the US, although very few have such a detailed step system and such a rigorous post-tenure review process.   The main difference today from earlier eras of university development is that up to 1968 all faculty in all disciplines and professional fields had the same salary levels, with the exception of health sciences.   In the growth eras of the 1950s and 1960s, in which the ranks of faculty grew tremendously fast, the majority were hired at the level of Assistant Professor Step 1.   And while some faculty in the course of their academic career gained offers from other universities and left, faculty mobility was relatively low.   Most faculty tended to make the campus they were first hired at their permanent home.

Within the UC system, this created a relatively stable environment for resource allocations for faculty positions and salary levels.   It also led to a sense of equity for advancement, and common expectations of required course workload among faculty – although with some differences between the sciences, and the social sciences and humanities.

But three factors are currently eroding the faculty ladder at UC.   First, the market for faculty has changed significantly depending on field and expertise. In the UC system, in 1968 law was the first professional field outside of medicine that sought and gained its own faculty salary scale, with higher salaries. It's a familiar argument: to attract talent to the field, law schools needed to offer salaries similar or at approaching those found in the private sector.   Business and engineering schools soon gained their own faculty ladder.   With a very different stream of income *via* clinical services, the salary of medical faculty also began to diverge even more significantly from other faculty.

Thus far, large differences in the salary scales of faculty at major research universities, like UC, have been in professional programs – business, engineering, law, medicine.   But there are indicators that other departments and schools, particularly in the sciences, may soon claim the need for special salary scales.   So far, however, the path to higher salaries is linked to the second factor: decreased public investment in higher education, which has depressed faculty salaries.   Faculty salary increases have not kept up with inflation or with

a group of comparative private institutions in which UC campuses such as Berkeley must compete.   As a result, departments gain approval to hire new faculty at elevated steps: hence, a young faculty member in a hot field of research in the social sciences, for example, might be offered an Assistant Professor position at an off-scale salary at Step 3, or sometimes at Step 5, or higher.

A third and related factor eroding the concept of a uniform faculty ladder at UC is the increased demand and costs for academic stars, many of whom demand low teaching workloads and other special privileges and resources. "Teaching loads have dropped significantly in engineering and the natural sciences during my career," notes Karl Pister (personal communication, January 15, 2012), a long-time faculty member in civil engineering at Berkeley and a former Chancellor at UC Santa Cruz.   In the sciences, faculty hires are also determined by promises of precious lab space and investments for equipment and graduate students.   In contrast to, for example, 1960, major research universities are spending resources searching for top faculty talent often at the mid-career and senior level where faculty mobility is much higher today, and more international, than in earlier eras.

Business schools going it alone – The Darden Business School

In 2003, the Darden Business School at the University of Virginia (UVa) became a formally "self-sufficient" unit.   UVa would still confer degrees, but the financial and most other aspects of operating Darden were devolved to the School.   In negotiations that included the University's President and lawmakers, this unprecedented level of autonomy was granted based on the argument that Darden could not compete with other major business schools without greater authority to charge market tuition rates previously regulated by state government, and to set attractive salary rates for faculty (Kirp, 2003).

As noted, business schools, as well as continuing education programs, have been at the forefront in the US and internationally in gaining differential fees and in developing and marketing targeted degree and credential programs – specifically executive MBAs – with high profit margins.   This revenue, plus a plan to increase extramural fund raising and development of a much larger endowment, would create the basis for meeting the escalating costs of competition with perceived peer business schools.   At the same time, business schools across the nation had been striking deals with their university administrations to also keep more of the rising tuition rates they charged.

The model in 1960 was that fees were uniform, they went to a centralized pool and were redistributed in a fashion that supported – relatively equally – the breadth of academic programs thought required for a comprehensive university. In public universities with long histories of serving local and state labor needs, this often included degree and credential programs that were more expensive than others, and in which student demand was conditioned by tuition and fee costs, and yet where the social good was considered high, as in nursing.   As noted, a revenue sharing scheme was intended to support a comprehensive university.

The new model, largely forged by business schools, was to keep as much tuition revenue as possible.   With the new model at UVa, Darden's Dean, Ted Snyder, negotiated what he termed a university "tax" on tuition revenue charged by the school to a mere 10 per cent.   At the time, other major business schools had cut deals for higher central tax rates: the University of Michigan's business school paid 24 per cent of tuition revenue to the university; at Emory, a private university, the rate was 40 per cent.   Snyder had first considered proposing a rate of 5 per cent, but he was looking for a number that would help mitigate expected resistance by other deans at UVa.

Built on the brand-name of UVa, and after decades of investment under the revenue sharing principle, Darden essentially became a separate corporation, and it has since prospered – gaining in reputation, and with a new campus that reflects the high-end look and feel necessary for charging top dollar for an MBA and executive programs.   Darden also provides an example of decision-making in which deals are struck, often under circumstances of financial stress of a university, which then become precedent.   There is no turning back.   The success of the Dean and faculty at Darden also provided a high profile example for other business schools, along with law schools, further accelerating the devolution pattern not just in the US, but internationally.

In part influenced by the success of Darden, UVa announced recently that it is moving toward a decentralized internal finance model that vests responsibility for revenues and expenses with individual schools and colleges rather than the university as a whole, a move designed to drive deans to find additional revenue streams and operate their units more efficiently – a management approach sometimes referred to as "every tub on its own bottom" management, with influential versions at Harvard and the University of Southern California, and an earlier and failed attempt at UC Los Angeles.   It is devolution with social-Darwinian effects: individual units such as schools or colleges keep most of the money they bring in, but must also pay whatever expenses they incur.

They swim or sink with at least one anticipated result: loss centers may not survive.

A law school privatizes and takes on debt

In 2005 Chris Edley, the Dean of UC Berkeley's famed Boalt Hall School of Law wanted additional revenue to compete for high-profile faculty and upgrade buildings that seemed stuck in the early 1970s or before.   Coming from Harvard's law school, with its significant wealth, to Berkeley was perhaps a bit of a shock.   Edley proposed that Boalt be allowed to match the fees charged at the University of Michigan, an institution like UVa at the vanguard of the public university privatization movement – what can be defined as less government funding, more institutional autonomy, greater authority to raise tuition rates, charging both in-state and out-of-state/international students the same rate, and greater freedom on how the income is allocated.   State funding had faded from 60 per cent of Boalt's budget in 1994 to 30 per cent in 2005.   The decline had been largely mitigated by higher tuition: offering differential fees since the early 1990s, in 2005 California residents paid just under $22,000 a year to attend the law school, about double the rate four years earlier.   Annual out-of-state tuition was nearly $34,000 – creating increased incentives to recruit (Hong, 2005).

The UC system (a network of ten highly ranked research universities) had a proposal before its Board of Regents for a 5 per cent increase for all professional schools – an attempt to maintain uniformity in fee levels, with the exception of the already largely independent business schools.   But Edley argued before the Regents that: "We're not narrowing the gap.   The gap will continue to widen and that seems to be to me fundamentally unacceptable."   It was "a prescription, for in the long run ... a second-rate law school" (Kawaguchi, 2005).   A failure to raise tuition rates would be a huge lost opportunity, Edley explained.   To mitigate the impact on students from lower-economic families, Boalt's plan included redistributing a portion of the increased tuition income to financial aid.

The Regents approved the proposal.   Edley had also cut a deal with UC Berkeley's chancellor whereby Boalt would keep most of the new revenue, reflecting similar deals at UVa and the University of Michigan.   A year earlier, and shortly after arriving from Harvard, Edley announced a campaign to raise $100 million.   It was a staggering sum for Boalt; the school's last capital campaign wrapped up in 1992 after raising only $14 million.

Adding to Boalt's story was a subsequent shortfall in the fund raising campaign along with significantly rising operating expenses deemed necessary

for maintaining Boalt's status as a top law school.   Edley and Berkeley campus officials assumed large increases in extramural revenue when it began a building and renovation plan initially projected to cost $60 million.   But shortly before construction was to begin, it was realized that fund raising in the midst of the Great Recession was not going to fully cover the rising costs for the project, by then estimated at $90 million.   With no other source of funding available, the Dean and Nathan Brostrom, the new Vice Chancellor for Administration and a former executive at JPMorgan, developed a proposal to gain a large loan from private creditors with the collateral based on future tuition income.   Brostrom drew on his knowledge of corporate financing to help develop what was, up to then, an unusual proposal.

Returning to the Board of Regents, the Berkeley campus first requested an increase in Boalt Hall's tuition by about 19 per cent and then returned again to the Board with a proposal for a $84.2 million external loan with debt service paid by fee income, and $5.8 million from Boalt's fund raising campaign.   It was estimated that some $5.95 million a year of future tuition income would cover the debt service of the loan (UC Board of Regents, 2008).

The Regents approved the proposal and by the beginning of 2012 the capital project had been nearly completed, significantly enhancing Boalt's facilities and allowing for marginal increases in enrollment.   This was the first such deal made at the University of California, although there are perhaps similar ventures by professional schools in other major universities.   It represents simply an additional wrinkle in the path toward devolution, in which resources are increasingly localized in profit and prestige units.   Such deals are likely a growing model in US public universities.

A global trend?

Boalt Hall, the Darden Business School, and the unraveling of faculty salary ladder or scales at the UC are a sampling of various behaviors rooted in financial challenges and the changing market for degree programs and for faculty. While beyond the scope of this brief study, there are other behaviors that would also be informative to explore.   These include a relatively new "re-charge" culture, or what is sometimes call Responsibility Centered Management, in which goods and services previously offered by the university at no direct cost are now being itemized and charged, supposedly at cost, but one might surmise sometimes inflated as units strive to create surpluses.   Another is the effect of a growing regulatory regime linked not only to federal and state mandates, but also

to internal auditing and growing bureaucracies. And yet another variable involves the organizational behaviors shaped by America's litigious society and by increased rights granted to employees of universities. Although difficult to measure, these are growing influences on the university environment – some good, some bad.

Is the process of *Devolution* a particularly American phenomenon? Perhaps the strong sense of community once prevalent in campuses, reinforced by budget allocations and by the sense of collective effort in expanding academic programs and growing enrollment, was a relatively unique American phenomenon (Douglass, 2007). The sense of loss, or regression into a more fragmented academic milieu, may therefore be more pronounced; perhaps it never really existed in many other nations, where the primacy of the department or faculties in various fields has been more significant, reinforced to some degree by the lack of general education requirements which spread course workload, and funding, among the academic fields. In Japan, for instance, the supremacy of faculty and their departments and schools, has long ruled, seemingly impervious to campus wide coordination or even government policy initiatives.

Under a plan to expand the authority of the presidents of the elite national universities, Japan's Ministry of Education changed the status of these institutions as corporate entities using a familiar formula: give the university and its academic leader more autonomy but with the burden of a greater accountability regime. But all evidence is that there has been no major shift in authority or power internally – thus far. One sees similar ministerial efforts to empower the academic heads of French and German universities. As Georg Kruecken has observed, "The university as an organization is transforming into an organizational actor, *i.e.* an integrated, goal-oriented, and competitive entity in which management and leadership play an ever more important role." (Kruecken, 2011, p.X). This seems to point to greater centralization of authority and perhaps the promise of greater cohesion within university communities, even if one result is the infiltration of private sector acumen about budgets and operations that some may not find completely admirable.

There is a significant and growing literature beyond the initial studies by Jencks and Riesman (1968), and Becher (1989) that focused on the American scene, and which now includes international comparative perspectives (Kruecken & Meier, 2006; Musselin, 2009; Olsen, 2007; Scott, 2010). There are distinct experiences and viewpoint between the Americana and European experience in building mass higher education. In Europe, the power and

influence of central governments have shaped organizational behavior. Historically, they have not had the same sense of their role as agents of economic development and socio-economic mobility. In the viewpoint of European critiques, for example, an "academic oligarchy" of faculty narrowly concerned about their research ruled the day and only recently has succumbed to a numbing series of edicts from government to drag it closer to the "market" (Clark, 1998; Ritzen, 2010). This is a story line that simply does not apply to America's public universities, that have always had 'in their DNA' the idea of promoting socio-economic mobility and economic development as part of their public mission and portfolio.

At the same time, however, some of the elements of the *Devolution* story are common, found throughout the world. There is convergence. US research universities are perhaps a bit ahead of the curve in some aspects – like differential fees, different salaries for different faculty, entrepreneurial funding schemes for capital outlays *etc*. – but it does seem to be a curve and one sees their relevancy or emergence in most parts of the world.

There is, I suspect, much more commonality and convergence than growing differences in organizational behavior. But one might speculate that the causes are somewhat different. One cause globally is the quest of ministries to create so-called "world class universities", focused largely on ranking systems that rely on citation indices, patents and licenses, and reputational surveys. The push for improved rankings by ministries, along with their desire for greater differentiation of institutional missions of their network on national universities, are changing behaviors of faculty and academic leaders. The establishment of quality assurance offices and staff, and matrices to judge the performance of faculty and departments, within universities throughout the globe attest to such changing behaviors.

Finally, if we view the process of privatization and increased fragmentation of resources as the result of a rational response of the academy, and specifically of research universities, to a more market oriented environment, then arguably what I describe as *Devolution* is in fact some sort of evolutionary process. Either way, one must assume it is not a process yet completed. It might mean, for example, that despite the tricky problems posed by tenure, some sub-set of academic programs may appear increasingly as expendable; that faculty salaries will become increasingly differentiated; that the profit and loss centers, and prestige faculty and departments, will become more pronounced. It means that the idea of the comprehensive university, with a broad array of disciplines, and with quality across the board, will be an increasingly rare or at least difficult to

achieve commodity.   But that is only speculation.   Universities have been extremely robust institutions over time, adapting to societal pressures and funding changes.   *Devolution* may be simply another phase that alters but does not fundamentally change core practices and missions.   That is speculation as well.

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University Management in a Europeanised and Globalised World: Influences of Bologna and ranking on strategy development in higher education institutions

Don F. Westerheijden[*]

Introduction

Can a university[1] be managed at all, was a question posed a few decades ago. Higher education institutions, in the view of the doubters, were mostly public institutions, controlled by governments and parliaments that decided about the mission of the institution, set the rules for its teaching and research staff, for its student admission as well as the curricula, and that defined the institution's budget in a very detailed manner. There was not much to be decided or managed in the institution. If this brief caricature was ever a true picture of a widespread practice, remains beyond me to assess. However, it certainly is not anymore. In this paper the problem situation for university management is sketched at the beginning of the 21st century, with a focus on European higher education institutions, which are influenced for instance by the Bologna Process.

That managing a university is a daunting task will be acknowledged by identifying some major barriers for quality enhancement inside and outside the institution. Finally, attention will be given to some new information tools for university management that have been developed in a European context.

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[1] In this paper, I use 'university' and 'higher education institution' as synonyms.

Problem situation for university management

Higher education institutions exist in a turbulent environment. Turbulent environments were posited first for businesses and similar organisations in the private sector since the 1960s (Emery & Trist, 1965). Higher education institutions, especially in the European countries, were in large majority of a public nature and although government policies might change, most of the changes at the time went into the direction of expansion under continued national public guidance. Higher education became 'massified' in an increasing number of countries (Trow, 1974). By the end of the 1970s, though, the limits of public expansion became visible, both in terms of the span of control over the expanded higher education systems and in financial terms. National governments under the ideological guidance of the Reagan administration in the USA and the Thatcher government in the UK started to retract from direct control of higher education institutions and instigated various forms of New Public Management (Paradeise *et al*., 2009; Pollitt & Bouckaert, 2004). In my home country, the Netherlands, the 1985 core policy paper that influenced higher education policy for at least a quarter of a century, carried the title 'Higher Education: Autonomy and Quality', signalling that government control switched from *ex ante* regulation to *ex post* evaluation of produced quality as a condition for higher education institutions obtaining more autonomy to achieve that quality (Ministerie van Onderwijs & Wetenschappen, 1985). Old certainties for public higher education institutions were crumbling.

At the same time, other trends in the environment changed and began to impact on higher education institutions in a more direct sense than hitherto – which is part of the definition of a turbulent environment. One is that the demography changed: growth of student numbers slowed down, stopped or even reversed in many developed countries (Vlasceanu & Grünberg, Eds., 2008), including some of the 'rising stars' in the world economy, including some of the BRIC countries. This statement comes with a few notable exceptions, such as India (bound to become the most populous country in the world) and the USA. In developing countries, rapidly expanding higher education systems have to contend with even more rapidly expanding numbers of young inhabitants.

In many of the OECD countries, then, at least half a century of expansion is about to come to an end, or has already reversed – the latter being the case in, for example, Japan, where private higher education institutions in particular are struggling to fill their available capacity. University leaders will have to compete more fiercely with other institutions for the shrinking pool of traditional

students, think about widening access (even more) to non-traditional groups of learners, or they will have to change gears from expansion to contraction strategies, perhaps consider expanding the field of activity beyond higher education, or even going out of business (Poole & Chen, Eds., 2009). "In the early 21st century, higher education has become a competitive enterprise" (Altbach, Reisberg & Rumbley, 2009, p.ii). They add to this factual statement that: "While competition has always been a force in academe and can help produce excellence, it can also contribute to a decline in a sense of academic community, mission and traditional values."

Adding to the turbulence are the new demands that are placed on higher education institutions in the transition from modernist industrial and later service-based economies to the knowledge economies and knowledge societies. In an almost ironical turn of phrase, Santiago *et al*. introduce the changing role of higher education as follows. (Santiago, Tremblay, Basri & Arnal, 2008, p.13):

> The scope and importance of tertiary education have changed significantly. Over 40 years ago tertiary education, which was more commonly referred to as higher education, was what happened in universities.

In contrast, presently the functions of what in this paper I shall continue to call higher education, have broadened from formation, building and maintenance of knowledge to include also dissemination and use of knowledge – or to the extent that the latter functions already existed (Santiago, *et al*., 2008), they have become much more prominent, leading to positing that new modes of research had arisen (Gibbons, Limoges, Nowotny, Schartzman, Scott & Trow, 1984) in which policy, industry and education engaged in a 'triple helix' dance (Leydesdorff & Meyer, 2006). Innovation instead of 'blue skies research' has become the catchword in the shift in the character of knowledge creation and use ('valorisation').

Regarding education, *i.e.* the formation of human capital and dissemination of knowledge, specialised institutions have arisen, so that the higher education landscape is now populated with many institutional forms variously called polytechnics, colleges, *etc*. In all these old and new roles, higher education institutions must engage more directly with their partners than before. Conscious strategies have to be developed to maintain contacts with partners around the world (internationalisation) as well as in the institution's own geographical area (regional engagement). The latter is even demanded by higher education authorities in perhaps unexpected places such as the United

Arab Emirates: "higher education institutions are now obligated to develop clear strategies and designate responsibilities for community engagement" (*Gulfnews*, 2011-10-09).[2]   All of this implies that higher education institution leaders must enter into asymmetrical mutual dependence relationships with more, and internally more differentiated, groups of partners or stakeholders. Interdependence implies power relationships (Kogan, 2005; van Vught & Westerheijden, 1991; Wright, 1985).

In the previous paragraph I already hinted at the final source of turbulence that I want to mention: globalisation, which requires higher education institutions to develop strategies for their internationalisation. Economic, political and ideological developments around the world have increasing and increasingly immediate impact on higher education institutions.   The catchword in this respect is transnational higher education.   On the one hand this means increasing numbers of students who are willing to travel to gain credits or whole degrees abroad.   On the other hand it means institutions offering education abroad, mainly through physical presence (off-shore campuses), partnerships with local higher education institutions, or through online courses.   National higher education authorities are reacting in different ways to this development in its different forms.   Concerning students, they might stimulate students to study abroad, rather than invest in costly specialized postgraduate degree capacity. Concerning institutions, national polices might range from stimulating higher education institutions to engage in cross-border higher education, to strictly controlling access to the national market of higher education (Cheung, 2006; Cremonini, Epping, Westerheijden & Vogelsang, 2012; French, 1999; Harman, 2004; Huang, 2007; Martin, Ed., 2007; Mok, 2003; Sugimoto, 2006).

Challenges and boundary conditions, illustrated by the Bologna Process

With the statements in the final paragraph of the previous section, my focus shifted from listing challenges for higher education institutions' management to pointing out that globalisation (and other new trends) implied new boundary conditions for setting institutional strategies, especially as a result of regulation

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[2] http://gulfnews.com/news/gulf/uae/education/community-engagement-compulsory-for-varsities-1.887976
The background to this requirement is that in the Gulf region, many international universities have off-shore campuses, for which regional engagement is not self-evident as being international belongs to their 'selling points'.

and other policies by national higher education authorities.   At the same time, in a combined impact of globalisation and the rise of neo-liberal but also neo-conservative ideologies, governments reconsidered their role vis-à-vis higher education: how much could and should they regulate, and how much could and should they finance higher education?   Concerning regulation, neo-liberalism pointed to leaving more to the responsibility of the higher education institution's management, while governments reduced their role to creating a 'level playing field'.   Concerning funding, the balance between public provision and private contributions was changed: students were supposed to contribute more to their education than previously.

Curbing neo-liberalist marketization 'threats' perceived in the GATS discussions in the first year of the 21st century, European governments proclaimed that for them higher education remains a public good, implying a major role for public financial provision (Vlk, Westerheijden & van der Wende, 2008).   Partly from the same concern, partly also from the consideration that in globalised higher education conditions Europe's competition with other world regions would be more effective if undertaken through a European cooperation strategy, the EU's Lisbon strategy and the pan-European Bologna Process ensued (Marginson & van der Wende, 2007; van Vught, van der Wende & Westerheijden, 2002).

The Bologna Process is the most encompassing reform process in European higher education, covering 29 countries at the original signing of the Bologna Declaration in 1999 (European Ministers Responsible for Higher Education, 1999) and expanding to 47 countries by 2010.   The Bologna Process has two strategic aims: creating a single space for higher education among all 47 signatory states, and making European higher education more attractive worldwide (Westerheijden *et al*., 2010).   Both aims are intended to contribute to making Europe's higher education fit for the globalised competition and for the knowledge society.   Increasing employability of graduates in these new conditions is therefore a major underlying value of the Bologna Process. Increased mobility of students (and academics, but that is less in the focus of public attention) should be a major impact of the process.   The participating ministers of higher education set a target of 20 per cent of all students getting some foreign study experience by 2020.   Halfway between the Bologna Declaration from 1999 and the target year 2020, mobility of students within Europe was largely unknown due to hardly compatible data collection across the different countries, but seemed to be far below 20 per cent (Westerheijden *et al*., 2010).

The Bologna Process, in my analysis, is unrolling as a governmental project. Most attention in its implementation goes to top-down policy making: frameworks, guidelines, standards *etc*. are developed at the level of the Bologna Process as a whole.   Sovereign states, through their higher education authorities, are then expected to turn these intergovernmental agreements into binding regulations and policies, each for their own jurisdiction.

The major change in the first years of the Bologna Process – and a considerable achievement for the signatory countries – has been degree reform. All countries that did not have a two-cycle structure of undergraduate ('bachelor') and postgraduate ('master') degrees before 1999 introduced one; some overhauled their existing two-cycle structure to make it more compatible with others.   Nevertheless, the interpretation of what is 'Bologna-compatible' differed among countries.   The only numerical value originally agreed upon was that the first cycle should last at least three years.   Later the consensus was expressed more precisely and included the second cycle as well.   In 2005, degree lengths were specified in terms of credits in the European Credit Transfer and Accumulation System (ECTS) to 'typically include 180 to 240' credits for the first and 'typically 90 to 120' credits with a minimum of 60 credits' for the second degree.   No further standardisation of these aspects of degrees was aimed at.   Degree titles were not specified either, although the term 'master' does appear in the Bologna Declaration (but not 'bachelor').[3]   One credit under ECTS is defined as 25 to 30 hours of workload for a typical student, be it in attending lectures, seminars, labs or self-study.[4]   As a result, although the '3+2' model (180+120 ECTS credits) is the most common one, there are many variations in degree structures across the countries in the European Higher Education Area, and sometimes also within countries, *e.g.* with different models for universities and non-university higher education sectors (Eurydice, 2010; Westerheijden *et al*., 2010).

The way the policy process around 'Bologna' unrolls implies that from the perspective of the higher education institutions the Bologna Process looks like additional regulation, setting new boundaries to the autonomy of the institutions. The degree reform is a case in point: in most of the participating countries, national legislators proclaimed new rules for the length of degrees, and universities had to implement them.   Responding to these demands, applying national   frameworks,   rules   and   reforms   then   takes   precedence   over

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[3] For simplicity, the third cycle, the doctoral phase, is left out of discussion in this paper.
[4] More on ECTS: http://ec.europa.eu/education/lifelong-learning-policy/doc48_en.htm.

autonomously considering how a certain higher education institution could best respond to the spirit of the Bologna Process. For instance, in the majority of higher education institutions in Europe, degree reforms, introduction of ECTS, *etc*. largely were following the letter of the law, while the ultimate considerations of how the new degrees would contribute to attractiveness, competitiveness and employability of the graduates of all levels remained in the background.

Increased autonomy of higher education institutions

We may safely assume that over the last two to three decades, institutional autonomy has increased, at least in some respects. The European University Association (www.eua.be), for instance, has always been lobbying for increasing institutional autonomy and it has also expanded its support for institutions on how to act in a situation requiring more autonomous decision-making.

At the risk of belabouring the obvious, let me distinguish institutional autonomy from academic freedom. Academic freedom concerns the freedom to research, to teach, and freedom to learn.   That is to say that it is an individual right of teaching and research staff as well as of students.   Institutional autonomy concerns decisions made by or for the institution as a whole.   It may concern, amongst other things, decisions regarding (Estermann & Nokkala, 2009):

- Organisation and structures (*e.g*. opening and closing faculties; defining membership and authority of governing bodies)
- Finances (*e.g*. sources, tuition fee levels, internal reallocation; ownership of assets, reserves, borrowing; cross subsidy of academically valuable but impoverished departments by taxing the wealthier ones (Shattock, 2010))
- Staffing (*e.g*. recruitment/promotion/tenure/dismissal; salaries)
- Academic (*e.g*. institutional profile, degree programmes, student admission; research)[5]

In many cases, institutional autonomy is not absolute; the list above can only enumerate possibilities. Decisions in the area of institutional autonomy require institutional leadership and management. This may run counter to

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[5] The EUA project quoted here led to the development of a national level autonomy scorecard. Such a scorecard is intended to serve multiple purposes such as benchmarking of national policies, awareness-raising among universities, but also as a reference which can be used in further studies as a robust conceptual and operational tool.
(http://www.eua.be/News/09-10-29/Moving_towards_a_Europe-wide_ranking_of_university_ autonomy_University_sector_ to_publish_European_autonomy_scorecard.aspx)

academic freedom, not only in the academic area of teaching and research, but also when managerial decisions have consequences for academic matters, *e.g.* staff appointments or closing programmes.

Especially in 'bottom-heavy' systems such as higher education institutions, where much power to make a success or otherwise of the primary 'production' processes of education and research are in the hands of professionals (Mintzberg, 1983), the balance between institutional autonomy and academic freedom may become a power struggle in itself.

The increase of autonomy may not have been the same in all respects. For instance, in the Bologna Process emphasis was given to renewing regulation, but not reducing it. In contrast, in many countries governments reduced their role in funding public institutions, or they stimulated establishment of privately funded higher education institutions.

From the point of view of higher education institution management, this means reduced dependence on a single source of financial resources, giving the freedom (or rather: the need) to search for alternative sources. In this, higher education institutions have increased autonomy in the sense that they can target different types of funding sources, associated with different functions of the institution, and they can opt to specialise in, for example:

- education (*e.g.* fees from students, contracts with companies);
- innovation (*e.g.* contracts for R&D with companies); and/or
- research (*e.g.* practice-oriented but not with direct application aims for companies, or more fundamental to target research council's competitions).

Another strategic choice that has to be made is where to look for funding sources: locally, nationally or internationally? Thinking of higher education institutions in the EU, their geographic spread of options is even more complex, since the supranational level of the EU is of increasing importance. Not so much on the education side of the institution (Socrates projects and similar often bring more prestige than funds), but especially with regard to the research side has the supranational level gained importance, both for more programmatic research in the Framework Programmes (now called 'Horizon 2020') and in more fundamental research with the emergence of the European Research Council (ERC: http://erc.europa.eu/).

Moreover, the institution need not apply the same strategy all over: different schools, faculties or laboratories may find their comparative advantages in different mixes of the three options, at a mix of the geographic levels.

Institutional leadership

The burden and power of increased institutional autonomy in many countries has been given to institutional leaders who were selected in traditional ways.   The selection rules had been developed in days when academic freedom could afford to be the paramount value and the top positions in higher education institutions were representative more than substantial.   The rule in this respect was election of a president, vice-principal or rector from among the institution's academic oligarchy, the professors, for one or two (short) terms.   In many countries these traditions have not changed in recent decades and even if new regulations went in the direction of appointed presidents and deans, traditions often were not adapting to make the persons who acquired such positions educated for the job (de Boer, 2003).

Shattock (2010) summarised the institutional autonomy challenge as follows:

> If you can imagine a university which balances a direct relationship with the state, mediated through powerful state officials, an elected rector and a representative – and therefore conservative – senate constitutionally inclined to protect the departmental status quo, you can appreciate the force [needed to get this university moving].

Reference was already made to higher education institutions being 'bottom-heavy' systems (Waltz, 1979).   Accordingly, change in higher education institutions is 'bottom-up' (Clark, 1983): "change in colleges and universities comes when it happens in the trenches; what faculty and students do is what the institution becomes.   It does not happen because a committee or a president asserts a new idea" (Leslie, 1996, p.110).   Similarly, Mintzberg coined the phrase of the 'emergent strategy' as what organisations actually do, rather than what is asserted as a new idea (Mintzberg, 1978).   Standard management 'cookbooks' that proceed from the assumption that managers determine what will actually be done will not work in higher education institutions.

The major action principle for leaders of higher education institutions seems to be that they must guard against doing too much, as Birnbaum explained with his 'cybernetic institution' (Birnbaum, 1988), because the professionals, *i.e.* the research and reaching staff, to a large extent themselves know best what to do.   In combination with the realisation that universities are 'loosely coupled' organisations (Weick, 1976), *i.e.* organisations in which what one sub-unit does

hardly affects what other sub-units do, we arrive at an image of the university as an organisation in which professionals largely go their own way, without much influence from colleagues in other sub-units or from institutional leadership. Attempts to actively manage such an institution most often encounter a high degree of resistance to change – not necessarily because academics are traditional and conservative, but because the structure of the organisation and the way in which the work processes run make them to a large degree impervious to change attempts.

Strategic decision-making and benchmarks

Change management is not easy, but before getting bogged down in the trenches that were just mentioned, analytically the question ought to be asked: what should change, and in which direction should the university go?   In other words, analytically setting a strategy ought to come before the technical and tactical questions of how to achieve it.   I use here on purpose the words 'ought' and 'analytical': these are not empirical statements but normative statements. They are and will be empirically falsified: all kinds of daily decisions that cannot be postponed prevent systematic strategy development – in fact this is one of the reasons why strategies in higher education institutions often are 'emergent'. Yet reasonably rational decision-making in a learning organisation (Dill, 1999; Senge, 1990) is an ideal that would have advantages over 'muddling through' (Lindblom, 1959).

A first step in setting strategy is an assessment of the institution's current situation: where are we, compared with others?   This question is the question of finding a benchmark.   Finding an external benchmark, identifying who is 'best in class' (Laise, 2004; Stella & Woodhouse, 2007) is only one element in a benchmarking process.   While this is not the place to give a full handbook on benchmarking (handbooks include: Alstete, 1996; Bender & Schuh, Eds., 2002; ESMU, 2008, 2010), the process involves learning how to emulate the best in class and in that way to become more like them with regard to the institution's processes, assuming that with the same processes, the same best-in-class performances will also be achieved.

It has to be stressed that strategically important processes in higher education institutions involve selected processes, not the institution as a whole at the same time.   Examples might include introducing a new education method (*e.g.* problem-based learning, or blended education delivery), restructuring the library to a multimedia knowledge support centre, making research management

efficient, or integrating student services. The point of this remark is that comprehensive information on 'the best university' is not very helpful in finding the best in class institutions looking from the perspective of enhancing the quality of specific institutional processes. Yet the influence of currently available global university rankings on higher education institutions' management and on national policy makers is large. Ministers of higher education start policies to create 'world-class universities' while university presidents reorganise to gain a better position in the rankings (Hazelkorn, 2011; Rauhvargers, 2011).

I have participated in teams that tried to act on the insight that current transparency instruments in higher education are mostly compound rankings that express in a single rank order number which institutions are 'the best', but besides all the other methodological and axiological problems surrounding higher education rankings and global university rankings in particular (Dill & Soo, 2005; Saisana, d'Hombres & Saltelli, 2010; Usher & Savino, 2006; van Dyke, 2005), from our current perspective it is most relevant that they do not deliver the detailed information that is needed to identify benchmark institutions for any strategically important process. Those teams have come up with new transparency instruments, which intend to give more detailed, useful information to different groups of stakeholders. In the final part of this paper I will analyse to what extent these new instruments can be helpful in benchmarking.

U-Multirank and finding best in class institutions

To find best in class, a tool showing the performance of higher education institutions seems appropriate. Global university rankings would be the most obvious candidates. In contrast to my using the terms as synonyms in the rest of the paper, here the difference between 'higher education institutions' and 'university rankings' is relevant: current global rankings as the Shanghai one (ARWU) and the one in the Times Higher limit their rankings to what amounts to a selection of the top-1% of all higher education institutions worldwide: the 200 or 400 universities that produce most of the journal papers collected in international databases are preselected. That number is indeed only a small fraction of all higher education institutions; there are around 3,000 to 4,000 higher education institutions in the USA and in the EU each, (much) more than 2,000 in China, over 700 in Japan. The selectivity of current global rankings is only one of the many methodological issues associated with them (van Vught & Ziegele, 2011; Westerheijden, 2012).
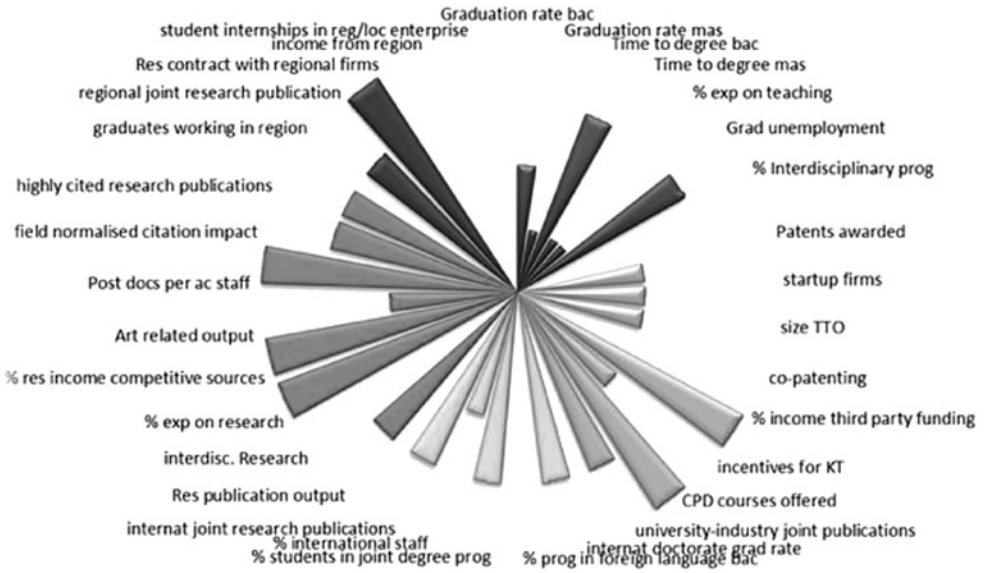
Figure 1. Sunburst diagram of a university in U-Multirank

Responding to a number of them, U-Multirank was launched as a feasibility project to ascertain whether a '360 degrees ranking' of higher education institutions would be possible, targeting not only the research output and impact (the most heavily-weighted dimension in current global university rankings) but five dimensions of performance, for which indicators were developed in cooperation with possible target groups of such a ranking (see also Figure 1):

- Teaching & learning, with emphasis on students' graduating and finding jobs
- Research, stressing amongst other things publication impact (citations), competitively-won earnings, and art-related outputs
- Knowledge transfer, focusing on patents and publications jointly authored with industry, start-up firms, continuing professional education offered, *etc.*
- International orientation, looking at for example international students and international Ph.D.s graduated, or joint research publications with international co-authors
- Regional engagement, which includes graduates working in the region, research contracts with regional firms, regional joint research publications and the like.

A field test in 2010-2011 has shown that although it is not simple to collect the necessary data in a manner that is internationally comparable, such a much broader ranking is feasible. In the coming years, it will be further developed and rolled out in Europe (www.u-mulitrank.eu).[6]

The target groups involved in the development of U-Multirank included representatives of (European) higher education institutions. The usability of this ranking tool for benchmarking among higher education institutions was one of its explicit goals. Whether it will actually fulfil this role will have to be seen once it contains information on a large number of institutions.

At the moment, Webometrics is the ranking with most higher education institutions in its data at the number of 19,000. Webometrics is, however, a ranking of one specific aspect: "The original aim of the Ranking was to promote web publication. Supporting Open Access initiatives, electronic access to scientific publications and to other academic material are our primary targets" (http://www.webometrics.info/about_rank.html). For some benchmarking purposes, this is an advantage rather than a drawback: Webometrics shows which higher education institutions perform successfully when it comes to creating a good web presence. In other words, it shows best in class in a certain area, and if that is the area in which a university leader has set a strategic goal, this ranking is probably a good place to start from. For benchmarking processes involving other areas, other rankings might be better.

In summary, my claim in this section is that benchmarking processes, targeted as they must be to changing one or a few elements in a higher education institution at a time, need to find best in class institutions in that particular element. Current global rankings on the whole inform about best in class institutions in traditional ('Mode 1') research. U-Multirank holds the promise to become an omnibus ranking that allows finding best in class institutions in the major areas of performance of higher education institutions. However it is not operative as yet and will become operative only in Europe in the foreseeable future. For specific purposes, *e.g.* an institution's web presence, more specific transparency tools such as Webometrics may be the source for finding best in class institutions.

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[6] U-Multirank also includes field-based rankings, focusing especially on the educational performance and student satisfaction with the teaching in *e.g.* business studies or engineering in a university. As this information is primarily meant for the target group of (potential) students rather than for institutional benchmarking, I shall disregard the field-based rankings in this paper.

U-Map and finding institutions making an effort in benchmarking areas

Once best in class institutions have been identified, the actual benchmarking process may begin by finding out how those institutions have achieved their high performance in certain aspects. The usual way to tackle this problem is to form networks or clubs of higher education institutions in a mutual benchmarking agreement: staff members from the partner institutions learn from each other's experiences (Alstete, 1996; ESMU, 2008, 2010). For the much-needed mutual trust to give others insight into internal processes that might be sensitive in case of becoming public, such clubs of mutual benchmarking are an excellent means. They proceed from an assumption, however, of what might be called symmetrical asymmetry: asymmetry in the sense that in each of the processes or areas chosen for benchmarking one or more higher education institutions are (close to) best in class so that they have some good practices to share, symmetrical in the sense that each of the club member institutions is expected to have something to share in at least one of the areas or processes.

A problem in establishing a benchmarking network that has the needed symmetry of each member being able to contribute something is that publicly available information on institutions' internal processes is very scant. Another transparency tool might assist in alleviating that problem to some extent. U-Map (www.u-map.eu) is one of the tools that lies at the basis of U-Multirank, but in the framework of benchmarking may play a role on its own. Like U-Multirank, U-Map is meant as a tool to give 360 degrees insight into higher education institutions, but about the actual activities that the institutions undertake, not about the performance achieved with those activities. The indicators in U-Map are thus grouped in the same areas (adding the composition of the student body), but instead of on results, U-Map's indicators focus on efforts, as follows:

- Teaching and learning profile, with indicators such as orientation of degrees, levels offered and expenditure on education in percentage of total budget
- Research involvement, including different types of publications and products,[7] but also expenditure on research in percentage of total budget

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[7] Here, and in some other indicators, U-Map includes information that might be seen as performance rather than process or activity, leading to some overlap with U-Multirank. At this stage of development, better indicators have not yet come available.

- Regional engagement, which looks at the importance of local/regional income sources, graduates working in the region, and the input of first year bachelor students from the region
- Involvement in knowledge exchange, through patent applications, income from knowledge exchange activities, cultural activities and start-up firms
- International orientation, stressing international students (incoming and outgoing), international teaching and research staff, and the importance of international sources of income
- Student profile, with focus on size of student body, and its composition in terms of non-traditional students (mature, distance, part-time)

The information on the indicators is stored and presented in such a way that users of the database can select certain values on each of the indicators, thus enabling search for institutions that put a significant effort into areas that may have been selected for benchmarking. That may be a way to find higher education institutions where good practices have been developed in those areas. In combination with information from U-Multirank, it would then be possible to find sets of complementary institutions, for instance all of them actively interested in knowledge exchange (through U-Map), while some of them have achieved high performance on some aspects of knowledge exchange (from U-Multirank) so that the ones with many professional education offerings might teach the ones who are stronger in setting up spin-off companies and *vice versa*.

Having been developed some years ahead of U-Multirank, the current state of affairs with U-Map is that information on higher education institutions from several small European countries is being collected at the time of writing. For participating institutions within these countries, it is now becoming possible to find similar or complementary institutions within their own country.

The limitation to a single country is for the moment a hindrance for U-Map's use for benchmarking purposes. Another, lasting, limitation is that U-Map does not include purely internal processes, *e.g.* student admission, library and informatics provision, or real estate management, but remains focused on processes fairly directly connected with the institution's performances in the main mission areas as defined in U-Multirank.

In Conclusion

In this paper I have made the case that challenges for higher education institutions have increased in recent decade(s), which led to a situation of increased (need for) institutional autonomy. The role of institutional leadership

to steer the ship of the institution through the sea of autonomy was highlighted. I focused on benchmarking as the main method to set the institution's course (what do the best in class do, where could our ship go?) and to learn from others (how did the best in class get where they are?). Finally, I presented U-Multirank and U-Map and analysed to what extent these new, multidimensional tools could aid to start a benchmarking exercise.

My conclusion from this analysis was that the two instruments have much potentiality, once they are implemented at a sufficiently large scale to offer publicly accessible information on a large number of higher education institutions.

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Major Challenges Facing Japanese Universities, and their Responses

Masao Homma[*]

Major challenges facing Japanese universities

A. Shrinking higher education market: Increased competition for students

Japan's higher education market peaked in 1991 when 2 million children of the "baby boom" generation became 18 years old. Today, it has shrunk to approximately 1.2 million. During the intervening twenty years, due largely to the Government's deregulation policy *vis-à-vis* university accreditation, approximately 250 new universities came into being, increasing the total number to 778. The advancement ratio of students in HEIs has continued to rise, reaching an all-time high of 56.8 per cent in 2010, but the number of new entrants remained static during this period at the level of about 600,000. Unlike other OECD countries where mature students, those over 25 year of age, account for 26 per cent on average, the figure for Japan is a mere 2.7 per cent. On the other hand, foreign students account for 3 per cent of the total student body. So, mature students and foreign students cannot compensate for the inevitable loss of young Japanese students.

Thus, the competition for new entrants, which is a major source of income for private universities, has become more intense each year. Private universities enrol about 80 per cent of total students, while national and local government universities 16 per cent and 4 per cent respectively. The Promotion and Mutual Aid Corporation for Private Schools of Japan has reported that approximately 40 per cent of private universities fail to fulfil the statutory quota

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of admission places, thus facing financial crisis and possible bankruptcy.

B. Diversification of students

As a result of a sharp increase in the number of universities and a rise in advancement ratio during the past two decades, the proportion of the students admitted through non-competitive procedures, which might be based on a recommendation letter from high school or based on non-academic achievements such as volunteer activities or good sport performances, has exceeded the Government's level of 50 per cent of applicants.

A decline in academic competence and motivation to study is an inevitable result of de-facto free admission in an increasing number of faculties and universities. This imposes a serious problem on university learning and teaching. Moreover, in such an affluent and mature society as Japan, a powerful ethic to study hard, get a good university credential, join a well-known company, work hard and succeed in professional life – once dominant among young people – is lost for most of today's young Japanese.

In order to make university learning more effective, many universities are introducing supplementary measures such as first year, or even pre-entrance, supplementary or "remedial" courses and lessons in academic writing, foreign languages or mathematics. More and more universities are employing retired high school teachers to help those students with difficulties in adapting to university study.

Despite these measures, the drop-out rate has continued to rise in recent years to a current level of 12 per cent.   A considerable number of drop-outs are citing difficulties in catching up with academic courses and a lack of sense of belonging in university as reasons for not continuing.   In any case, such a high rate of drop-out suggests failure as an educational institution, and a loss of important financial resources.   In Japan, 80 per cent of operating costs of private universities are derived from student tuition fees.

C. Bankruptcy of universities: Reality or nightmare?

Government forecast of the number of 18 year olds in 2030 is one-third less than the current level, or approximately 900,000. This demographic change will inevitably affect universities, particularly university finance.   As mentioned earlier, currently about 40 per cent of private universities fail to reach the Government-authorized number of places for new entrants.   This change in demographics has ramifications for private universities.   If the prediction holds,

as many as 100 out of a total of 590 private universities could experience financial difficulties resulting from a lack of students, and eventually go bankrupt, even though to date only a small number of universities (4-5) have closed or merged with another university.   Government is currently preparing an emergency "rescue" plan for students of bankrupt universities, *i.e.*, moving them to neighbouring universities.

The Government proposed 10 per cent annual cuts in the subsidies to both national and private universities for the three years beginning with the fiscal year 2011 budget.   Although these proposed cuts were withdrawn in the face of vehement oppositions from university presidents and Nobel Laureates voicing their fear of damaging already poverty-stricken universities, it seems inevitable that this level of financial cuts will take place sooner or later in the light of the very serious level of Government debts which is estimated to have reached this year two years' equivalent of GDP, *i.e.*, ¥200 trillion.   The Government is now preparing legislation to cut the salaries of civil servants by 7.8 per cent, starting the next fiscal year for three years, in order to contribute to the costs deemed necessary for reconstruction in the aftermath of the earthquake and subsequent tsunami in Tohoku Region.

If the cuts become a reality, as it seems very likely, they will have very serious negative effects on all universities, and the effects will be uneven between national and private universities.   National universities are much more dependent on government money than private institutions, with 50 per cent of operating costs coming from national treasury.   Private universities, on the other hand, only receive 10 per cent of operating costs.

The cuts are likely to be devastating for a substantial number of national universities, in particular, small- and medium-sized local universities where there is little room for further cuts or economization of various costs in teaching and research activities, nor for seeking donations from local industries.   Also, with a few exceptions, alumni organizations are very weak in Japan.   In private universities raising tuition fees to compensate is not a viable option, particularly when they are competing for students, while average income of the household has been constantly declining since the collapse of the "bubble economy" in the early 1990's.   To raise funds from industries and individuals, particularly alumni is not very easy in view of the dragging economic stagnation on the one hand and increased sense of accountability on the part of firms for stock-holders on the other.   It seems to me that unless universities, including those in financially more advantageous positions, adopt a policy of "prioritization" in terms of resource allocation, they are likely to bring about serious damages to

the level of education and research – sooner rather than later.

D. Effective and efficient management and more accountability

In any case, universities, whether national or private, cannot afford to continue largely inefficient and ineffective ways of management led mostly by amateur faculty members. Experienced professionals in finance and management have to be brought in from outside university. A so-called *selection and concentration of resources* policy should be introduced and enhanced. Cuts in staff costs, maintenance costs of buildings and facilities, renewal costs for equipment and computers, and even closures of some out-of-date departments and affiliated primary and secondary schools, will have to be considered and implemented swiftly.

While subsidies to universities have been shrinking, demands for more accountability for the money spent has been intensifying in the past twenty years. University performance in education, research, and contribution to society and industries is now open to public scrutiny. Industries, which remained indifferent and silent about what and how universities produce and achieve for a long time, are now becoming more and more concerned with universities' achievements and performances in teaching and research. They are becoming more anxious about the swift transfer of new knowledge and skills generated in the university to industries, while voicing their concerns about the contents and quality of teaching and learning, particularly in the undergraduate programs in humanities and social sciences. They are now beginning to ask universities to provide clear evidence that university graduates are equipped with skills, competencies and abilities necessary to survive and lead in a globalized world of work.

E. Quality of education

The Ministry of Economy, Trade and Industry (METI), voicing their concerns about the quality of university graduates, has since 2006 proposed that universities nurture the "Basic Social Skills and Competencies" as an essential mission of the university. The Ministry of Education followed suit, proposing "Basic Skills and Competencies as requirements for a Bachelor degree". These skills and competencies consist largely of problem-setting capabilities, independent and critical thinking, logical reasoning, communication skills, leadership and team-work quality in addition to skills and knowledge in their specialized field of study.

A recent study shows that the average *weekly* reading and studying time of a university student in humanities and social science subjects is less than one hour. In an attempt to improve university education, beginning in the 1990s, the Government has introduced a wide variety of measures such as promotion of faculty development (training of teaching skills of teachers), provision of special subsidies for good practice in education, promotion of syllabus and course evaluation by students, *etc.*   These efforts, however, have produced only limited results so far.   For example, companies are expressing more and more discontent with university graduates, citing the lack of knowledge in liberal arts subjects as well as communication skills in both Japanese and foreign languages. Logical and critical thinking is another set of skills identified as lacking in new graduates.

After all, unless and until university teachers are convinced of the importance of their ultimate mission, *i.e.*, developing competent graduates, the situation will not improve.   University teachers are employed and promoted largely by their performances in research, while results of assessment of classes and teachers by students are mainly for the teachers concerned to reflect and improve, and rarely used for promotion or the acquisition of tenure status.

Another problem is the lack of a system or mechanism which guarantees consistency of each course taught in a given programme.   It is a norm rather than an exception that duplications, disparaties in level, and inconsistency of educational content between courses occur, because what and how to teach is entirely in the hands of individual teachers and rarely goes under scrutiny by faculty or outside stakeholders such as employers.

University evaluation, which could be a powerful tool to enhance the quality of teaching and learning, is not functioning well.   University evaluation was first introduced as self-evaluation and as an *encouragement* measure in the early 1990s.   University evaluation by an outside accredited body, made compulsory in 2004, seems to have had only limited impacts on the quality of education because it primarily assesses the *conditions* for good-quality education, not *the results or outcomes* of actual education.   Ultimately, university evaluation has led to more bureaucratic work and little substantial improvement in the quality of teaching.

The Government's attempt a few years ago to collect a wide variety of performance indicators data met severe criticism for "creating a hierarchy" based on false or irrelevant data from universities, and eventually failed.   When the AHELO project by the OECD comes to the stage for implementation in the near future, universities will almost certainly react negatively saying that unlike PISA,

learning outcomes of university education cannot be measured by two to three hour examination.

F. Internationalization of universities: A false dream?

Government and industry are not satisfied with the degree and speed of *internationalization* of university education.   There is a perception that university graduates, even from well-known universities, lack communication skills in foreign languages, understanding of foreign cultures and religions, and more importantly, overseas experiences.   The Government introduced a "*Global 30*" program in 2009 in its attempt to triple the number of foreign students by 2020 and initially selected thirteen universities, seven national and six private[1], as a base for internationalization, to which it would provide ¥4-500 million for five years.   These universities are expected to start at least two entirely English taught courses, one undergraduate and one graduate, and have committed to accept at least 3,000 foreign students by 2020.   The goal set by the Government is to triple the number of foreign students from the current level of 120,000 to 300,000 by the year 2020.   The new government of the Democratic Party, which came to power in autumn 2009, however, cut the budget for *Global 30* to about half, claiming that internationalization of university is their inherent mission, and as such, is something which has to be realized without Government subsidy.

University professors, even those in *Global 30* universities, are *not* enthusiastic about internationalization.   In fact, some are even hostile to the idea.   For example, at Ritsumeikan there were heated discussions as to whether the university should apply for the *Global 30* program in the first place.   It was felt that the financial support from the Government is far below the actual costs needed for increasing foreign students, necessary for the construction of dormitories, the provision of scholarships, and employment of English speaking academic and non-academic staff.   And, more importantly, the faculty is afraid that the inflow of a substantial number of foreign students might affect the traditional one-way teaching style prevalent in undergraduate programmes in humanities and social sciences.   Currently there are only 1,500 foreign students at Ritsumeikan, or approximately 4 per cent of the total student population, but once that figure reaches the target of 4,000 foreign students or 11 per cent of the

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[1] 13 universities are: Tohoku, Tsukuba, Tokyo, Nagoya, Kyoto, Osaka, Kyushu (national), Waseda, Keio, Sophia, Meiji, Doshisha and Ritsumeikan (private).

student body, they will no longer be able to ignore them.

Yet, Ritsumeikan is doing well in the sense that it has eventually agreed to apply for *Global 30* and whether it is selected for the program or not, it will go with its original plan for enhancing international programs both inbound and outbound.   It contrasts with a number of national universities that are half-hearted and even skeptical when they apply for *Global 30* and it is feared that once government money stops, so will the programs of internationalization.

Sending Japanese students abroad is perhaps more important for internationalization of Japanese universities.   Nevertheless, the number of Japanese students studying abroad has been steadily decreasing since the peak year of 2006, when about 80,000 students were enrolled in HEI's abroad, down to the current level of 60,000.   President Junichi Hamada of the University of Tokyo professed that only 0.4 per cent of undergraduates go abroad through official exchange programmes every year.   The figures are around 40-50 for Kyoto and Osaka University.   The Government is introducing a plan to send 7,000 students for study abroad periods of more than 3 months by providing a special subsidy, but it would be a drop in an ocean.

How are Japanese universities reacting to challenges?

A. Management by academics: Amateurism doomed to failure

One of the main challenges facing universities in Japan today is the efficient and effective management of the institutions of higher education.   Modern universities can no longer afford to be an "Ivory Tower" or an "Intellectual Community" where a distinguished scholar is expected to reign rather than govern or manage.   They are becoming more and more complex entities, with a growing number of multi-dimensional problems and challenges, and increased levels of accountability demanded of them.

Nevertheless, universities in Japan have long been managed by academics with little or no professional training in administration and management.   It is often the case that university presidents or vice-presidents lack even the basic knowledge about what modern universities should stand for in this rapidly changing world.   It is not a common practice for successful business leaders or experienced government administrators to be brought in to assume the university leadership or take up the posts of finance or personnel directors, and in those few cases where this has been attempted, success is the exception rather than the norm.   It is often regarded that the amateurish way of managing the university

by academics is "*Gakushi* (Bachelor)'s business" citing Meiji Period's "Samurai (*Bushi*)'s business".[2]

This has resulted in inefficient and ineffective management of universities. The situation is, generally speaking, much worse in national and local government-universities where, even after corporatization in 2004 and onward, the sense of "crisis" is still lacking among academic and non-academic staff alike.   There are only half-hearted efforts towards efficient management since tax-payers' money flows in abundantly regardless of actual performances in teaching, research and management.   It is true that an evaluation by an independent committee is implemented every six years on each university's achievements in light of its self-set plan, but the difference between the "best performing" university and the "worst" one is a mere 600,000 yen (US$ 70,000) in government subsidy for the first 6-year mid-term plan (2004-09); it is a kind of a nightmare joke.   Despite the fact that half of the annual revenue of national universities is through subsidy from the Government, most of the important senior management posts are filled by ex-officials of the MEXT, which gives national universities a sure sense of security, thus leading to a lack of any sense of crisis.

University management staff recruited from among faculty members generally lack the skills, knowledge and experience necessary for effectively managing an organization.   A more serious problem is that they lack *the will* to become professional managers by acquiring the necessary skills and knowledge as they regard their jobs as part-time and temporary, and a forced deviation from their primary area of academic research.

They usually try to keep their obligation (or privilege) of supervising graduate students or teaching undergraduates even after they are appointed vice-president or governing board member with a portfolio.   Keeping teaching and research activities after their appointment to responsible managerial posts is perhaps the only way to prove that they still remain academics.[3]

Between 2006 and 2009, I was a part-time member of the governing board

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[2]   After Meiji Revolution in 1868, Samurai clan, having lost their privileges and salaries, often started various businesses but in most cases failed because they always reigned and never engaged in serious businesses.

[3]   An example of this is a former Vice-President of a very prestigious national university, who kept two secretaries to look after his research links even after he was appointed Vice-President responsible for finance and research.   After he was selected now President of the university, he in turn appointed a famous anatomist as Vice-President responsible for Finance and then for Administration.   He is a fine scholar, but has demonstrated little capability to be a competent financial manager or a tough negotiator with trade union leaders.

of a well-established engineering university in Tokyo. The chairman and two members of the governing board, responsible for personnel and administration, and for finance, were professors of the university. I once asked them why they, trained as engineers and scientists, had to shoulder such cumbersome administrative responsibilities. Their answer was that "there could be no other way". Then, I told them, "Yes there is another way. That is to appoint well-qualified and experienced administrative staff as governing board members. There are such administrators ready and willing to do your jobs." They became silent for a while. I took the silence as their disagreement, if not distrust, of this suggestion, and perhaps a feeling of uneasiness toward administrative staff managing a university. They said eventually, "After all, it should be us, academics, who have to shoulder the responsibilities."

It is true that various training programmes intended for university executives and managers have been implemented by university associations and other professional organizations in recent years. Indeed, I myself have devised a 10-day intensive training programme for vice-presidents and middle level managers of national universities, as chairman of the training committee of the Association of National Universities (KOKUDAIKYO) after corporatization. But, such programmes are far from sufficient in content or in length. It is my view that university executives should undergo a more case-based style of training, and for at least four weeks.

B. Ascent of administrators to decision making positions

Historically, administrative staff have been regarded as incompetent, third-class citizens of the university community, who may be good at routine work but lacked the professional knowledge and skills necessary for managing an increasingly complex university. Administrative staff have never been expected to have a say in academic affairs, as this was regarded as an area belonging exclusively to faculty. In sum, university administration has long been regarded as a boring, non-professional job.

But the situation is changing rapidly. Today, the university finds itself faced with a wide variety of tasks such as developing a "branding" strategy, risk management, organization and retention of alumni, fund-raising, information security, application of ICT to education, promotion of intellectual property rights, university evaluation and accreditation, institutional research, mid-term and long-term planning, on-site hospital management, faculty and staff development, diversification of student selection procedures, curriculum reform,

and the list goes on.   It is now realized that not only matters related to university management but also to academic affairs are relying more and more heavily on the professional skills and experiences of administrative staff than in the past.

To cope with the situation, universities are adopting three approaches: recruiting and training of capable administrative staff; head-hunting professionals from outside, *i.e.*, industries, banks, central- and local-administrations and professional organizations; and to lesser degree, training academics as professional managers.

As the numerous challenges of a university administrator's work become known, more competent and more motivated people are applying to become university administrators.   For example, since corporatization, about one-third of new recruits at Tokyo and Kyoto universities have been their own graduates, a phenomenon which was totally unthinkable before 2004.   These universities attracted applications from 20-30 qualified university graduates for each administrative post.

As for staff development, universities now invest more resources in training of administrators: not a small number of universities have introduced full scholarship schemes to send promising young administrators to good management and business schools in Japan, and even abroad.   An increasing number of ambitious administrators study at part-time graduate courses of management, with or without assistance from university.

Japan University Administrators Association (JUAM) was founded in 1998 to promote staff development, while the Association for Innovative University Management (AIUM) started its activities in 2005 to promote innovations and reforms in management and university teaching.[4]   The two associations have altogether about 2,000 university administrators as their members.   Japan Management Association (JMA), which has a long history in training business managers of various levels, is now organizing a variety of training courses for university staff.

Graduate courses intended for university administrators have been set up by such universities as Oberlin, Tokyo, Nagoya and Meijo.   Ritsumeikan Education Trust developed a one-year part-time training program for administrators in 2005.   The program consisted of graduate-level courses on statistics and social research methods, thirty lectures on higher education policies,

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[4] The author is the founder, president and editor-in-chief of a monthly magazine entitled *The University and College Management* since its inception.

analysis of competing universities' strategies, various aspects of Ritsumeikan University management, and analysis and writing a thesis to propose realistic solutions to the perennial problems of their office.   Participants visit universities in Japan, the UK, and the US as part of the program, looking for new ideas.

Some universities today, including Ritsumeikan, are advocating for *Academic and Non-Academic Co-operation on an Equal Footing*.   The missions and competencies of the two groups are different, but they could complement each other in the same way that actors and actresses complement the work of the producer in an artistic venture.

C. Limitations inherent to academics

Co-operation of academics and non-academics is particularly important and meaningful since the latter can possibly compensate for serious limitations inherent to senior management staff drawn from the ranks of academics, *i.e.*, they almost always give priority in decision-making to protecting the faculty's vested interests over those of students or taxpayers or society at large.   This can be clearly illustrated when they are faced with the difficult question of restructuring educational programs and courses in response to changing social and industrial needs or advancement of scholarship.   Restructuring often means downsizing of existing courses, or even the elimination of courses or the closure of departments.   Faculty naturally are not happy with this kind of restructuring, and work to prevent it, even though they fully understand the need for restructuring.   Academics cannot tolerate any loss of teaching posts.   Teaching posts are their *raison d'etre* and protecting them is their unquestionable mission. Strong opposition is also voiced when such reforms as requiring the faculty to adapt to changes like globalization (*i.e.*, more foreign students and faculty, and more English taught courses) or to show better performances in student learning outcomes, are proposed.

When top management is faced with strong opposition from faculty, their usual response is to "postpone" the inevitable decision.   By doing this they are deceiving themselves.   They cannot close their eyes to the reality, and pretend that the problem did not exist in the first place, or convince themselves that the problem is not so serious as to require any immediate action.   Appropriate decisions, although unpopular, must be made for the sake of the institution.

Medical education programs in Japan have not undergone any major changes in the past 100 years, even though there have been a number of

important scientific discoveries in medical science over the past 50 years, and the need to introduce ethical education in medical training programs has long been emphasized.   In light of the changes related to progress, an overall review and subsequent restructuring of medical education programs would seem inevitable.   Any attempt, however, to change the basic structure of the programs has met resistance and sabotage from faculty members, who are afraid of a possible decrease or cancellation of the courses they teach, which would inevitably lead to the cancellation of their teaching posts.

As a result of this situation, the chairman of a committee for new medical education curriculum, appointed by the Japan Medical Education Society, had to demand, at the outset of committee deliberations, that members put aside their loyalty to their discipline and place the interests of the mission of medical science, which is to serve the patients and contribute to the best interests of the society, before their professional parochial interests.

This is the kind of problem the government is faced with every time it reviews the contents and overall composition of national curricula in schools in order to make them relevant and up-to-date with social needs, including foreign language instruction and environmental education.   Since teaching hours are fixed at forty hours per week, new courses or programs can only be introduced at the expenses of existing ones.   For example, to introduce additional classes in physical education or music, other classes must be cut.   The teachers of the courses likely to be cut will lodge very strong arguments against such cuts.   If the government succumbs to these pressures and allows the resistance to win out, the nation as a whole will suffer.

The provost or vice-president in charge of academic affairs is supposed to see to it that education programs meet the needs of society and industry, but they have no power to force the faculty to review and eventually change curricula. Deans or vice deans responsible for curricula, for their part, are not interested in, or are not aware of the need for, systematic and regular curriculum review.   In any case, they are only appointed for a period of two to three years and only on a part time basis.

The key to improving the current situation in Japan is the development of stronger leadership supported by more experienced and well-trained management staff equipped with solid data and facts.   Introduction of a strategic plan and PDCA cycle for institutions of higher education, combined with research and publication of changes in universities to the outside world will aid in enacting policies and procedures for effective higher education in a time of rapid change.

Suggestions for a more viable and competitive higher education system

In order to make Japanese universities more viable and internationally competitive, a set of bold policies on the part of the Government and universities are necessary.

In view of large government debts, it is unthinkable that there will be a substantial increase in the level of public funding into higher education in the foreseeable future.   The vital question will be how to allocate the Government's limited funds in a more efficient and effective manner.   It is inevitable for the Government and universities alike to realign the present resource allocation scheme as follows:

Downsize and enhance national universities

1) Cut the size of the national university sector, including the number of universities, students, teachers and eventually budget, in proportion with the decrease of 18-year age population, *i.e.*, by 40 per cent, thus creating necessary funds for enhancing teaching and research for both national and private universities.

2) The seven old Imperial Universities ("Teidai") including Tokyo and Kyoto could be converted into research intensive universities by dramatically downsizing or abolishing outright the undergraduate courses.   They should concentrate on research and training of future researchers and professionals.   As elite institutions, they have already become too big.

3) New departments and graduate schools created after the closing down of "liberal arts college" ("Kyoyo-bu") of national universities in 1990's, in order to save the posts for existing faculty posts rather than to respond to emerging social and industrial needs, should be closed down. (Those new departments and graduate schools can be easily discerned as their names almost always carry "international", "comprehensive", "human", "cultural" or "local" so that all the otherwise redundant teachers could find suitable posts in newly created departments or schools.)

4) Teacher training colleges of national universities, where only one third of their graduates became teachers, have created various inter-disciplinary programmes in the past two decades.   Here again, new courses were devised not to cater for emerging social needs, but to help redundant teachers to settle comfortably.

5) Moreover, some national universities should be reorganized in the light of changing industrial and social structures since the restructuring in the immediate post-war years. Kyoto Institute of Technology, which was created in 1899 to cater for local, traditional industry's needs of crafting, textiles, silk yarning, ceramics and dyeing, or Muroran Institute of Technology, set up on the basis of strong local industries such as steel and ship building, have largely lost their *raison d'etre* even though they have been trying to adapt themselves to the new situation and with some success. Hitotsubashi University, specialized in social sciences, can be easily replaced by private universities that excel in social sciences. Whether these universities should be maintained as national institutions is questionable at a time of serious financial difficulties and declining 18-year age population.

Enhance the quality of university education

6) The government should make it obligatory for all universities to disclose all the data and information related to quality of education and research.   It should also introduce a national qualification for university teachers, similar to the PGCHE in the UK, while publication of students' assessment results should be made obligatory.

7) Assessment of university education by accredited bodies should be made outcome-based rather than input-based.

8) Responsibilities of deans of colleges to guarantee a consistent and high quality education should be clearly defined and stated in School Education Law.   The position of Dean, as head of academic affairs, should be strengthened, financially or otherwise.

Improve management capabilities

9) Bring in professionals to university senior management posts form various walks of life.   A mix of university academic and non-academic staff with outside professionals is a key to an efficient and effective management of a university.

10) Restrict MEXT officials from taking up national university managerial posts.   Only when they pledge their loyalty to the national university concerned, and prove their will and capability to plan and implement reform plans, should they be allowed to assume managerial posts.   So far, their loyalty is always towards the MEXT which guarantees higher posts

every 2-3 years.   MEXT officials are, generally speaking, quite capable and with broad perspectives: the problem is that they lack the will to address perennial problems of inefficient and out-of date administrative and personnel systems.   I met strong resistance when I introduced a wholesale restructuring of finance and accounting offices at Kyoto University and the reform was completely annulled after six years of implementation.

11) Establish an "Institutional Research" office to monitor financial and educational conditions so that problems can be detected at an early stage. University will not change unless challenges and problems facing the university are shown in visible forms and as objective figures.   As any reform plan will fail once the debate goes "philosophical", a solid basis for fruitful and sound discussion should be created.

12) Strengthen the capabilities and qualifications of university administrators by providing a variety of development programmes.   Future university presidents should be trained properly before they assume presidency by participating in intensive and comprehensive management programmes.

Conclusion

Japanese universities are lagging far behind the "global standards" of education.   As has been argued in this paper, this is the result of complex and historical elements.   Management remains obsolete and inefficient.   The combination, however, of various measures based on strong political will can lead to structural changes and more effective universities.

Conclusion

What Kinds of Governance and Management Arrangements should be made in Universities in the Future?

Futao Huang[*]

The Research Institute for Higher Education (RIHE) of Hiroshima University hosted its fourth international workshop (November 16-17, 2011), focusing on the issue concerning university governance and management, as part of the Strategic Research Project on University Reform. At the workshop, Dr. Mary-Louise Kearney (Special Adviser for Global Higher Education, Project IHERD, OECD), Dr. John A. Douglass (Senior Research Fellow at University of California, Berkeley, USA), Dr. Don F. Westerheijden, Senior Research Associate at University of Twente, the Netherlands), and Dr. Masao Homma (Professor and Vice-President of Ritsumeikan Asia Pacific University, Japan) were each invited to make presentations. With participants from different parts of Japan, there were approximately 70 people in attendance.

In two half-day presentations and discussions, the four speakers touched on issues concerning university governance and management from various perspectives and at diverse dimensions. To illustrate, Dr. Kearney from the OECD provided a global overview of the enormous challenges for multiple aspects of tertiary education arising from the knowledge economy and knowledge society. These challenges have been affecting the tertiary education sectors of not only advanced countries, but also of emerging and transition countries, although there exist considerable differences in degree and form. By outlining the broad context and global trends, she clarified issues concerning the tertiary education sector generally, and also distinguished the various strategies and policy options developed within individual countries. With respect to

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challenges for governance and institutional leadership at a tertiary education level, she provided a summary as follows:

- New profiles for tertiary education institutional leadership
- Managing autonomous tertiary education institutions
- Wider social/economic participation in governance
- Tertiary education serving socio-economic growth

Dr. Kearney concluded her presentation by arguing that efforts and improvement are expected in a wide range of dimensions of tertiary education in order to take up the challenges from the knowledge economy and knowledge society.   Among which, she stressed that special attention ought to be placed on four major areas: governance; teaching and learning activities; training; and research activities.   In relation to the key challenges on governance, greatly impacted by the new management philosophy, there are three objectives, namely: reconnecting with academic leadership; institutional leadership as a vocation; and collaborative management.   Relatedly, Dr. Kearney mentioned the prospective leading characteristics of the tertiary education sector in 2020, which would be mainly formed by effects of the new management theory.

Dr. Douglass' speech mainly dealt with changing patterns of governance and management in US research universities since the 1950s, from a historical perspective.   In comparison with the "Golden Age" of US higher education prior to the 1970s, since the 1980s, affected by the combination of a continuous and rapid decrease in the amount of public funding for higher education institutions, market forces, a rapid massification of higher education, and an increased internationalization of research activities by the academy in particular, there has emerged a tendency of fragmentation of US research universities.   By presenting both national tables on budgetary changes in relation to higher education and a case study of his affiliated university (University of California – Berkeley), he provided an in-depth analysis of the process in which and reasons why US research universities have become increasingly tribal.   Dr. Douglass confirmed that typical effects caused by these changes include: a funding and allocation model that is not terribly coherent; decreasing flexibility and increased internal costs.   All these have obviously brought about numerous challenges to the traditional arrangements of governance and management in US research universities.   With respect to his question, 'Is it a US story?', it seems that such changes are not only occurring in US research universities, but very similar effects can be found in other countries, especially in those countries where market mechanisms have been introduced to higher education systems, such as

the UK, Australia, New Zealand, and even China.

Dr. Don F. Westerheijden's presentation began by examining the increasingly complicated situation confronting European higher education. These are strikingly concerned with ideological and demographic changes, accompanied by a new demand from the knowledge economy and knowledge society. In particular, the impact from Europeanization or the Bologna Process and globalization upon changes in European higher education is profound and apparent. According to his analysis, although essentially differing from the US context, in many European countries similar changes have taken place: *e.g.* the reduced role of national government in funding higher education; a growth in numbers of privately funded higher education institutions; and so on. Dr. Westerheijden stated that while there has been an increase in institutional autonomy, each institution is required to develop its own strategy and to create an efficient and effective governance and management system in order to be more responsive to the turbulent environment. Considering the important role of exercising assessment and developing benchmarking in restructuring university governance and management patterns, Dr. Westerheijden devoted a much of his presentation to the illustration of newly-developed ranking systems (U-Multirank and U-Map) to be implemented in individual European countries. Particularly impressive in his presentation, however, was his statement that governance and management are vital elements in the conceptualization, steering and successful implementation of all regional, national or institutional reforms and projects.

Dr. Homma identified numerous major challenges facing Japanese higher education. In the international and comparative perspectives, similar to the US and European contexts, a call for an effective and efficient governance management has also become one of the drivers in Japan's higher education reform. However, as there has been a steady drop in the 18-year age population over recent decades, Japan's higher education market is shrinking, giving rise to increased competition for new entrants and a number of bankruptcies among the smaller private institutions. Additionally, Dr. Homma pointed out that, for various reasons, Japanese universities are lagging far behind the "global standards" of education. Their institutional management arrangements remain obsolete and inefficient. In order to achieve a structural change in Japan's higher education system, and especially to achieve a more efficient and accountable governance and management at an institutional level, he stressed the importance of maintaining a strong political leadership and implementing integrated strategies and measures at a national level. According to him,

especially significant and urgent are: the need to carry out national policies on downsizing national universities; the improvement of the quality of university education; and the enhancement of management capabilities.

Though a great deal of research on how to create more efficient and effective governance and management systems in each context is still to be made, a much clearer portrait describing the challenges facing university governance and management patterns, and a variety of responses from individual backgrounds, has been provided. In this sense, the four presentations can surely contribute to the study of the issue of how to create effective and efficient, as well as accountable, institutional governance and management systems.

Appendices

Appendix 1: Conference Program[*]

International Workshop on University Reform

Date: November 16-17, 2011
Venue: Hiroshima University

Wednesday, November 16

12:30 -   Registration

*** Opening Addresses ***
13:00 - 13:15   Toshimasa Asahara, President, Hiroshima University, Japan
Shinichi Yamamoto, Director & Professor, Research Institute for Higher Education (RIHE), Hiroshima University, Japan

*** Presentations ***
MC: Futao Huang, Professor, RIHE, Hiroshima University, Japan
13:15 - 14:00   **Presentation 1**
"Challenges for Tertiary Education Governance and Management in the Knowledge Economy"
Mary-Louise Kearney, Special Adviser for Global Higher Education, Project IHERD (Innovation, Higher Education and Research for Development), OECD, Paris, France
14:00 - 14:45   **Presentation 2**
"University Devolution: How and Why American Research Universities are Becoming Even More Tribal"
John A. Douglass, Senior Research Fellow, Center for Studies in Higher Education, University of California, Berkeley, USA

14:45 - 15:00   Coffee Break

15:00 - 15:45   **Presentation 3**
"University Management in an Europeanised and Globalised World: influences of Bologna, classification and ranking on strategy development in higher education institutions"
Don F. Westerheijden, Senior Research Associate, Center for Higher Education Policy Studies (CHEPS), University of Twente, The Netherlands

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[*] As of November, 2011

15:45 - 16:30   **Presentation 4**
"University Management in Japan: Challenges and Barriers"
Masao Homma, Vice-President, Ritsumeikan Asia Pacific University, Japan

16:30 - 17:30   Q & A

Thursday, November 17

*** Panel Discussion ***
MC: Shinichi Yamamoto
9:30 - 12:00   **Panelists:**
Mary-Louise Kearney
John A. Douglass
Don F. Westerheijden
Masao Homma
Commentator:
Motohisa Kaneko, Professor, Center for National University Finance and Management, Japan

Appendix 2:   List of Participants[*]

OVERSEAS PARTICIPANTS

Invited Experts

Mary-Louise Kearney	Special Adviser for Global Higher Education, Project IHERD (Innovation, Higher Education and Research for Development), OECD, Paris, France
John A. Douglass	Senior Research Fellow, Center for Studies in Higher Education, University of California, Berkeley, USA
Don F. Westerheijden	Senior Research Associate, Center for Higher Education Policy Studies (CHEPS), University of Twente, The Netherlands

and another 10 overseas participants

JAPANESE PARTICIPANTS

President

Toshimasa Asahara	President, Hiroshima University

Invited Experts

Masao Homma	Vice-President, Ritsumeikan Asia Pacific University
Motohisa Kaneko	Professor, Center for National University Finance and Management

Research Institute for Higher Education（RIHE）

Shinichi Yamamoto	Director and Professor
Ikuo Kitagaki	Professor
Tsukasa Daizen	Professor
Masashi Fujimura	Professor
Futao Huang	Professor
Jun Oba	Associate Professor
Yumiko Hada	Associate Professor
Hideto Fukudome	Associate Professor
Masataka Murasawa	Associate Professor

and another 50 Japanese Participants

[*] As of November, 2011

R.I.H.E. PUBLICATION IN ENGLISH

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No. 1: Kaneko, M. (1987). *Enrollment Expansion in Postwar Japan*.
No. 2: Guocai, Z. (1989). *Higher Education Research in China: An Annotated Bibliography*.
No. 3: Abe, Y. (1989). *Non-University Sector Higher Education in Japan*.
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No. 6: Morgan, J. Keith (1999). *Universities and the Community: Use of Time in Universities in Japan*.
No. 7: Arimoto, A. (ed.) (2001). *University Reforms and Academic Governance: Reports of the 2000 Three-Nation Workshop on Academic Governance*.
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No. 9: Arimoto, A., Huang, F., and Yokoyama, K. (eds.) (2005). *Globalization and Higher Education*.
No.10: Huang, F. (ed.) (2006). *Transnational Higher education in Asia and the Pacific Region.*

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COE Publication Series

No. 6: *Construction and Quality Assurance of 21st Century Higher Education* (Reports of the 2003 COE International Symposium) (2003).

No. 7: *Mergers and Cooperation among Higher Education Institutions: Australia, Japan and Europe* (Reports of the 2003 COE International Seminar on Mergers and Cooperation) (2004).

No.11: *Organization Reforms and University Governance: Autonomy and Accountability* (Reports of COE International Seminar) (2004).

No.12: *Enhancing Quality and Building the 21st Century Higher Education System* (Reports of COE International Seminar/Eight-Nation Conference) (2004).

No.20: *Quality, Relevance, and Governance in the Changing Academia: International Perspectives* (Reports of Changing Academic Profession Project Workshop) (2006).

No.21: *A Cross-National Analysis of Undergraduate Curriculum Models: Focusing on Research-Intensive Universities* (2006).

No.22: *Gender Inequity in Academic Profession and Higher Education Access: Japan, the United Kingdom, and the United States* (2006).

No.23: *Constructing University Visions and the Mission of Academic Profession in Asian Countries: A Comparative Perspective* (Reports of COE International Seminar) (2007).

No.29: *Changing Governance in Higher Education: Incorporation, marketisation, and other reforms − A Comparative study −* (2007).

RIHE International Seminar Reports

No. 1: *Perspectives for the Future System of Higher Education* (Report of the Hiroshima International Seminar on Higher Education) (1977).

No. 2: *Higher Education for the 1980s: Challenges and Responses* (Report of the Second Hiroshima International Seminar on Higher Education) (1980).

No. 3: *Innovations in Higher Education: Exchange of Experiences and Ideas in International Perspective* (Reports of the Hiroshima/OECD Meeting of Experts on Higher Education and the Seminar on Innovations in Higher Education) (1981).

No. 4: *Comparative Approach to Higher Education: Curriculum, Teaching and Innovations in an Age of Financial Difficulties* (Reports of the Hiroshima/OECD Meetings of Experts) (1983).

No. 5: *The Changing Functions of Higher Education: Implications for Innovation* (Reports from the 1984 OECD/JAPAN Seminar on Higher Education), (1985).

No. 6: *Higher Education Expansion in Asia* (Reports from the 1985 International Seminar on Asian Higher Education) (1985).

No. 7: *Public and Private in Asian Higher Education Systems: Issues and Prospects* (Reports from the Third International Seminar on Higher Education in Asia) (1987).

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No. 9: *Foreign Students and Internationalizaion of Higher Education* (Proceedings of OECD/JAPAN Seminar on Higher Education and the Flow of Foreign Students) (1989).

No.10: *Academic Reforms in the World: Situation and Perspective in the Massification Stage of Higher Education* (Reports of the 1997 Six-Nation Higher Education Project Seminar) (1997).

No.11: *Higher Education Reform for Quality Higher Education Management in the 21st Century: Economic, Technological, Social and Political Forces Affecting Higher Education* (Proceedings of the 1999 Six-Nation Presidents' Summit in Hiroshima) (2000).

No.12: *The Changing Academic Profession in International Comparative and Quantitative Perspectives* (Report of the International Conference on the Changing Academic Profession Project, 2008) (2008).

No.13: *The Changing Academic Profession over 1992-2007: International, Comparative, and Quantitative Perspectives* (Report of the International Conference on the Changing Academic Profession Project, 2009) (2009).

No.14: *Producing Qualified Graduates and Assuring Education Quality in the Knowledge-Based Society: Roles and Issues of Graduate Education* (Report of the International Workshop on Graduate Education, 2009) (2010).

No.15: *The Changing Academic Profession in International and Quantitative Perspectives: A Focus on Teaching & Research Activities* (Report of the International Conference on the Changing Academic Profession Project, 2010) (2010).

No.16: *Diversifying Higher Education Systems in the International and Comparative Perspectives* (Report of the International Workshop on University Reform, 2010) (2011).

No.17: *The Changing Academic Profession in Asia: Contexts, Realities and Trends* (Report of the International Conference on the Changing Academic Profession Project, 2011) (2011).